

# Third Quarter 2018 Earnings Conference Call

November 7, 2018



# Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this presentation is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other statements concerning Plant Vogtle Units 3 and 4, including cost and schedule estimates, earnings per share guidance, financial objectives, expected financing plans, and green house gas emission reduction Southern Company cautions that there are certain factors that can cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Southern Company and accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Southern Company's and its subsidiaries' Annual Reports on Form year ended December 31, 2017, and Quarterly Reports on Form 10-Q for the quarter ended September 30, 2018, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory changes, including environmental laws and regulations governing air, water, land, and other natural resources; and also changes in tax 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 surrounding the federal tax reform legislation, including implementing regulations and Internal Revenue Service interpretations, actions that may be taken in response by regulatory authorities, and its impact, credit ratings of Southern Company and its subsidiaries; current and future litigation or regulatory investigations, proceedings, or inquiries; the effects, extent, and timing of the entry of additional competition in which Southern Company's subsidiaries operate, including from the development and deployment of alternative energy sources such as self-generation and distributed generation technologies; variations in demand for electricity and natural gas, including those relating to weather, the general economy, population and business growth (and declines), the effects of energy conservation and efficiency measures and any potential impacts resulting from federal fiscal decisions; available sources and costs of natural gas and other fuels; limits on pipeline capacity; transmission constraints; effects of inflation; the ability to control costs and schedule overruns during the development, construction, and operation of facilities, including Plant Vogtle Units 3 and 4 which include components based on new technology that only recently began initial operation; global nuclear industry at scale, including changes in labor costs, availability and productivity, challenges with management of contractors, subcontractors or vendors, adverse weather conditions, shortages, or inconsistent quality of equipment, materials, and labor, including any changes related to imposition of import tariffs, contractor or supplier delay, non-performance under construction, operating, or other agreements or operational readiness, including specialized operator training and required site safety programs, unforeseen engineering or design problems, start-up activities (including major equipment failure and system in and/or operational performance; the ability to construct facilities in accordance with the requirements of permits and licenses (including satisfaction of U.S. Nuclear Regulatory Commission ("NRC") requirements) and/or 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 in the Southern Company system's employee and retiree benefit plans and nuclear decommissioning trust funds; advances in technology; ongoing renewable energy partnerships and development agreements; federal rate regulations and the impact of pending and future rate cases and negotiations, including rate actions relating to fuel and other cost recovery mechanisms; the ability to successfully operate the electric generating, transmission, and distribution facilities and Southern Company Gas' natural gas distribution and storage facilities and the successful performance of necessary corporate functions; legal proceedings regulatory approvals and actions related to Plant Vogtle Units 3 and 4, including Georgia Public Service Commission approvals and NRC actions; under certain specified circumstances, a decision by holders of 10% of the ownership interests of Plant Vogtle Units 3 and 4 not to proceed with construction, and the ability of other Vogtle owners to tender a portion of their ownership interests to Georgia Power following construction cost increases; in the event Georgia Power becomes obligated to provide funding to Municipal Electric Authority of Georgia ("MEAG") with respect to the portion of MEAG's ownership interest in Units 3 and 4 involving Jacksonville Electric Authority, any inability of Georgia Power to receive repayment of such funding; litigation or other disputes related to the Kemper County energy facility; the inherent in operating and constructing nuclear generating facilities, including environmental, health, regulatory, natural disaster, terrorism, and financial risks; the inherent risks involved in transporting and storing nuclear 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 business strategies, including acquisitions or dispositions of assets or businesses, including the proposed dispositions of Gulf Power and Southern Power's plants located in Florida and the proposed sale of a interest in Southern Power's wind facilities, which cannot be assured to be completed or beneficial to Southern Company or its subsidiaries; the possibility that the anticipated benefits from the acquisition of Southern Company Gas cannot be fully realized or may take longer to realize than expected and the possibility that costs related to the integration of Southern Company and Southern Company Gas will be greater than 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 or indirect effect on the Southern Company system's business resulting from cyber intrusion or physical attack and the threat of physical attacks; interest rate fluctuations and financial market conditions and the financing efforts; changes in Southern Company's and any of its subsidiaries' credit ratings, including impacts on interest rates, access to capital markets, and collateral requirements; the impacts of any sovereign issues, including impacts on interest rates, access to capital markets, impacts on foreign currency exchange rates, counterparty performance, and the economy in general, as well as potential impacts on the U.S. Department of Energy loan guarantees; the ability of Southern Company's electric utilities to obtain additional generating capacity (or sell excess generating capacity) at competitive prices; catastrophic events, fires, earthquakes, explosions, floods, tornadoes, hurricanes and other storms, droughts, pandemic health events such as influenzas, or other similar occurrences; the direct or indirect effects on the Southern Company system's business resulting from incidents affecting the U.S. electric grid, natural gas pipeline infrastructure, or operation of generating or storage resources; impairments of goodwill or long-lived assets; and accounting pronouncements issued periodically by standard-setting bodies. Southern Company and its subsidiaries expressly disclaim any obligation to update any forward-looking information.

# Non-GAAP Financial Measures

*In addition to including earnings in accordance with generally accepted accounting principles (GAAP), this presentation also includes historical adjusted earnings per share (EPS) excluding: (1) charges related to (a) Mississippi Power's integrated coal gasification combined cycle project in Kemper County, Mississippi IGCC) and (b) Georgia Power's ownership interests in Plant Vogtle Units 3 & 4; (2) impacts related to (a) the acquisition and integration of Southern Company Gas Services of Elizabethtown Gas, Elktown Gas, Pivotal Home Solutions, and Florida City Gas, and (c) the pending dispositions of Gulf Power Company and Southern Company's ownership interest in Plants Oleander and Stanton; (3) earnings from the Wholesale Gas Services business of Southern Company Gas; (4) earnings with the allowance for funds used during construction (AFUDC) equity as a result of extending the schedule for the Kemper IGCC prior to the suspension of construction settlement proceeds of Mississippi Power's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico; (6) additional net tax result of implementing federal tax reform legislation; and (7) a charge for the write-down of Gulf Power Company's ownership of Plant Scherer Unit 3.*

*The estimated losses relating to the Kemper IGCC significantly impacted earnings and earnings per share for the three and nine months ended September 30, 2017. The estimated loss relating to Plant Vogtle Units 3 and 4 significantly impacted earnings and earnings per share for the nine months ended September 30, 2017. Additional pretax cancellation costs of approximately \$30 million for the Kemper IGCC may occur through the first half of 2020. Further charges for Georgia Power ownership interests in Plant Vogtle Units 3 and 4 may occur; however, the amount and timing of any such charges are uncertain.*

*The impacts of acquisitions, dispositions, and integration also significantly impacted earnings and earnings per share for the three and nine months ended September 30, 2018 and 2017. The gain/loss calculations for the four dispositions of Elizabethtown Gas, Elktown Gas, Pivotal Home Solutions, and Florida City Gas are expected to be finalized in the fourth quarter 2018. Further costs related to the Southern Company Gas acquisition and pending dispositions are expected to occur in connection with integration activities and closing the dispositions; however, the amount and duration of such expenditures are uncertain.*

*Southern Company's earnings for the nine months ended September 30, 2018 include additional net tax benefits as a result of implementing federal tax reform legislation and settlement proceeds of Mississippi Power's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico. Additional tax benefits are expected until Southern Company's 2017 federal income tax return is complete and provisional estimates are actualized during the measurement period ending December 31, 2018. Further settlement proceeds are not expected.*

