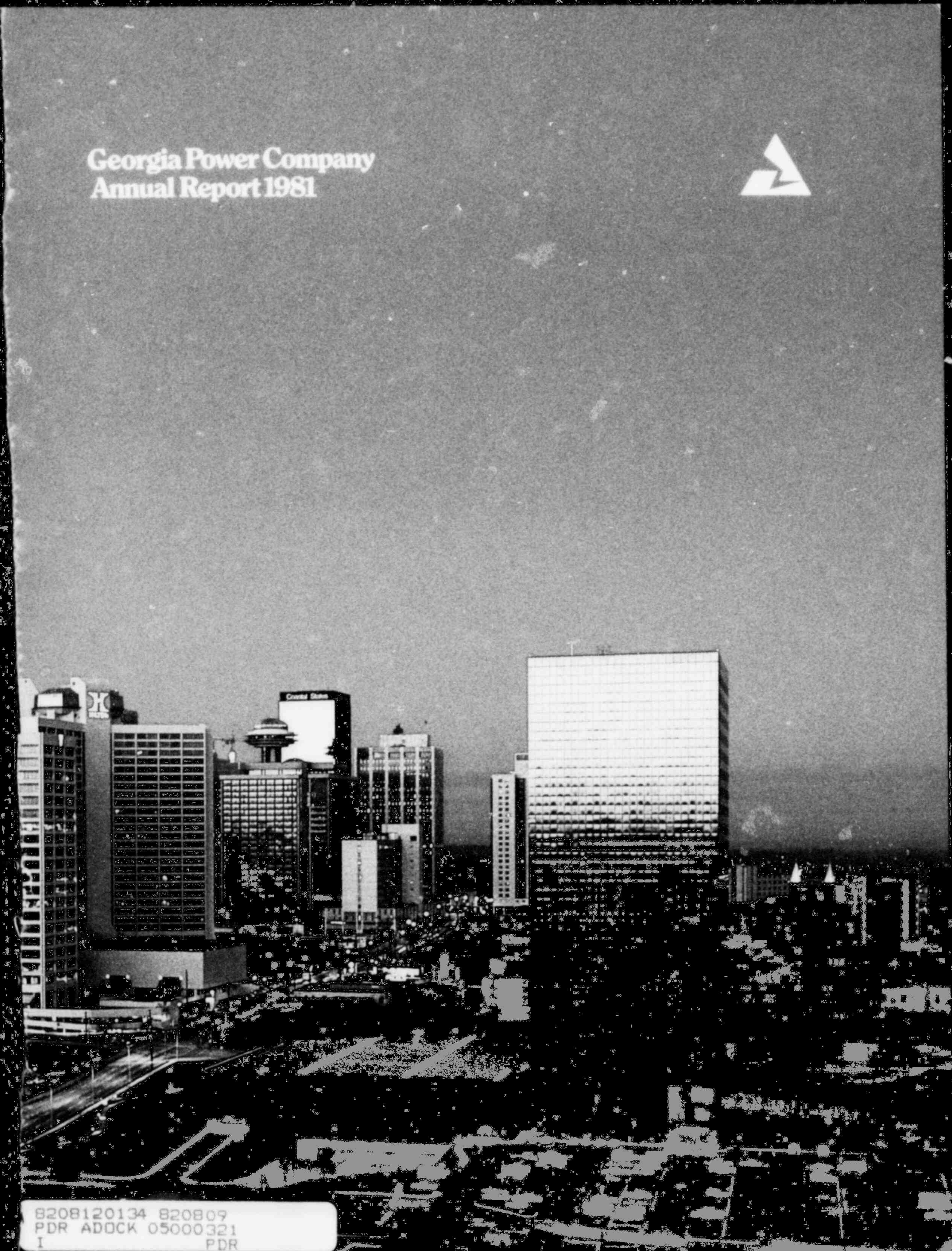
Georgia Power Company
Annual Report 1981



Georgia Power Company
333 Piedmont Avenue
P.O. Box 4545
Atlanta, Georgia 30302
Telephone: 404-526-6526

Georgia Power Company is an investor-owned electric utility serving 57,000 of the state's 59,000 square miles. The Southern Company is the parent firm for Georgia Power as well as Alabama Power, Gulf Power and Mississippi Power. Together these companies comprise the Southern electric system.

A copy of Form 10-K as filed with the Securities and Exchange Commission will be provided upon written request to the office of the Corporate Secretary. A copy of the Company's Financial and Statistical Review also is available upon request. For additional information, contact Mr. W. L. Westbrook, Senior Vice President, Secretary and Treasurer
404-526-6526

Registrar
Trust Company Bank, Atlanta
All Preferred Stock

Transfer Agent
Trust Company Bank, Atlanta
All Preferred Stock

Dividends Paid
It has been determined that all dividends paid on Georgia Power Company Preferred Stock (including Class A Preferred) for the year 1981, are 100% taxable.

On the Cover:
Atlanta's skyline at dusk with Georgia Power's corporate headquarters, in right foreground, reflecting the setting sun.

Highlights

	1981	1980	% Change
Financial (in thousands of dollars)			
Operating revenues	**$2,015,810**	$1,808,408	11.5
Operating expenses	**$1,708,671**	$1,492,120	14.5
Net income after dividends on preferred stock	**$172,094**	$195,345	(11.9)
Gross property additions	**$730,454**	$690,959	5.7
Net utility plant (year-end)	**$4,974,790**	$4,434,683	12.2
Electric Operations			
Kilowatthour sales (millions)	**47,742**	46,306	3.1
Customers served (year-end)	**1,249,126**	1,215,714	2.7
Maximum system peak hour demand (megawatts)	**11,514**	11,154	3.2
Capital Structure Ratios (year-end)			
Long-term debt*	**57.91%**	57.42%	
Preferred stock	**7.70%**	8.75%	
Preferred stock subject to mandatory redemption*	**2.99%**	1.71%	
Common equity	**31.40%**	32.12%	
Return on Average Common Equity	**12.41%**	15.47%	
Coverage Ratios			
First mortgage bonds	**1.99**	2.86	
Preferred stock	**1.50**	1.81	

**Includes amounts due within one year*

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Letter To Investors

Georgia Power Company made substantial strides during 1981 toward achieving its business objectives. The Company made progress in the key areas of rate regulation, sales and marketing, plant operations and construction and management organization. These achievements during 1981 substantially strengthened the Company's future financial and operating position.

However, largely because of inadequate retail rates, 1981 was the first year since 1977 in which our net income failed to rise. Although operating revenues went above the $2 billion mark for the first time, net income dropped from a 1980 total of $195 million to $172 million. With new retail rates in effect but a few weeks of the year, operating revenues grew only 11.5 percent while operating expenses rose 14.5 percent. Electricity sales increased 3.1 percent.

In April 1981 the Company filed a request for $346 million of additional annual retail revenues with the Georgia Public Service Commission (GPSC).

During rate proceedings, the Company reached an unprecedented agreement with the GPSC staff, Consumers' Utility Counsel and the Georgia Poverty Rights Organization for a $265.2 million increase in annual revenues. The Company agreed to make every effort not to file for an additional increase before January 1983, barring financial emergencies. The Commission's acceptance of this agreement should provide ratepayers with price stability in 1982, while allowing us the opportunity to earn an improved return on our investment.

On September 1, 1981, we filed a request with the Federal Energy Regulatory Commission (FERC) for a $25.6 million annual increase in revenues from our territorial wholesale customers. A tentative settlement would allow the Company to increase rates by $16.5 million annually effective February 1, 1982. This tentative agreement is subject to review by the FERC.

State legislation to improve utility regulation in Georgia was signed into law in March 1981. This regulatory reform law specifies, among other things, the use of future projections in supporting rate cases. The Company's 1981 rate case hearings were conducted under the new law.

With Southern Company Services as our agent, Georgia Power has had considerable success in selling power to utilities in neighboring states. Income from these off-system sales improves our earnings and helps sustain our construction program in the face of inflationary costs, meaning ultimate savings for Georgia customers. And since the purchasing utilities often rely heavily upon oil, energy savings for the nation also result.

As the year ended, we were preparing to bring the first unit at Plant Scherer into commercial operation. Georgia Power's joint participants in this 818-megawatt unit are Oglethorpe Power Corporation, the Municipal Electric Authority of Georgia, and the City of Dalton. The scheduled completion dates for the other three units at this coal-fired plant are 1984, 1987, and 1989.

Construction also continued during 1981 on the two nuclear units at Plant Vogtle and on the pumped storage project at Rocky Mountain. The current co-owners of Plant Vogtle are the same as those participating in the ownership of Unit 1 at Plant Scherer. However, we have been negotiating with the Florida Municipal Power Agency and the Jacksonville Electric Authority for sale of an additional 16.5 percent interest in Plant Vogtle. This would reduce Georgia Power's ownership to 34.2 percent.

We continued our five-year program to upgrade power plant availability and efficiency. For the third year in a row, fossil plant availability was near 80 percent. Plants Wansley and Bowen, two major coal-fired generating plants located in northwest Georgia, were ranked among the nation's best power plants in operating efficiency. This continuing success in plant operations is a major factor in our Company's ability to provide competitively priced electricity.

The availability and efficiency of Georgia Power plants enabled us to meet record peaks in both summer and winter. The record summer peak occurred July 16, when the territorial demand hit 11,514 megawatts. A winter record of 9,195 megawatts was set in January 1981, but this record was overshadowed by a demand of 9,797 megawatts in January 1982.

The July demand was met

without undue strain despite the fact that it occurred near the middle of an 18-day strike. For the first time in 50 years, we experienced a work stoppage by members of the International Brotherhood of Electrical Workers.

Our Company was proud of the performance of 7,500 non-union employees in keeping the electricity flowing during a time when temperatures in Georgia were often above 100 degrees, but was pleased to welcome the 5,500 union employees back to their regular jobs in less than three weeks.

Clearly a highlight of an eventful year was the management audit of Georgia Power by Theodore Barry and Associates presented to the Georgia Public Service Commission on May 21, 1981.

Overall, the audit found "...the management of the Georgia Power Company to be progressive and energetic." The audit noted management's "significant accomplishments" in selling plant capacity and negotiating contracts to sell energy, in holding consumer electricity prices to "among the industry's lowest" and the Company's improvements in capital and human resource productivity. The audit endorsed management's business planning and laid the framework for further refinements in corporate strategy.

No review of 1981 would be complete without mentioning our new corporate headquarters at 333 Piedmont Avenue in downtown Atlanta. We occupied

James H. Miller, Jr., Robert W. Scherer

the building during the year, and we are delighted by the recognition it has received for its advanced energy-saving features and for its contribution to the vitality of downtown Atlanta.

As 1982 began, the Board of Directors made new executive assignments. The new appointments were:

- Robert W. Scherer, chairman of the board and chief executive officer;
- James H. Miller, Jr., president;
- H. Grady Baker, Jr., Richard J. Kelly, and George W. Edwards, Jr., executive vice presidents.

Along with Allen B. Wilson, executive vice president, these officers constitute the Office of the Chief Executive. Mr. Edwards replaces Harold C. McKenzie, Jr., who departed the Company to become president of Southern Electric International, a new subsidiary of The Southern Company.

It is a sad duty to record the death of Clifford B. McManus. A pioneer in the electric utility industry, Mr. McManus was president of Georgia Power Company from 1947 to 1951 and of The Southern Company from 1950 to 1956.

The achievements of 1981 could not have been reached without the skill and dedication of our employees and the loyal support of our investors.

RW Scherer

Robert W. Scherer
Chairman of the Board and
Chief Executive Officer

J H Miller Jr

James H. Miller, Jr.
President
February 19, 1982

1981 Achievements

Georgia Power strengthened its position in the forefront of the electric utility industry during 1981. The Company offered electricity at prices among the lowest in the nation and maintained a high level of service to its customers.

In national rate surveys, Georgia Power's prices consistently are in the lower brackets. In a recent study conducted by the National Association of Regulatory Utility Commissioners, for example, only 26 of 216 utilities listed residential rates lower than Georgia Power's. Other surveys repeatedly have produced similar results. Even with the rate increase that became effective in late 1981, Georgia Power's prices are expected to stay well below the national average.

Electricity sales during 1981 totaled 47.7 billion kilowatt-hours, an increase of 3.1 percent. Revenue per kilowatthour was 4.2 cents—an increase of 8 percent over 1980. The percentage increase still remains well under increases in the Consumer Price Index.

Specially trained crew members work on the high voltage transmission lines that carry electricity to homes, businesses and industries across the state. Inset: Coal-fired plants, such as Plant Bowen, generated 88 percent of Georgia Power's electricity in 1981.