*Southern Company's earnings for the nine months ended September 30, 2017 include a write-down of Gulf Power Company's ownership of Plant Scherer Unit 3 as a result of its 2017 retail rate case settlement. Further charges are not expected. Additionally, Southern Company's earnings for the nine months ended September 30, 2017 include AFUDC as a result of extending the schedule for the Kemper IGCC construction project beyond November 30, 2016, as assumed in Southern Company's earnings guidance. AFUDC ceased in connection with the project's suspension in June 2017.*

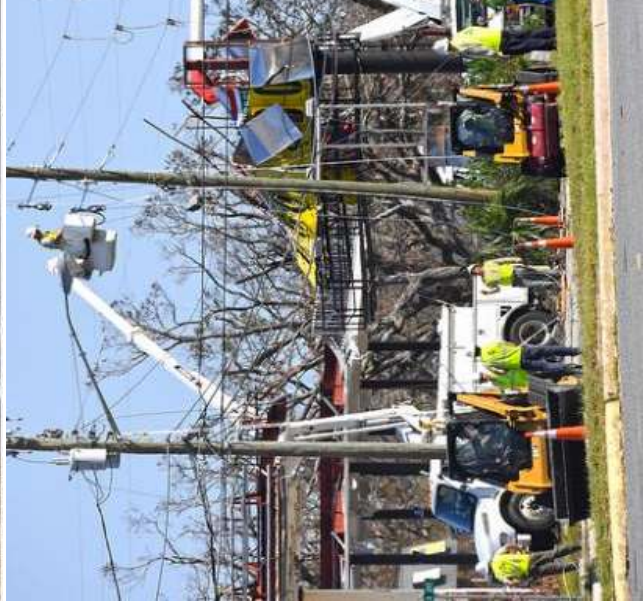
*For all periods, presenting earnings and EPS excluding Wholesale Gas Services provides investors with an additional measure of operating performance that excludes volatility that results from mark-to-market and lower of weighted average cost or current market price accounting adjustments.*

*This presentation also includes projected adjusted EPS for future periods excluding some or all of the following: estimated losses associated with the Kemper IGCC, plant Vogtle Units 3 & 4, acquisition, integration and disposition impacts, earnings of the Wholesale Gas Services business of Southern Company Gas, and additional tax benefits from adopting tax reform.*

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

# Hurricane Michael

- Strongest hurricane to ever come ashore in Northwest Florida
- 600,000 customers were without power immediately after the storm
- Restoration efforts included:
  - 12,000 Southern Company system personnel
  - 35,000 outside personnel from 27 states and Canada
- Strong track record of storm cost recovery in all jurisdictions



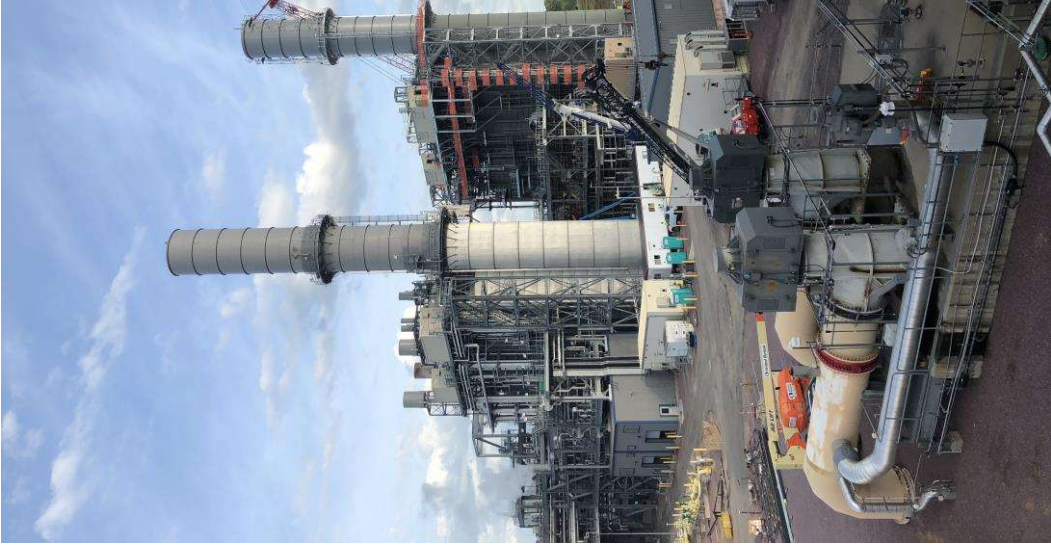
## Vogtle 3 & 4 Update

- VCM18 unanimously approved by Georgia PSC on August 21, 2018
- VCM19 filed in August 2018 with review process expected to conclude February 2019
- Co-owners affirmed continuing construction on September 26, 2018
- Significant improvement in CPI and weekly hours earned since 2Q 2018 Earnings Report
- Cumulative SPI and CPI are 1.02 and 1.17, respectively<sup>1</sup>
- No changes to schedule or estimate to complete from 2Q 2018 update
- Site focus remains on staffing levels, system turnover, and building upon workable schedule
- New site record of 120,000 earned hours achieved last week
- Continued progress on Chinese AP1000 Units

<sup>1</sup>See slide 31 in the appendix for additional information on CPI and SPI

# Mankato Energy Center Transaction Overview

- Mankato Energy Center Summary:
  - Located in Mankato, MN
  - Existing 1x1 combined cycle
  - Expansion project in late stage construction with expected in-service date of mid-2019
  - Expanded 2x1 will have total capacity of ~760 MW
  - Output sold to Northern States Power
- Definitive sales agreement with Northern States Power
- Transaction expected to close mid-2019
- Pre-tax proceeds of \$650 million
- Expected to offset ~\$400 million in future equity needs



# Transaction Update

Transaction	Status	Closing Date
Minority Interest Sale in Southern Power Solar Portfolio	✓	Closed May 22, 2018
Pivotal Home Solutions Sale	✓	Closed June 4, 2018
Elizabethtown and Elkton Gas Sale	✓	Closed July 2, 2018
Florida City Gas Sale	✓	Closed July 29, 2018
Tax Equity Financing for Substantially All of Southern Power's Existing Wind Portfolio	Agreements executed	Expected 4Q 2018
Southern Power Plants Stanton and Oleander Sale	Filed for FERC Approval	Expected 1Q 2019
Gulf Power Company Sale	Filed for FERC Approval	Expected 1Q 2019
Southern Power Mankato Energy Center	Agreements executed	Expected mid-2019

# Projected Equity Needs

## Projected Equity Needs 2018 - 2022

Original equity need	\$7.0B
Expected reduction from Florida Asset Sales	(\$3.0B)
Incremental need from increased estimate to complete Vogtle 3&4	\$0.8B
Year-to-date October 2018 issuances	(\$1.0B)
Expected reduction from Southern Power Wind Tax Equity Sale	(\$1.0B)
Expected reduction from sale of Mankato	(\$0.4B)
<u>Remaining equity need through 2022</u>	<u>\$2.4B</u>



# 2018 Earnings Results

	Q3		
	2018	2017	2016
<b>Earnings Per Share As Reported</b>	<b>\$1.14</b>	<b>\$1.07</b>	<b>\$1.93</b>
Estimated Loss on Plants Under Construction <sup>1</sup>	-	(\$0.02)	(\$0.83)
Loss on Plant Scherer Unit 3	-	-	-
Acquisition, Disposition & Integration Impacts <sup>2</sup>	\$0.02	(\$0.01)	(\$0.22)
Wholesale Gas Services	(\$0.02)	(\$0.02)	\$0.01
Litigation Settlement <sup>3</sup>	-	-	\$0.01
Adoption of Tax Reform	-	-	\$0.01
<b>Earnings Per Share Excluding Items</b>	<b>\$1.14</b>	<b>\$1.12</b>	<b>\$2.80</b>

<sup>1</sup>Estimated Loss for Plants Under Construction for the nine months ended September 30, 2018 includes \$0.03 for charges related to Mississippi Power Company's integrated coal gasification combined cycle in Kemper County, Mississippi (the "Kemper (GCC)") and \$0.78 for a charge related to Georgia Power Company's construction of Plant Vogtle Units 3 and 4. The three and nine months ended September 30, 2017 includes \$0.02 and \$2.21, respectively, for charges related to the Kemper (GCC). The nine months ended September 30, 2017 was partially offset by \$0.06 for additional AFUDC equity as a result of extending the schedule prior to suspension of construction.