As an indication of system dependability, the coal-fired plants that are the mainstay of Georgia Power's generation facilities retained an availability rate of just under 80 percent. The 1981 Theodore Barry and Associates audit found Georgia Power's generation practices to be "well ahead of the utility industry norm."

Another indication of system reliability occurred in July of 1981 when peak demand records were set on four consecutive days of scorching summer temperatures. The previous record, set in July of 1980, was topped July 13 and each day thereafter until the peak hit 11,514 megawatts on July 16. Service was maintained despite the fact that the heat wave came in the midst of an 18-day strike of the Company's electrical workers. Only on the first record-setting day did Georgia Power buy electricity from other utilities in order to meet the huge customer demand.

When the energy needs of its 1.2 million customers are fully met, Georgia Power is able to sell electricity to neighboring utilities outside the Southern electric system. Several of the purchasing utilities rely heavily upon expensive oil to generate electricity, so the off-system sales produce income for the Georgia Power system and simultaneously contribute toward the national energy goal of reducing oil consumption.

A vigorous Georgia Power program for promoting residential energy conservation continued in 1981. About 8,000 residential energy audits were performed, offering customers practical measures for cutting energy usage. The number of single-family homes being constructed under rigorous Good Cents standards in the Georgia Power service territory rose to 24 percent. For multi-family units, the figure jumped to 47 percent.

An aggressive program was launched to attract industrial and commercial customers to the Georgia Power service area. The 1973 Georgia Territorial Service Act permits customers locating outside municipalities, and having a demand of 900 kilowatts or more, to select the electricity supplier of their choice. Three-fourths of the customers making such a choice in 1981 selected Georgia Power. One such company, Augusta Newsprint, will be Georgia Power's largest customer when its plant goes into full operation in 1983.

A major achievement for Georgia Power's 13,500 employees during 1981 was a new Companywide safety record. Only 23 lost-time accidents were recorded during a busy, eventful year—a 64 percent improvement over 1980. The previous best Companywide safety record was set in 1951.

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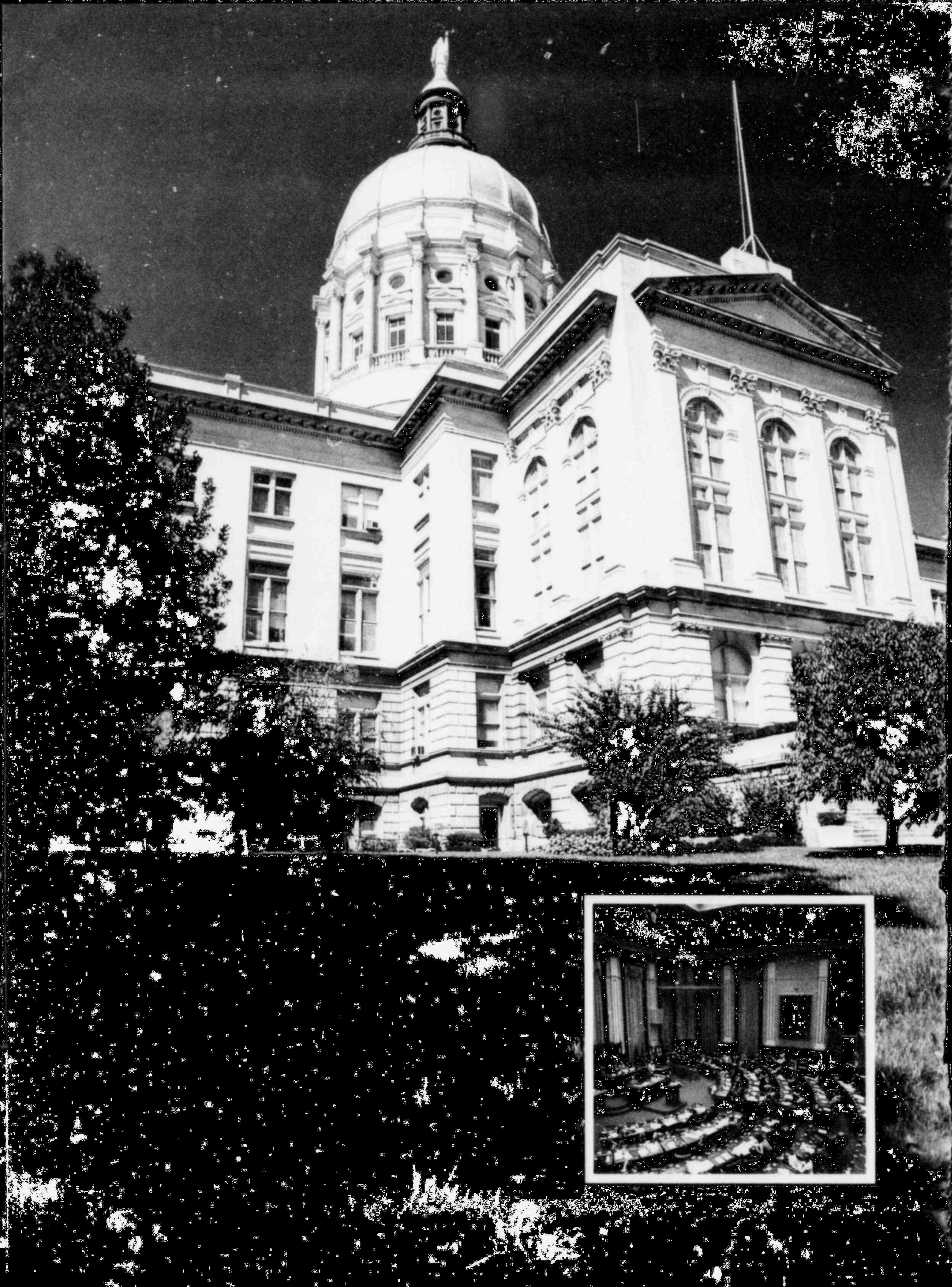

New Regulatory Law

A significant new regulatory law was passed by the 1981 Georgia Legislature and signed by the governor.

Widely known by its legislative name, Senate Bill 29, the new law stabilizes procedures of the Georgia Public Service Commission and strengthens the Commission staff. Georgia Power's 1981 rate case was conducted under the new law.

The most important provision of the legislation specifies that rate cases will be based on estimated future costs. The use of such a future test period provides the Company the opportunity to match more closely its prices with related costs.

Another important provision requires normalization treatment for deferred state and federal income taxes. This procedure has been followed by the Public Service Commission in the past.