<sup>2</sup>Represents costs related to the acquisition and integration of Southern Company Gas; impacts related to the dispositions of Pivotal Home Solutions, Elizabethtown Gas, Elkton Gas, and Florida City Gas; and impacts related to pending dispositions of Gulf Power Company and Southern Power Company's ownership interest in Plants Oleander and Stanton.

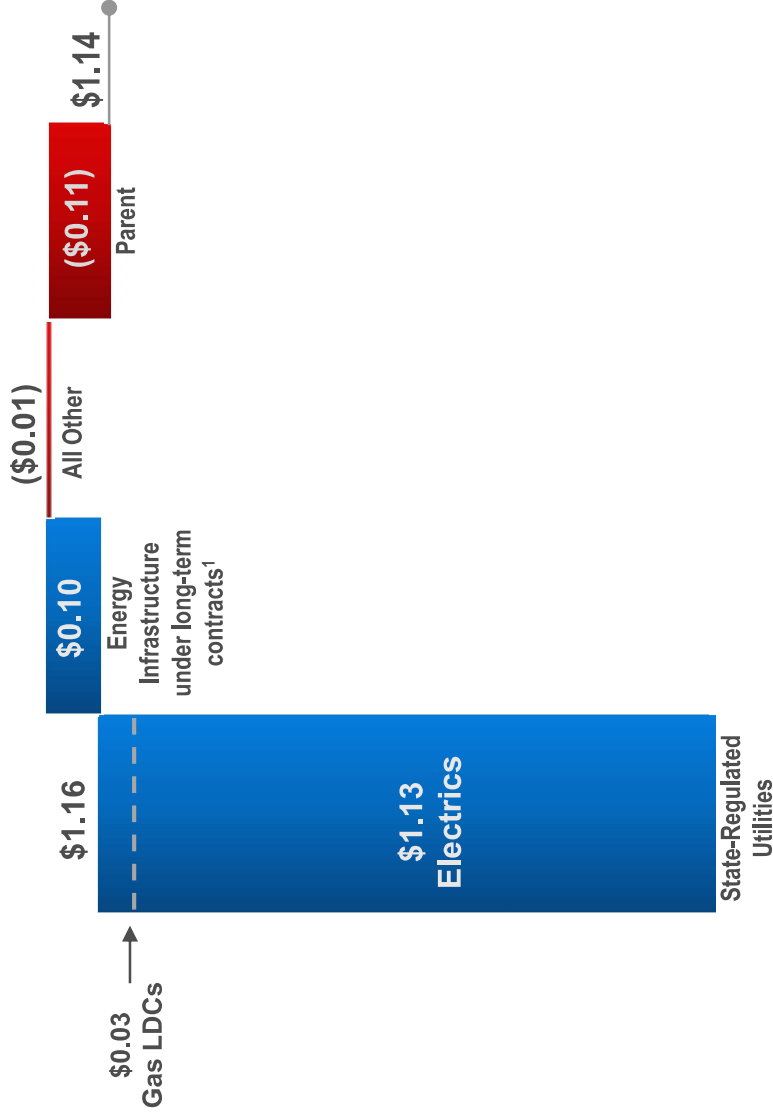
<sup>3</sup>Represents settlement proceeds of Mississippi Power Company's claim for lost revenue resulting from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico.

# 2018 Q3 and Q3 YTD – YOY Adjusted EPS Drivers

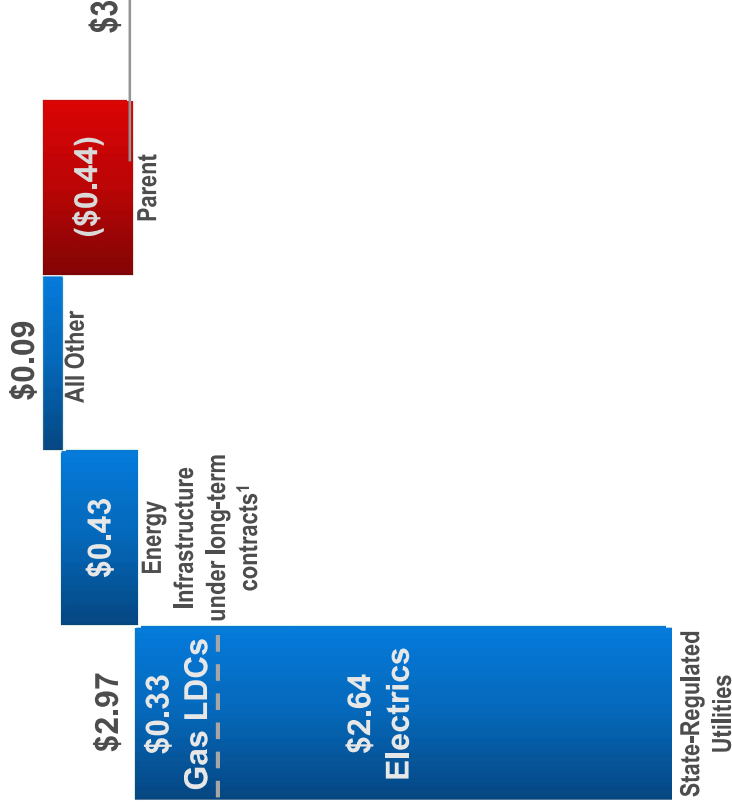


# >90% of Earnings from Premier State-Regulated Utilities

## 2018 Q3 Adjusted EPS



## 2018 Projected Full Year Adjusted EPS



## 2018 Q4 Estimate = \$0.23 per share

### Notes:

Excludes charges related to Plant Vogtle Units 3 & 4, and the Kemper IGCC construction projects; acquisition, disposition, and integration impacts; earnings from Wholesale Gas Services; impacts of adopting tax reform, and the settlement of Mississippi Power's Deepwater Horizon claim.

1. Includes Southern Power, interstate natural gas pipelines and Southern Company system-owned distributed energy resources
2. Guidance provided as of November 7, 2018

# Additional Information

# Expected Fourth Quarter 2018 Earnings Call Updates

- 2019 Earnings Guidance
- Capital Expenditures Forecast
  - Recent and announced divestiture impacts
  - Ash pond closure strategy and timing of expenditures in compliance with CCR rules
  - State regulated utility initiatives to improve service, lower operating costs and further transition to no carbon future
- Financing Plan

# Southern Company Overview

# Southern Company at a Glance

as of November 7, 2018

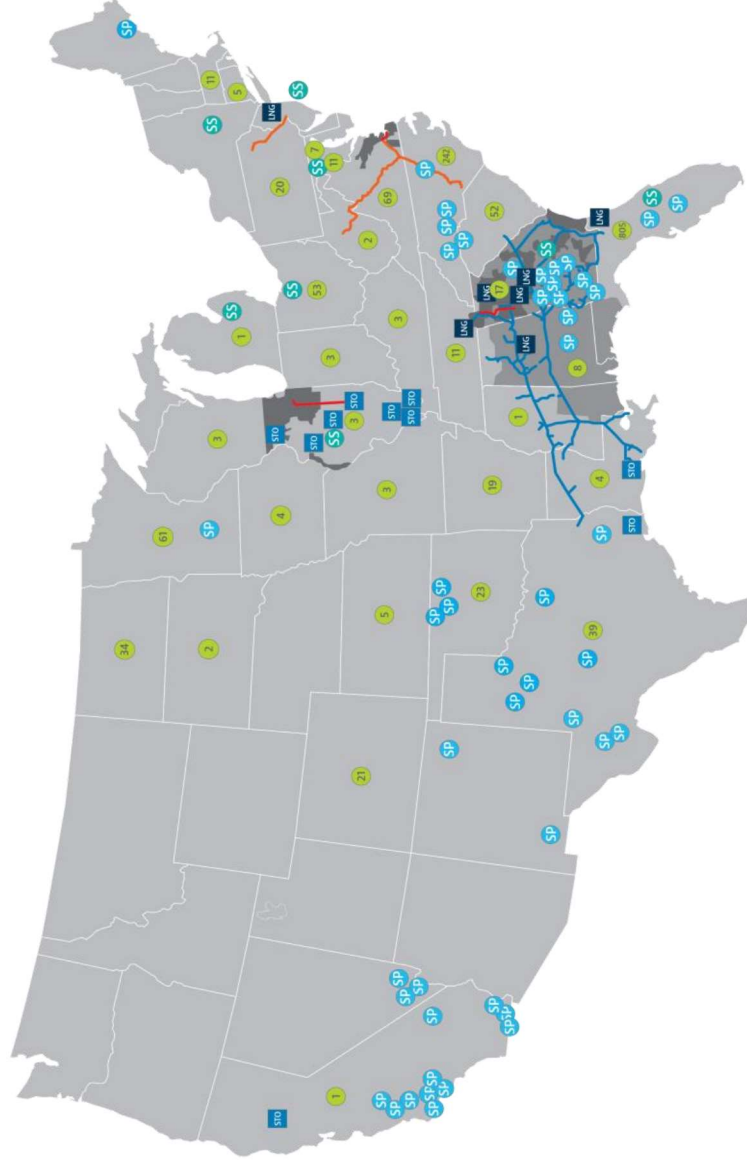
Southern Company's strategy is to maximize long-term value to shareholders through a customer-, community- and relationship-focused business model that produces sustainable levels of return on energy infrastructure

Approximately  
**46,000 MW**  
of Generating Capacity

Nearly  
**200,000 Miles**  
of Power Lines

More than  
**75,000 Miles**  
of Natural Gas Lines

**170 Bcf**  
of Natural Gas  
Storage Capacity



**\$46 billion**  
Market Cap

**8**  
Electric & Natural  
Gas Utilities

Approximately  
**30,000**  
Employees

**9 Million**  
Utility Customers

# We are Southern Company

## Electric utilities

- Alabama Power
- Georgia Power
- Gulf Power (Florida)<sup>1</sup>
- Mississippi Power

## Southern Power

- Leading U.S. wholesale energy provider
- 50 natural gas, wind, solar and biomass projects across U.S.<sup>2</sup>

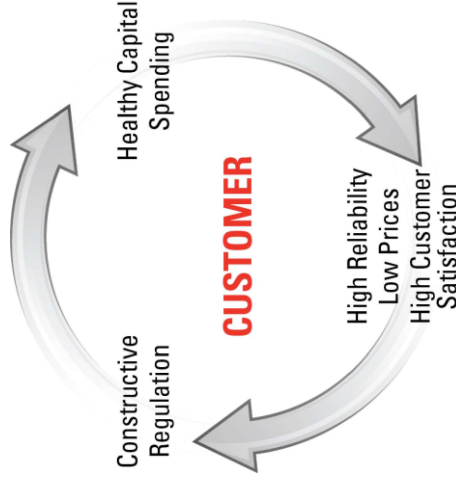
## Southern Company Gas

- Natural gas distribution utilities in Georgia, Illinois, Tennessee and Virginia
- 73,000 miles of state-regulated natural gas distribution pipelines with 2,600 miles of intrastate natural gas transmission infrastructure

## PowerSecure

- Distributed infrastructure technologies, energy efficiency and utility infrastructure solutions

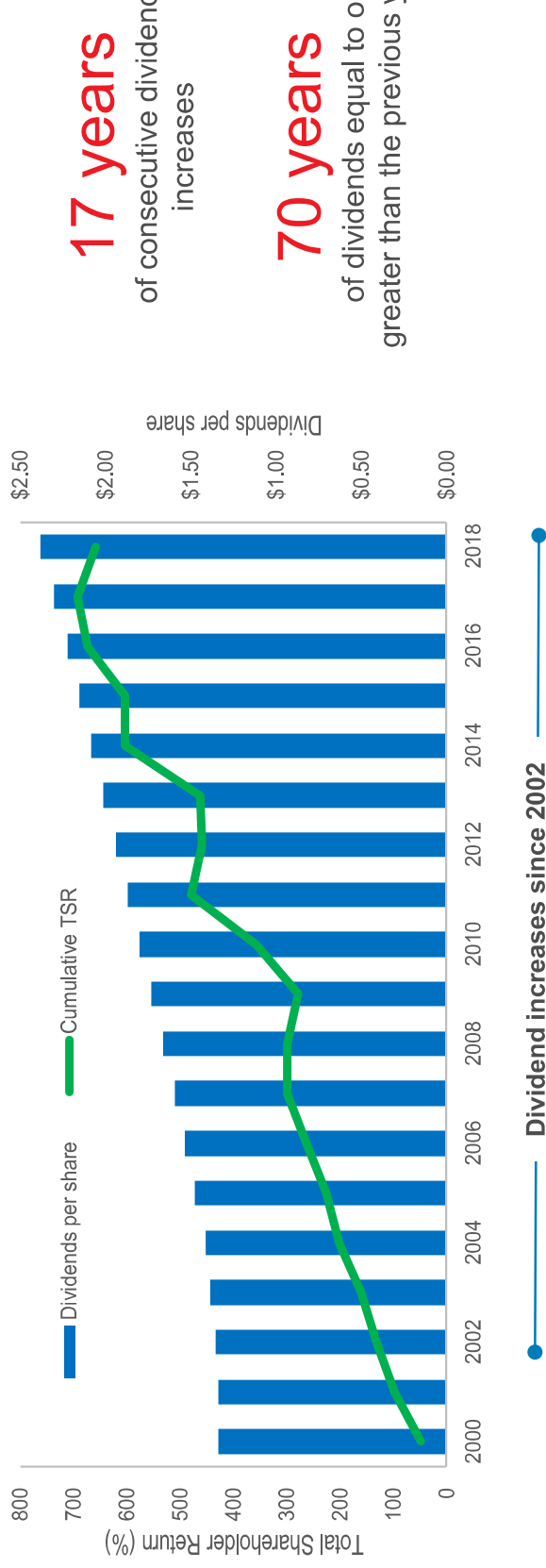
## Our Customer Centric Business Model



1. On May 21, 2018, Southern Company announced the proposed sale of Gulf Power; the sale is expected to close in 1Q19
2. Southern Power completed the sale of a 33% equity interest in substantially all of its solar facilities. In May 2018, Southern Power entered into an agreement to sell all of its equity interests in Plant Oleander and Plant Stanton. Southern Power has executed an agreement for the sale of a noncontrolling interest in a portfolio of eight operating wind facilities through the use of third-party tax equity.