A third provision covers the division of proceeds from the future sale of generating plants. It ensures that customers who contributed toward carrying costs of a plant's construction will share proportionately in any profit from a sale.

Senate Bill 29 took significant steps intended to strengthen the Commission staff. A director of utilities position was established to coordinate the Commission's preparations for rate requests. A utility finance section was created to make an "independent evaluation" of electric utility rate filings and to supply technical assistance to the Commission.

Passage of the legislation in February culminated 16 months of study and debate of regulatory reform by the General Assembly. Senate Bill 29 was signed into law March 2, 1981.

The Georgia State Capitol serves as headquarters for the General Assembly during its annual 40 day session. In 1981 the body passed legislation that stabilizes utility regulation in Georgia.

Retail Rate Increase

In April 1981 Georgia Power asked for a retail rate increase of $346 million—a 22 percent increase.

In seeking a higher price for electricity, Company officials pointed out that Georgia Power's rates would remain among the lowest in the nation even if the requested amount were granted by the Public Service Commission.

Hearings in the case opened July 20, and six Georgia Power Company executives were among those testifying. Altogether, our witnesses supplied some 1,000 pages of testimony and exhibits.

In September, after all testimony had been submitted, Georgia Power Company entered into an unprecedented agreement to settle the case. Joining in the agreement were the Public Service Commission staff, the State Consumers' Utility Counsel, and the Georgia Poverty Rights Organization.

The agreement called for a rate increase totaling just over $265 million. Georgia Power pledged not to appeal the amount to the courts and, barring financial emergencies, not to seek another rate increase until 1983.

With the limit on the Public Service Commission's time in which to reach a decision running out, the Commission rejected the agreement in late October. By a vote of three to two, the Commission awarded only $180.5 million, a rate increase of 11.4 percent.

Georgia Power immediately registered its dissatisfaction. The Company announced plans to appeal the decision and file for an additional rate increase.

While these Company plans were going forward, an unusual public outcry against the Commission decision spread across the state. Editorials and other public expressions criticized the Commission for forfeiting an opportunity to stabilize retail electricity rates for at least a year.

The Commission reconsidered its decision and in November approved an increase of $265 million. Relieved of the cost and uncertainties of litigation, the Company pledged to carry out its commitment to seek no increase in retail rates during 1982.

The additional $85 million granted in November brought the total overall increase to 16.7 percent.

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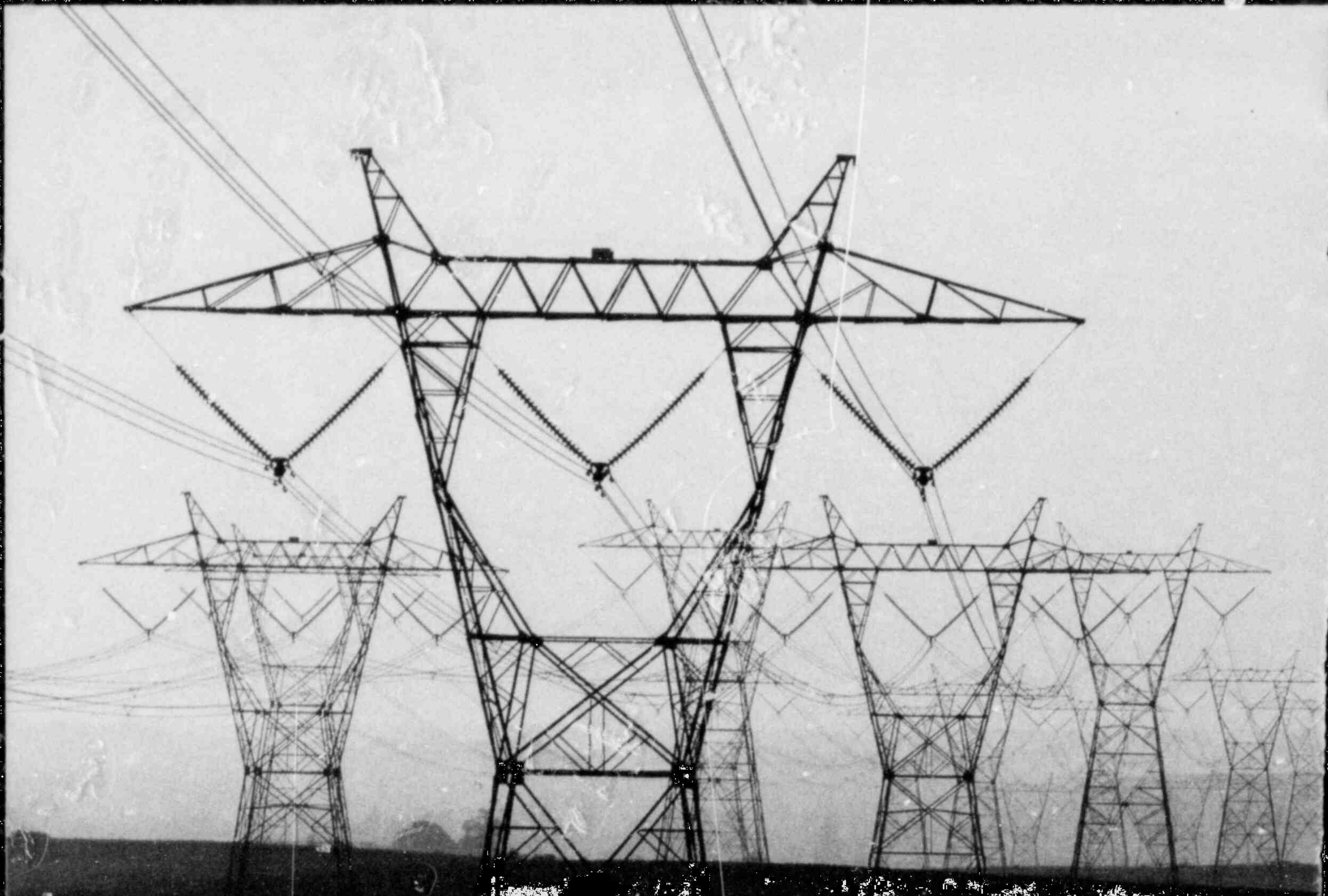
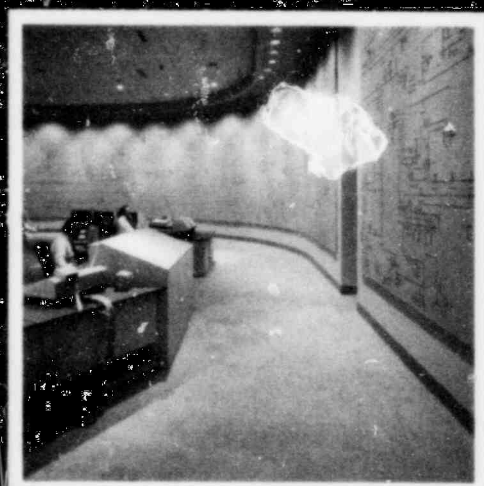




Power Sales to Other Utilities

A growing source of revenue for the Georgia Power system is electricity sales to other utilities.