# Southern Company's Value Proposition and Financial Objectives



## Key financial objectives

- Superior risk-adjusted total shareholder return
- A high degree of financial integrity and strong investment grade credit ratings
- Strong, sustainable returns on invested capital
- Regular, predictable and sustainable EPS and dividend growth<sup>1</sup>

1. Future dividends are subject to the approval of the Southern Company Board of Directors

# Our Values

For more than a century, Southern Company has been building the future of energy.

We deliver the energy resources and solutions our customers and communities need to drive growth and prosperity.

How we do our work is just as important as what we do. Our uncompromising values are key to our sustained success. They guide our behavior and ensure we put the needs of those we serve at the center of all we do.

At Southern Company, Our Values will guide us to make every decision, every day, in the right way.

## Safety First

We believe the safety of our employees and customers is paramount. We will perform and maintain every job, every day, safely.

## Unquestionable Trust

Honesty, respect, fairness and integrity drive our behavior. We keep our promises, and ethical behavior is our standard.

## Superior Performance

We are dedicated to superior performance throughout our business. We will continue our strong focus on innovative solutions, improve our processes, and run our business, and our commitment to environmental stewardship.

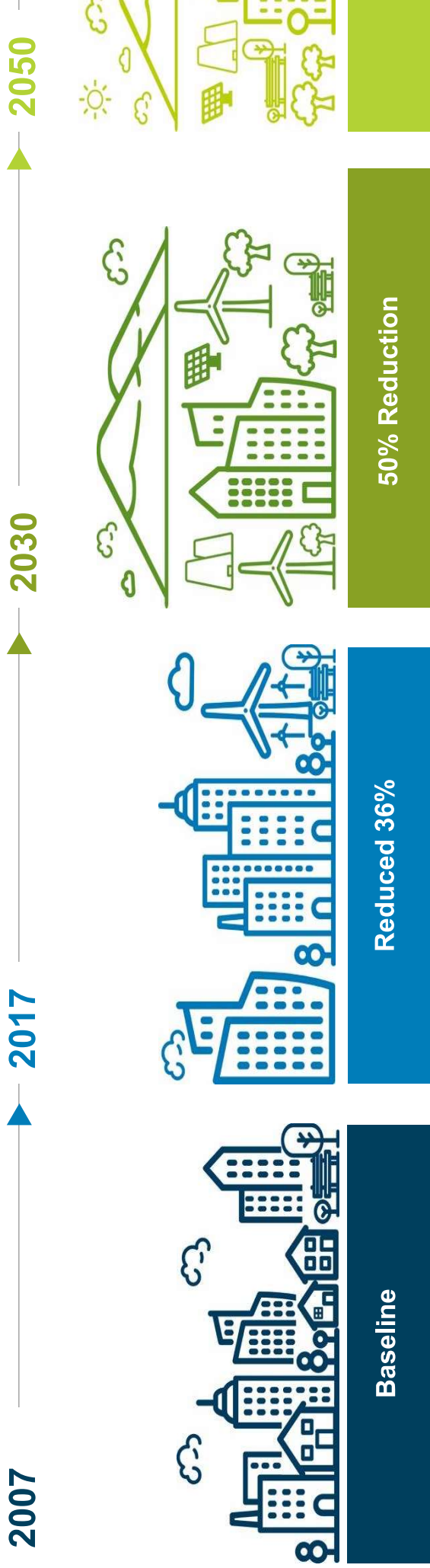
## Total Commitment

We are committed to the success of our employees, our customers, our shareholders and our communities. We fully embrace, respect and value our differences and diversity.

# Southern Company's Journey to a LOW- to NO-carbon future

Our energy strategy includes the continued development of a diverse portfolio of energy resources to serve customers and communities with a focus on reducing greenhouse gas emissions

## GHG Emissions: Reductions and Objectives



# Investing in Carbon-Free Sources and Energy Efficiency

## Significant reductions in coal since 2007

**7,000 MW**

Coal fleet retirements or conversions to gas since 2010

**4.6 million**

Smart meters installed system-wide

**14,400 MW**

Expected renewable sources by 2022

**Over \$9.8 billion**

Expected investment in carbon-free resources from 2018 through 2022

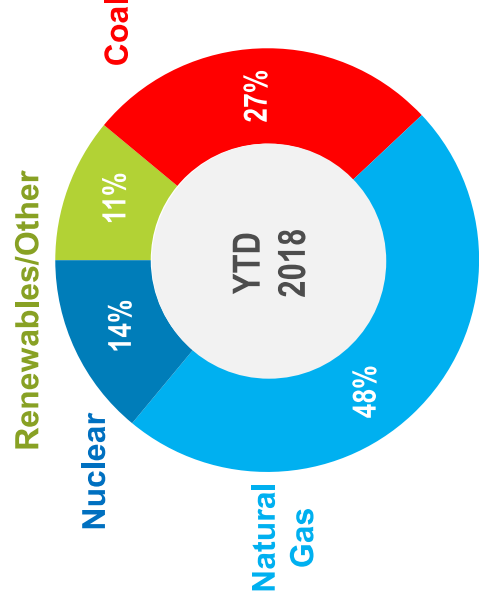
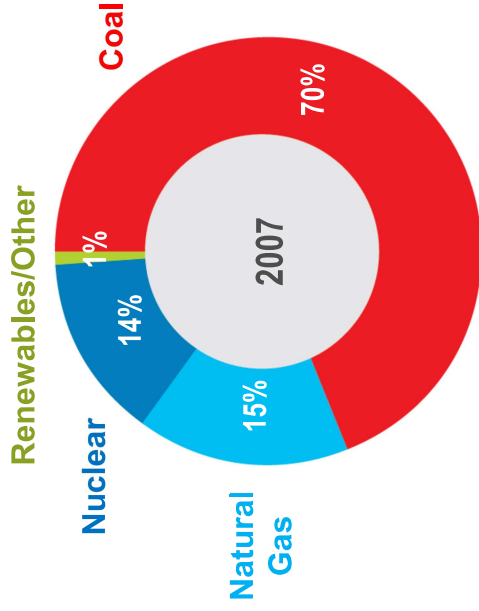
**8,500 MW**

Current renewable sources

**18,400 MW**

Expected portfolio of carbon-free sources by 2022

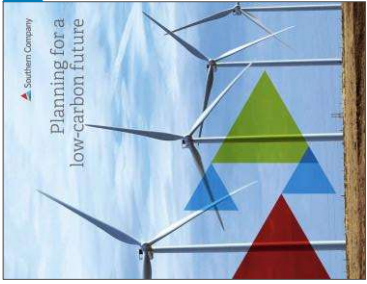
Since 2007, percentage of energy generated from coal has decreased by approximately 61



Generation percentages include non-affiliate power purchase agreements.

# Committed to Engagement, Transparency and Enhanced Disclosures on Climate and GHG Reduction Efforts

We have engaged with shareholders and stakeholders and enhanced our disclosure in response to feedback



## Planning for a low-carbon future

- In April 2018, we published a [report](#) focused on our preparations for a low-carbon future, as well as the risks and opportunities for our company
- We are committed to providing clean, safe, reliable and affordable energy, while transitioning to low- to no-carbon operations by 2050

## Climate disclosures

- We include meaningful and detailed information on our [website](#)
- Greenhouse gas emissions
  - Carbon reduction activities
  - Methane reduction activities
  - Strategy and planning
  - Energy mix

## CDP

We participated in the CDP Climate Disclosure response to investor feedback and have posted our response on our website

- Disclosure focuses on climate-related risk governance, scenario planning, reduction
- Emissions data included on a financial owned and operated basis, including emissions from generated power

## Third-Party Rating Services

We review reports and provide updates to third-party rating services including Sustainalytics, MSCI

## EI ESG Reporting

We have been a leader within the utility industry effort to work with investors to create the [EII ESG/Sustainability Reporting Template](#)








- Includes qualitative information about ESG governance and strategy
- Includes quantitative information about generation, capital investments, emissions, human resources and natural resources



# Utility Industry Leader in Research & Development

- Southern Company R&D has worked for almost 50 years to develop new technologies across the production, delivery and end-use of energy
- Model for R&D includes collaboration with the U.S. government, other utilities, universities and technology developers
- 10 R&D centers host national and international technology developers to invent and reinvent energy technologies
- Since the 1960s, the Southern Company system has managed more than \$2.3 billion in R&D investments
- More than 10-to-1 return on R&D investment over the past 10 years

## Through R&D, seek to enable the following results in a low- to no-carbon future:

Next-Gen Nuclear	Carbon Capture Use & Storage	Hydrogen Economy	Efficient Electrification	Distributed Energy	Resilient & Integrated
 <p>Next-generation nuclear power at natural gas costs with superior safety and new business benefits</p>	 <p>Cost-effective carbon capture, use and storage technologies operating in an efficient and reliable fossil-fueled fleet</p>	 <p>New utility business models created from hydrogen production, delivery and end-use technologies</p>	 <p>New and broadly deployed electrification technologies including those for transportation, buildings, industrial processes and food production</p>	 <p>Dispatchable solar, wind, storage and other R&amp;D-enabled new energy resources operating in microgrid and centralized configurations as the lowest-cost energy sources</p>	 <p>Resilient electric and gas delivery grids allow unrestricted creation and low- to no-carbon emissions</p>
<h3>Water/Energy Nexus</h3>					
 <p>Conserve and clean water during energy production</p>					

# Southern Company's People

Dedicated to developing and deploying the energy industry's most talented workforce

Committed to diversity and inclusion, comprehensive benefits and rewards, and talent development to maintain a competitive human capital advantage

## Engagement

Maintain a highly engaged workforce (89% engagement rate) with low turnover rate (8%)

## Diversity & Inclusion

Foster an environment in which every employee can contribute and reach his or her full potential

Sponsor highly engaged Employee Resource Groups, Diversity Councils, and Employee Councils

## Rewards & Wellbeing

Offer comprehensive market competitive rewards to nearly all employees (salary, variable incentive, pension, 401(k) and healthcare)

- Continue investment in employees' well-being (physical, financial and emotional)
- Offer variable pay programs to drive pay-for-performance relationship
- Offer employees a variety of valuable benefits after retirement, which is an important aspect of retaining employees throughout their careers

Evaluate and modernize our reward strategy to ensure sustainability for the future

## Leadership Readiness

Engage in succession planning as well as leadership development programs across the enterprise

## Talent Pipeline

Ensure a pipeline of well-qualified and diverse workers are available

Internal talent is developed through formal programs, on the job training and mentoring

External pipeline is maintained through successful partnerships with universities, professional organizations, and military recruiting



DiversityINC - 2018 marks the third consecutive year Southern Company is recognized on the Top 50 list.



Computerworld - 2018 100 Best Places to Work in IT 12<sup>th</sup> consecutive year



HCI - 100% Score on Corporate Equality Index.

Based on: (1) non-discrimination policies, (2) employment benefits, (3) demonstrated organizational competency and accountability around LGBT diversity and inclusion, (4) public commitment to LGBT equality and (5) responsible citizenship.



Military Times - Best for V Employer 2018 #7 of 100 Highest ranked Energy and Utility companies

# We are Making an Impact through Stewardship

Committed to improving the environment through meaningful natural resource partnerships

Our partnership with the National Fish and Wildlife Foundation (NFWF) began over 15 years ago.

We partner with public and private entities to create a model of effective environmental stewardship.

Over

 **\$14.2 million**

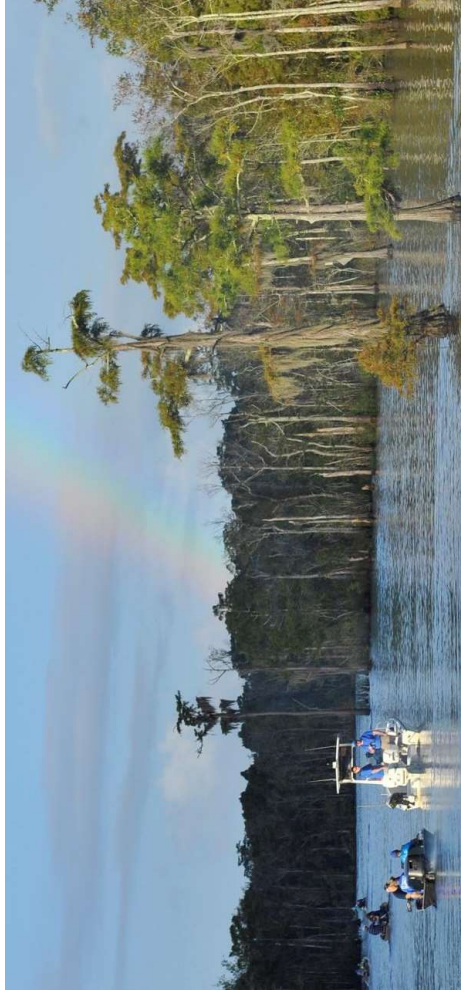
has been invested in **306 grants**

restoring or enhancing over

**1.7 million acres**

## Investment programs include:

- Power of Flight
- Longleaf Legacy/Longleaf Stewardship Fund
- Five Star & Urban Waters Restoration Program
- Gulf Coast Conservation Grants Program
- Bats for the Future Fund



Nearly \$3 million has been invested in 118 projects which have implemented \$13 million in waterway restoration through the Five Star & Urban Waters Restoration Program



More than 110,000 volunteers have removed over 15 million pounds of trash and debris through Renew Our Rivers



# Recognition



## Global

- **2018 World's Most Admired Companies**  
– *Fortune* – 9th Consecutive
- **2017 50 Most Engaged**  
– *Forbes*
- **2017 America's Top 100 Public Companies**  
– *Forbes*
- **2017 CEO Wall of Innovators (Tom Fanning)**  
– *New York Stock Exchange*
- **2017 Disruptor 50 List CNBC** – *Bloom Energy* - highlighting *PowerSecure* partnership
- **2017 Most Influential People in Security (Tom Fanning)**  
– *Security Magazine*



## Environmental

- **2017 Top 5 Utilities for Solar (Georgia Power)**  
– *Smart Electric Power Alliance*
- **2017 Top 10 Companies for Corporate Stewardship (Southern Company)**  
– *National Fish and Wildlife Foundation*
- **2017 Technology Transfer Awards**  
– *Electric Power Research Institute* – to 21 Southern Company system employees
- **2017 2nd Largest U.S. Utility-Scale Solar Project Owners (Southern Company)**  
– *Solar Asset Management North America*



## Culture

- **2018 America's Best Employers**  
– *Forbes* – 2nd Consecutive
- **2018 Perfect Corporate Equality Index Score**  
– *Human Rights Campaign*
- **2018 50 Best Companies for Diversity**  
– *Black Enterprise* – 3rd Consecutive
- **2018 Top 50 Companies for Diversity**  
– *DiversityInc* – 3rd Consecutive (No. 3 Company for Vets)
- **2018 100 Best Places to Work in IT**  
– *Computerworld* – 11th Consecutive (No. 1 Large Utility)
- **2018 Best Places to Work for LGBT Equality**  
– *Human Rights Campaign*