Revenue from electricity supplied under contract to other utilities, for resale in their respective territories, totaled $82 million during 1981. In the previous year, the total was $57 million.

About two-thirds of these contractual deliveries, made from power available after Georgia needs are met, went to Florida utilities. As a result, the Florida utilities were able to avoid using costly petroleum to generate electricity, and the sales thus contributed to national energy goals of conserving oil.

Contracting utilities purchase power when Georgia Power's plants are able to generate electricity at a lower cost than the utilities would incur if they used their own plants. Meanwhile, income from contractual sales to other utilities helps Georgia Power continue its plant construction program to meet Georgia's future electricity needs, producing at the same time jobs and tax revenue for Georgia communities.

Georgia Power operates and maintains more than 14,000 miles of transmission lines which crisscross the state. Inset: The Company's new load control center features specially designed equipment, reduced noise levels and improved lighting so operators can track electricity use more efficiently and under less stress.

Management Audit

In 1980 the Public Service Commission ordered a management audit of Georgia Power and selected Theodore Barry and Associates to conduct the study.

Barry and Associates began work near the end of 1980. Auditors made field trips to various Company offices, plants, and construction sites and conducted some 400 interviews.

Using a comprehensive work plan approved by the Commission, the auditors prepared an in-depth report that was presented to the Commission in May 1981.

The Barry firm's conclusion was that the Company's management is "progressive and energetic." The auditors found, in general, that the Company is abreast of industry developments, effectively serving its customers, mindful of its business responsibilities, and largely moving in the proper directions.

Negotiations to sell plant capacity to other utilities were praised. Residential rates were declared to be "among the industry's lowest." Opportunities for improvement were seen by the auditors as being "aggressively" pursued.

The auditors took particular note of a "balanced improvement effort" within the Company. "Although few of the improvement programs are unique," they observed, "the breadth and variety of programs that have been carried out simultaneously are certainly unusual."

Acknowledging that management realizes there still is room for improvement, the auditors made several recommendations. Upon receiving the report, the Company began immediately acting on these suggestions for improvement.

333 Piedmont

Georgia Power's new corporate headquarters became a reality in 1981.

Early in the year, headquarters personnel numbering about 2,000 began moving into the building in gradual stages. The moves were completed before the year ended.

The building's energy savings are projected at $372,000 a year. More valuable than these monetary savings, however, is the building's contribution to the study of energy conservation and energy efficiency in commercial buildings. The new corporate headquarters has the largest solar system of any commercial building in the nation, perhaps in the world. Its 1,482 solar collectors have been installed on an acre and a half of rooftop on the building's low-rise portion and are expected to begin operating soon.

This experimental, computerized system is made possible, in large part, by a $565,000 grant

continued

from the U.S. Department of Energy. Solar is expected to supply up to 15 percent of the building's total energy needs. The system also will supply valuable knowledge and experience about how to use solar energy in a large commercial building.

Both the location and design of the new corporate headquarters are aimed at energy efficiency. The location alongside an Atlanta expressway makes it unlikely that any other high-rise buildings will be constructed near enough to interfere with 333 Piedmont's solar system. The inverted staircase design of the building's south side and the reflective glass exterior are fashioned to make the best possible use of sunlight in both summer and winter. The 24-story building is expected to need only half the energy used by comparable structures in the Atlanta area.

Another factor in selecting the site at 333 Piedmont was our commitment to maintaining the economic and social vigor of downtown Atlanta. The new building is spearheading revitalization of an area known as Bedford-Pine.

Reporters from as far away as London have written articles about 333 Piedmont. The architects, Heery and Heery, won an award from the Georgia Association of the American Institute of Architects. And Georgia Power won first prize from the Southeastern Electric Exchange for energy efficiency in a new commercial structure.

Solar collectors on the low rise roof of Georgia Power's corporate headquarters are part of the largest solar system of any commercial building in the nation: Inset: The Company's sponsorship of summer activities brought smiles to some 3,000 Atlanta area youngsters.

Summer Youth Program

Georgia Power's move into a new corporate headquarters building at 333 Piedmont Avenue brought it in closer contact than ever with the inner-city neighborhoods of downtown Atlanta. At the same time, government cutbacks in social and economic programs sharpened our awareness that private enterprise must shoulder greater responsibility for community needs.

Accordingly, Georgia Power Company established a three-pronged 1981 Summer Youth Program that involved a total of 3,000 Atlanta area youngsters. The three programs reached boys and girls from kindergarten to college age.

We worked with the city government, a YMCA, a Boys Club, a Girls Club and others to furnish summer day-camp programs to 1,400 Atlantans between the ages of four and 14. In addition to day-camp activities, the youngsters went on educational field trips to such places as the State Capitol, the Atlanta Zoo and Lake Oconee.

With the cooperation of Economic Opportunity Atlanta, the Company arranged for another 1,000 or so youngsters to attend professional baseball and soccer games at Atlanta Stadium. Although many of the boys and girls lived within the shadow of the stadium, some had never been inside to witness an event.

The Company embarked on a pilot program in 1980 to provide jobs, coupled with special instruction, for youth. In 1981, the program was expanded to furnish 10-week work experiences in semi-skilled jobs to about 200 youths between the ages of 18 and 23. Weekly information and personal development sessions complemented their work experiences. Additionally, the day-camp programs provided employment for about 65 youngsters between the ages of 14 and 18.

In all, the cost to the Company for the summer program was $250,000. It was money well spent in terms of the Company's future and that of the community and state. Plans for 1982 call for expanding the program to divisions outside Atlanta.

Information about Georgia Power's program has been supplied to the Harvard University Graduate School of Business Administration for use as a case study of corporate social responsibility. The Company has sent information about the program to other organizations and businesses interested in adopting it.