- **2018 Best for Military Tim**  
– *Military Times*
- **2018 Top 100**  
– *G.I. Jobs Magazine*
- **2017 Top Company (Southern Company)**
- **2017 Perfect**  
– *American A*

Vogtle 3 and 4

# Vogtle 3&4: Direct Construction Schedule and Cost Performance

## (Bechtel Scope of Work)

Working towards an accelerated schedule providing margin to the approved regulatory in-service dates

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



- Sustained improvement in since site stand-down and July
- Recent results impacted by Hurricanes Florence and Matthew
- On average weekly earned of 110,000 versus 80,000 p site stand-down
- New site record of 120,000 earned hours achieved last
- We remain equally focused productivity and staffing

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

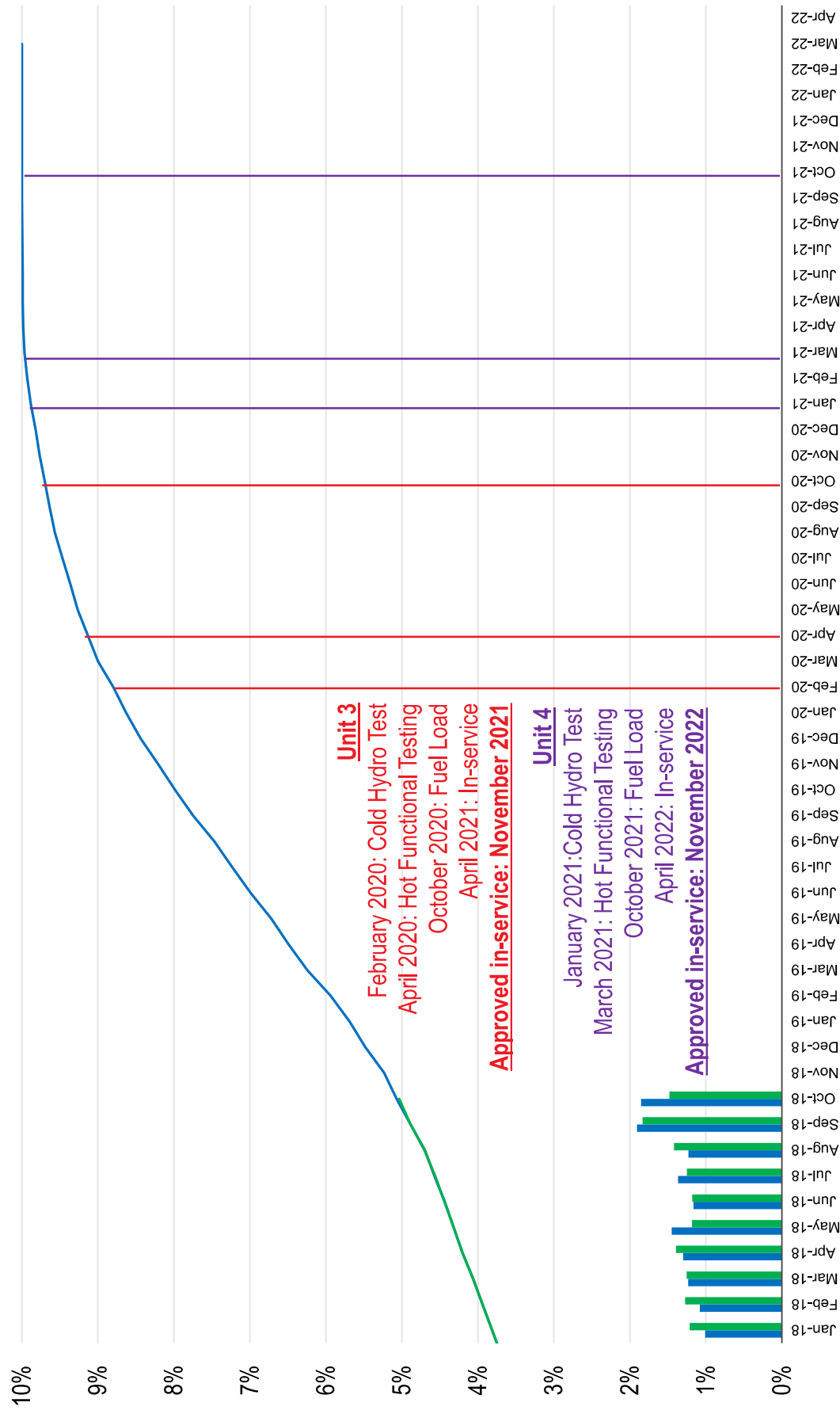


Note: Graphs depict site-wide aggregate index for schedule and cost performance that sets 1.0 as the goal. Above 1.0 is not meeting the goal, and below 1.0 is exceeding the goal.

# Vogtle 3&4: Direct Construction Percent Complete

(Bechtel Scope of Work)

Major start-up activities for Unit 3 commence within 18 months based on accelerated schedule



Monthly % Planned — Cumulative % Complete Planned — Monthly % Earned — Cumulative % Complete Earned

# Vogtle 3&4: Vogtle Progress Update

## Unit 3

### Completed Progress

- ✓ Placed concrete in the CA41 & CA42 floor modules for the Main Control Room in the Auxiliary Building
- ✓ Concrete placed for Course 07 & 08 in the Shield Building
- ✓ CA58, the final floor module for the Operating Deck, was set inside Containment
- ✓ 3 of the 4 Reactor Coolant Pumps set inside Containment
- ✓ Final Installation of SPL 18 structural steel in containment
- ✓ Completed installation of ES-1 and ES-2 switch gears in Annex

### Upcoming Milestones

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



Unit 3 North Auxiliary Building

## Unit 4

### Completed Progress

- ✓ Modules KQ22 and KQ23 (Chemical and Control Modules) set inside Containment
- ✓ First Steam Generator (B) set inside Containment
- ✓ 220 and 15 ton bridge cranes set inside the Turbine Building
- ✓ Both Accumulator tanks set
- ✓ KB38 (WLS Pump Module) set in Auxiliary Building
- ✓ Placed over 2,000 cubic yards of concrete inside several critical areas in Containment, which include the West site to EL 103'

### Upcoming milestones

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



Setting of Accumulator B

## **Vogtle 3&4: 19<sup>th</sup> Vogtle Construction Monitoring (VCM) Schedule**

**October 12, 2018:** Georgia Power testimony filed

**November 15, 2018:** Hearings on Georgia Power testimony

**November 30, 2018:** Advisory Staff and Intervenor testimony filed

**December 18, 2018:** Hearings on Advisory Staff and Intervenor testimony

**January 7, 2019:** Georgia Power rebuttal testimony filed

**January 17, 2019:** Hearings on Georgia Power rebuttal testimony

**February 14, 2019:** Advisory Staff recommendation

**February 19, 2019:** Georgia Public Service Commission vote

## Vogtle 3&4: Schedule Performance Index (SPI) & Cost Performance

### What They Are

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

### Why They Are Important

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

# Vogtle 3&4: Craft Labor Productivity & Staffing

- Site objective is to earn as many or more hours than planned each week, but more important complete the project on schedule and on budget
- The schedule reflects an increase in planned hours through early 2019
- There are two ways to earn more hours:
  1. Drive more productivity from the existing workforce
  2. Add additional, productive personnel

## Productivity Drivers

- Motivated workforce
- Clearly communicated expectations and purpose
- Strong field leadership
- Efficient supply chain and work package management
- Workable backlog
- Field engineering resources
- China lessons learned

## Staffing Strategies

- IBEW / UA International outreach and support
- International resources
- Helping hands (other skilled craft)
- Attendance, retention and/or other wage incentives
- Focused recruiting during craft transition from other major projects (petrochemical, data centers, etc.)