Selected Financial Data *(dollars in thousands)*

Years Ended December 31	1981	1980	1979	1978
Condensed Income Account:				
Operating Revenues	**$ 2,015,810**	$ 1,808,408	$ 1,519,942	$ 1,475,024
Operating Expenses:				
Operation and maintenance	**1,326,359**	1,087,389	935,210	921,465
Depreciation and amortization	**157,336**	153,245	133,888	118,208
Taxes other than income taxes	**83,780**	73,454	67,736	65,364
Federal and state income taxes	**141,196**	178,032	118,424	126,953
Total operating expenses	**1,708,671**	1,492,120	1,255,258	1,231,990
Operating Income	**307,139**	316,288	264,684	243,034
Other Income, Net	**76,222**	71,974	67,119	52,510
Income Before Interest Charges	**383,361**	388,262	331,803	295,544
Net Interest Charges	**170,901**	157,693	151,505	129,059
Dividends on Preferred Stock	**40,366**	35,224	34,786	30,480
Net Income After Dividends on Preferred Stock	**$ 172,094**	$ 195,345	$ 145,512	$ 136,014
Cash Dividends Declared on Common Stock	**$ 131,000**	$ 136,400	$ 131,100	$ 119,225
Return on Average Common Equity (percent)	**12.41**	15.47	12.21	12.04
Total Assets	**$ 5,885,610**	$ 5,288,504	$ 4,847,197	$ 4,524,415
Capitalization:				
Common stock equity	**$ 1,458,240**	$ 1,314,315	$ 1,210,868	$ 1,173,036
Preferred stock	**357,844**	357,844	357,844	307,844
Preferred stock subject to mandatory redemption	**138,674**	67,500	71,250	75,000
Long-term debt	**2,667,372**	2,326,627	2,168,272	1,953,553
Total	**$ 4,622,130**	$ 4,066,286	$ 3,808,234	$ 3,509,433
Accumulated Deferred Income Taxes	**$ 628,602**	$ 560,403	$ 501,009	$ 438,885
Accumulated Deferred Investment Tax Credits	**$ 278,488**	$ 229,639	$ 193,980	$ 181,962
Gross Property Additions	**$ 730,454**	$ 690,959	$ 607,616	$ 500,719
Kilowatthour Sales (in thousands):				
Residential	**11,153,588**	11,297,518	10,340,375	10,829,488
Commercial	**9,464,443**	9,184,086	8,735,947	8,827,281
Industrial	**16,813,165**	16,299,666	16,225,971	15,682,02
Sales for resale	**7,361,961**	7,127,310	7,632,216	8,580,21
Other	**306,724**	294,700	246,055	226,11
Total territorial sales	**45,099,881**	44,203,280	43,180,564	44,145,11
Sales to utilities outside territory	**2,642,547**	2,102,461	54,128	—
Total kilowatthour sales	**47,742,428**	46,305,741	43,234,692	44,145,11
Operating Revenues:				
Residential	**$ 540,004**	$ 514,860	$ 414,500	$ 417,69
Commercial	**499,653**	454,049	386,176	369,80
Industrial	**608,713**	547,256	488,044	449,71
Sales for resale	**251,572**	205,030	204,280	213,31
Other	**15,428**	14,169	10,971	9,85
Total revenues from territorial sales	**1,915,370**	1,735,364	1,503,971	1,460,39
Revenues from sales to utilities outside territory	**82,048**	56,911	1,261	—
Total revenues from sales of electricity	**1,997,418**	1,792,275	1,505,232	1,460,39
Other revenues	**18,392**	16,133	14,710	14,62
Total operating revenues	**$ 2,015,810**	$ 1,808,408	$ 1,519,942	$ 1,475,02
Customers (end of year)	**1,249,126**	1,215,714	1,192,770	1,164,82
Employees (end of year)	**13,451**	13,034	12,522	12,06
Average Revenues Per Kilowatthour— Total Sales (cents)	**4.18**	3.87	3.48	3.3
Average Cost of Fuel Per Kilowatthour Generated (cents)	**1.66**	1.51	1.42	1.3

1977	1976	1975	1974	1973	1972	1971
$ 1,301,237	$ 1,170,046	$ 1,079,175	$ 787,919	$ 603,116	$ 511,361	$ 429,414
813,987	690,953	615,343	515,497	338,966	287,370	246,993
109,944	100,347	89,677	80,087	68,552	57,041	49,403
58,939	53,630	46,548	37,203	30,806	27,154	26,304
118,514	94,645	109,007	8,213	33,145	29,421	20,870
1,101,384	939,575	860,575	641,000	471,469	400,986	343,570
199,853	230,471	218,600	146,919	131,647	110,375	85,844
67,460	62,857	75,188	65,631	47,939	32,935	22,093
267,253	293,328	293,788	212,550	179,586	143,310	107,937
125,087	144,348	136,207	126,665	91,525	67,866	52,070
30,480	27,862	18,451	17,190	17,190	12,299	10,954
$ 111,686	$ 121,118	$ 139,130	$ 68,695	$ 70,871	$ 63,145	$ 44,913
$ 109,400	$ 100,400	$ 100,000	$ 75,700	$ 62,100	$ 51,000	$ 36,500
10.51	12.06	14.90	8.16	9.86	10.59	9.18
$ 4,166,788	$ 3,904,549	$ 3,615,889	$ 3,456,963	$ 2,778,567	$ 2,307,824	$ 1,874,112
$ 1,086,247	$ 1,038,961	$ 969,057	$ 898,397	$ 785,402	$ 652,631	$ 540,444
307,844	307,844	257,844	257,844	257,844	257,844	182,844
75,000	75,000	75,000	—	—	—	—
1,880,798	1,827,470	1,757,541	1,514,705	1,247,160	1,102,952	878,079
$ 3,349,889	$ 3,249,275	$ 3,059,442	$ 2,670,946	$ 2,290,406	$ 2,013,427	$ 1,601,367
$ 370,604	$ 318,400	$ 263,045	$ 184,691	$ 152,013	$ 125,389	$ 105,907
$ 130,844	$ 110,780	$ 78,282	$ 34,537	$ 39,573	$ 31,482	$ 25,566
$ 534,153	$ 404,435	$ 438,097	$ 662,683	$ 524,397	$ 474,317	$ 386,486
10,470,674	9,512,592	9,260,034	9,013,966	9,147,452	8,193,456	7,773,967
10,278,012	9,712,599	8,795,788	8,508,118	8,506,755	7,686,139	6,924,334
13,236,290	12,629,263	11,654,106	12,296,202	12,270,130	11,390,884	10,432,550
9,617,229	9,262,454	9,095,581	8,590,045	8,305,948	7,146,068	6,297,499
216,621	213,058	204,009	197,065	184,263	175,388	168,651
43,818,826	41,329,966	39,009,518	38,605,396	38,414,548	34,591,935	31,597,001
—	—	—	—	—	157,013	211,246
43,818,826	41,329,966	39,009,518	38,605,396	38,414,548	34,748,948	31,808,247
$ 358,933	$ 315,226	$ 301,541	$ 223,417	$ 185,171	$ 155,614	$ 134,534
385,889	355,405	317,879	233,342	187,624	158,709	132,932
328,407	290,983	275,591	194,962	143,129	121,132	102,470
203,914	191,110	166,777	122,316	74,527	61,938	47,764
8,957	8,542	8,012	6,688	6,327	5,689	5,002
1,286,100	1,161,266	1,069,800	780,725	596,778	503,082	422,702
—	—	—	—	—	2,977	1,813
1,286,100	1,161,266	1,069,800	780,725	596,778	506,059	424,515
15,137	8,780	9,375	7,194	6,338	5,302	4,899
$ 1,301,237	$ 1,170,046	$ 1,079,175	$ 787,919	$ 603,116	$ 511,361	$ 429,414
1,138,470	1,112,063	1,083,646	1,078,223	1,051,842	1,018,684	988,146
11,485	10,194	9,052	9,385	8,599	8,224	7,834
2.94	2.81	2.74	2.02	1.55	1.46	1.33
1.27	1.12	1.11	0.91	0.53	0.47	0.45

Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations

Georgia Power's net income after dividends on preferred stock for 1981 was $172.1 million. This is a decrease of $23.3 million or 12% from 1980 earnings, but an increase of 18% over 1979 results.

Operating revenues have increased in each year, principally as a result of rate increases, recovery of increased fuel costs, and increased energy sales in 1980 and 1981. Retail revenues over the period 1979 through 1981 increased 28% and in 1981, total revenues exceeded $2 billion for the first time. The most significant increase for this period was in 1980 which reflected a full year of increased retail rates awarded in January of that year. Also in late 1981, the Company was granted a $265.2 million annual increase in retail rates. Approximately $23.6 million was billed in 1981 as a result of this rate increase. Resale revenues increased by 62% from 1979 to 1981. This increase was primarily the result of increased energy sales, particularly to off-system utilities, and the full effect of increases granted in 1979 and 1980 to the rates for resale territorial customers. See Note 2 to the financial statements for a further discussion of rate matters.

Total Company kilowatthour sales increased 7% in 1980 over 1979 and 3% in 1981 over 1980. This is a cumulative increase of 10% from 43.2 billion in 1979 to 47.7 billion in 1981. The rate of increase in energy sales has declined due to customer conservation efforts and the increased ability of territorial resale customers to meet their own energy requirements. The major cause of increased kilowatthour sales during 1980 and 1981 was increased energy sales to neighboring utilities. The combined demand of the Company's customers and the customers of Oglethorpe Power Corporation, the Municipal Electric Authority of Georgia, and the City of Dalton reached new summer and winter peaks of 11,514 megawatts and 9,195 megawatts respectively. This surpassed the previous peak demands of 11,154 and 8,626 megawatts respectively.

Total operation and maintenance expenses, including fuel and purchased power, continued to increase in 1981 due to increased energy production and the effects of inflation. These expenses totaled $1.3 billion in 1981, an increase of 22% over 1980 and 42% over 1979. Fuel costs alone have increased 36% from 1979 to 1981. However, under fuel cost recovery mechanisms, the Company recovers the actual cost of fuel burned and the energy portion of purchased power transactions. Net purchased power expenses increased from $4.3 million in 1980 to $73.6 million in 1981. This increase was primarily the result of increased capacity payments and reduced energy sales to the Southern electric system power pool.

Increases in depreciation and amortization each year are due principally to the continued growth in depreciable plant in service. The composite straight-line depreciation rate was approximately 3.7% in 1979, 3.8% in 1980 and 3.7% in 1981.

Fluctuations in income taxes resulted from changes in income before income taxes. Federal and state income tax provisions are detailed in Note 5 to the financial statements.

The allowance for funds used during construction represents the cost of capital charged to utility plant under construction which is presently excluded from rate base. The equity portion of this credit represents non-cash income. In addition, normalization of the income tax effect of the debt portion results in a non-cash charge. A significant portion of current cash flow results from the allowance of a return on and recovery through depreciation of previously capitalized amounts. The allowance for funds used during construction, net of income taxes, as a percent of net income after dividends on preferred stock amounted to 42% in 1981, 29% in 1980 and 41% in 1979. See Note 1 to the financial statements for further discussion of Allowance for Funds Used During Construction.

Due to increased long-term borrowings and higher interest rates, net interest charges have increased 13% to $170.9 million in 1981 from $151.5 million in 1979. The Company's first mortgage bond issues in 1981 carried interest rates ranging from 16.125% to 17.5%, up substantially from interest rates of 14.5% for bonds sold in 1980 and 10.5% and 11% for bonds sold in 1979.

Inflation has continued to have a significant adverse effect on the Company due to regulatory constraints and the large investment in utility plant. See Note 13 to the financial statements for supplementary information concerning the approximate effects of inflation.

The results of operations discussed above are not necessarily indicative of future earnings. It is expected that higher operating costs and carrying charges on increased investment in plant, if not offset by proportionate increases in operating revenues (either by periodic rate increases or increases in sales), will adversely affect future earnings. Increases in sales in the future will be affected by the extent of contracts for the sale of energy to neighboring utilities, energy conservation practiced by customers, the elasticity of demand, the weather, and the rate of economic growth in the Company's service area. In recent years, earnings have tended to decline during periods following the full 12 months' realization of general rate increases and prior to the receipt of further rate increases.

Financial Condition

Total gross property additions for the period 1979 through 1981 totaled $2 billion. These additions included construction of major generating projects, and the constructing and upgrading of transmission and distribution lines, substations and other facilities. Property additions were financed primarily by a net increase of $609 million of long-term debt, $114 million of preferred stock, the sale of $415 million of undivided interests in certain generation facilities, and from common equity contributions by The Southern Company. The balance of the funds was provided from internal sources. See Statements of Sources of Funds for Gross Property Additions for further details.

The Company's capitalization ratios have remained approximately the same in recent years, but the composite interest rate on long-term debt has increased from 8.01% at December 31, 1978 to 9.39% at December 31, 1981, and the composite dividend rate on preferred stock has increased from 7.96% to 9.19% during this same period.