## Schedule Mitigation Options

- 6 or 7 day work week
- Enhanced second shifts
- Temporary shifts of craft labor from Unit 4 to Unit 3

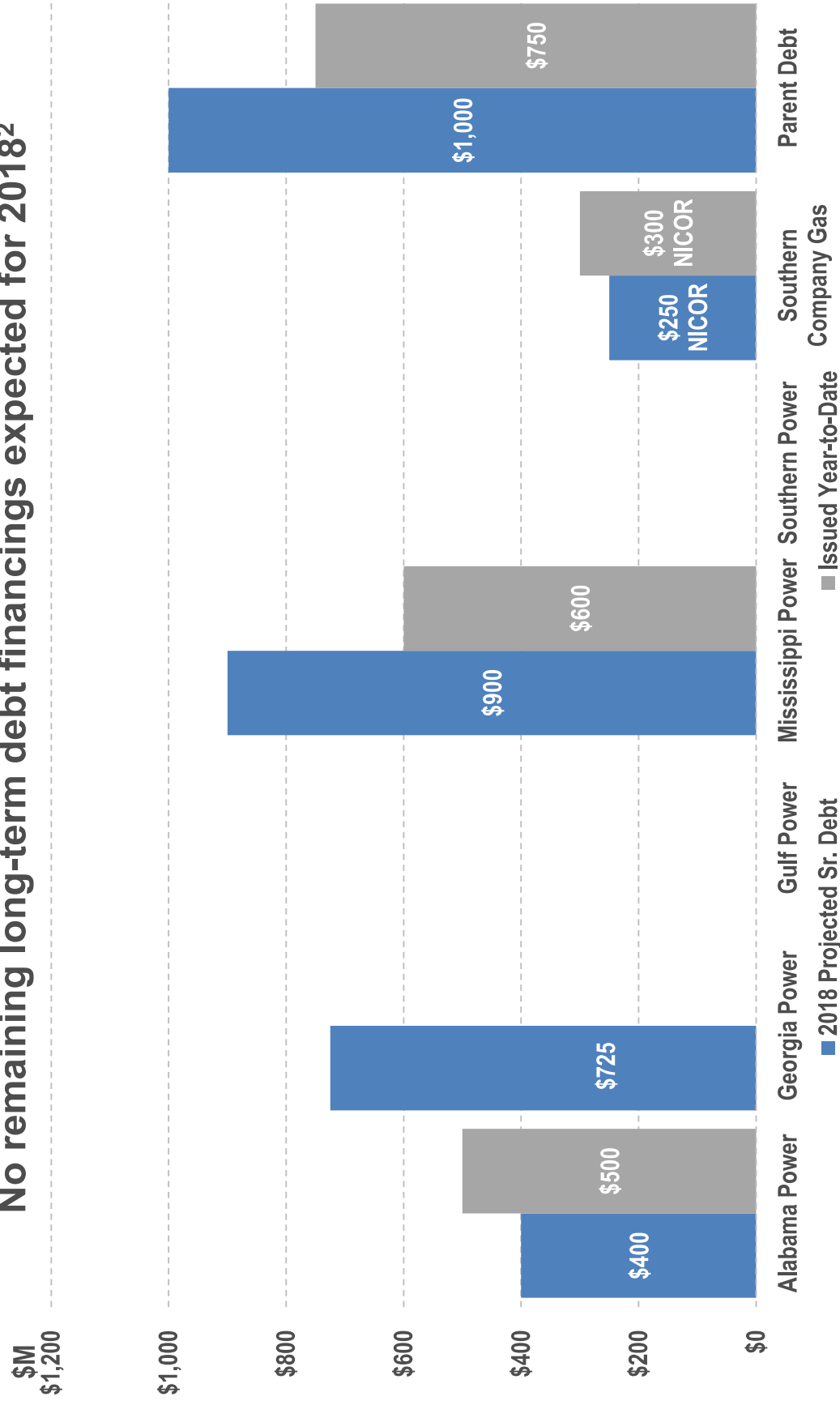


# Capital Markets / Financings

# Southern Company 2018 Long-Term Financings<sup>1</sup>

as of November 7, 2018

**Debt: \$3,275M original projection vs. \$2,150M actual issuance**  
**No remaining long-term debt financings expected for 2018<sup>2</sup>**



1. Amounts and timing are subject to change based upon numerous factors, including market conditions, regulatory approvals, the Southern Company system's capital requirements, available investment opportunities, and the completion of announced divestitures
2. 3-year financing plan updated for 4Q earnings call

## Deleveraging - Reduced Long-Term Debt Financings

- Long-term debt financings reduced to \$2.15B from projected \$3.275B
  - Higher equity ratios approved following tax reform
  - Equity contribution in lieu of debt issuances at Georgia Power
  - Short-term bridge financing in lieu of long-term financings at Mississippi Power and Parent
- Issued approximately \$1B equity year-to-date

# Southern Company Liquidity and Credit

As of September 30, 2018

**Over \$8.1 billion in combined committed credit facilities  
and available liquidity of over \$7.8 billion**

(in millions)

**Consolidated Credit Facilities Expirations**

	2018	2019	2020	2022	Total
	\$20	\$188	\$735	\$7,200	\$8,143

(in millions)

	Alabama Power	Georgia Power	Gulf Power	Mississippi Power	SEGCO	Southern Company	Southern Gas	Southern Power	Parent	Consolidated
Unused Credit Lines	\$1,333	\$1,736	\$280	\$100	\$30	\$1,895	\$728	\$1,999		\$
Cash <sup>1</sup>	702	380	37	379	-	56	192	21		
<b>Total</b>	<b>\$2,036</b>	<b>\$2,116</b>	<b>\$317</b>	<b>\$479</b>	<b>\$30</b>	<b>\$1,951</b>	<b>\$920</b>	<b>\$2,020</b>		<b>\$</b>
Less: Outstanding CP	-	102	50	-	1	136	37	285		
Less: PCB Floaters <sup>2</sup>	854	550	82	40	-	-	-	-		
<b>Net Available Liquidity</b>	<b>\$1,182</b>	<b>\$1,463</b>	<b>\$185</b>	<b>\$439</b>	<b>\$29</b>	<b>\$1,815</b>	<b>\$883</b>	<b>\$1,735</b>		<b>\$</b>

Totals may not sum due to rounding

1. Consolidated cash balance includes amounts from non-SEC reporting subsidiaries including PowerSecure, Southern Nuclear, SouthernLINC and others
2. PCB Floaters include all variable rate demand note pollution control revenue bonds outstanding

# Long-term Debt Maturity Schedule

As of September 30, 2018

<i>(in millions)</i>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Alabama Power	\$ -	\$200	\$250	\$310	\$750
Georgia Power	500	500	994	369	510
Gulf Power	-	-	175	-	141
Mississippi Power	-	125	307	270	-
Southern Power	-	600	825	300	677
Southern Company Gas	155	350	-	330	46
Parent	-	1,350	1,650	1,500	-
<b>Southern Consolidated</b>	<b>\$755</b>	<b>\$3,150</b>	<b>\$4,200</b>	<b>\$3,079</b>	<b>\$2,124</b>

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