At December 31, 1981, the Company had $336.1 million of temporary cash investments to assist in meeting its short-term cash requirements. To provide increased financial flexibility, the Company has $605,950,000 in lines of credit of which $550,000,000 is in revolving credit commitments covering a period of three years and $55,950,000 in lines of credit subject to annual renewal. No short-term bank loans were outstanding at year end.

The Company estimates that it will require approximately $3.2 billion for gross property additions during the period 1982 through 1984. These estimates exclude amounts applicable to portions of facilities sold or proposed to be sold as discussed in Notes 3 and 4 to the financial statements. The construction program is subject to revision depending upon such factors as the granting of timely and adequate rate increases, revised estimates of costs, revised load forecasts, and the availability and cost of capital. At December 31, 1981, substantial purchase commitments were outstanding in connection with the construction program and for the purchase of coal and nuclear fuel under long-term contracts.

In addition to the funds required for the construction program, approximately $65 million will be required by the end of 1984 in connection with the sinking fund requirements and maturities of long-term debt and preferred stock subject to mandatory redemption as discussed in Notes 7 and 8 to the financial statements.

It is anticipated that the funds required will be derived from sources in form and quantity similar to those used in the past. However, the type and timing of financing will depend on market conditions and maintenance of adequate earnings. A financial goal of the Company is to generate internally a greater portion of the funds needed for total gross property additions.

To issue additional first mortgage bonds and preferred stock, the Company must comply with certain earnings coverage requirements contained in its mortgage indenture and corporate charter. An earnings coverage of two times annual interest charges on first mortgage bonds is required for the issuance of additional bonds and one and one-half times annual interest charges and preferred stock dividends is required for the issuance ot additional preferred stock. The coverages for the years ended December 31, 1981 and 1980, were 1.99 and 2.86, respectively, for bonds and 1.50 and 1.81, respectively, for preferred stock. This temporary deterioration in coverages is primarily the result of recent issues of preferred stock and first mortgage bonds at increased dividend rates and interest costs to the Company and the lag between the granting of rate increases and the resultant impact on earnings. It is anticipated that rate increases recently approved will restore these coverages to levels which will permit scheduled sales of securities.

The ability to maintain these coverages and to generate funds for day-to-day operations and to finance the construction program is primarily dependent on receiving adequate and timely rate increases. The Company is committed to maintaining its financial integrity by continued emphasis on operating efficiency and by vigorous pursuit of rate increases when appropriate. Should the Company be unable to obtain funds from external sources, including the proposed sales of undivided interest in certain generating facilities, in amounts which, together with internally generated funds, will be adequate to carry out the present construction program, delays or cancellations of certain projects could become necessary.

Balance Sheets in thousands — Georgia Power Company

December 31	1981	1980
ASSETS		
Utility Plant		
Plant in service, at original cost	$4,978,429	$4,710,260
Less—accumulated provision for depreciation	1,270,841	1,141,263
	3,707,588	3,568,997
Nuclear fuel, at amortized cost	100,720	54,831
Construction work in progress (Note 3)	1,166,482	810,855
Total	4,974,790	4,434,683
Other Property and Investments		
Southern Electric Generating Company (Note 4)	16,400	16,400
Nonutility property, net	3,381	3,299
Total	19,781	19,699
Current Assets		
Cash	8,059	7,731
Temporary cash investments, at cost	336,100	204,400
Receivables—		
Customer accounts receivable	161,297	157,488
Other accounts and notes receivable	50,771	136,323
Intercompany	12,237	13,886
Accumulated provision for uncollectible accounts	(2,000)	(2,000)
Fossil fuel stock, at average cost	257,101	265,352
Materials and supplies, at average cost	37,013	30,375
Prepayments	3,909	4,744
Total	864,487	818,299
Deferred Charges		
Debt expense, being amortized	7,631	6,771
Miscellaneous	18,921	9,052
Total	26,552	15,823
Total Assets	$5,885,610	$5,288,504
CAPITALIZATION AND LIABILITIES		
Capitalization (See accompanying statements)		
Common stock equity	$1,458,240	$1,314,315
Preferred stock	357,844	357,844
Preferred stock subject to mandatory redemption (Note 8)	138,674	67,500
Long-term debt	2,667,372	2,326,627
Total	4,622,130	4,066,286
Current Liabilities		
Preferred stock sinking fund requirement (Note 8)	—	2,575
Long-term debt due within one year (Note 7)	22,502	22,796
Accounts payable—		
Intercompany	12,760	14,808
Other	143,571	165,045
Revenues to be refunded	—	1,569
Customer deposits	28,340	27,229
Taxes accrued—		
Federal and state income	17,163	74,330
Other	36,515	34,230
Interest accrued	66,594	54,855
Miscellaneous	17,020	14,197
Total	344,465	411,634
Deferred Credits, Etc.		
Accumulated deferred income taxes	628,602	560,403
Accumulated deferred investment tax credits	278,488	229,639
Miscellaneous	11,925	20,542
Total	919,015	810,584
Commitments and Contingent Matters (Notes 2, 3, 4 and 11)		
Total Capitalization and Liabilities	$5,885,610	$5,288,504

The accompanying notes are an integral part of these statements.

Statements of Capitalization in thousands — Georgia Power Company

December 31	1981	% of Total	1980	% of Total
Common Stock Equity				
Common stock (without par value) authorized 15,000,000 shares, outstanding 7,761,500 shares	**$ 344,250**		$ 344,250	
Other paid-in capital	**799,800**		696,800	
Premium on preferred stock (Note 8)	**2,703**		1,636	
Earnings retained in the business (Note 10)	**311,487**		271,629	
Total common stock equity	**1,458,240**	**31.6%**	1,314,315	32.3%
Cumulative Preferred Stock				
(without par value) authorized 11,000,000 shares, outstanding 6,578,439 shares				
Class				
$100 stated value-				
$4.60 to $6.60 Series	**117,844**		117,844	
$7.72 to $7.80 Series	**105,000**		105,000	
$8.20 to $9.08 Series	**35,000**		35,000	
$25 stated value-				
$2.52 Series	**50,000**		50,000	
$2.56 Series	**50,000**		50,000	
Total (annual dividend requirement $27,350,000)	**357,844**	**7.7**	357,844	8.8
Cumulative Preferred Stock (without par value), subject to mandatory redemption (Note 8) authorized 6,000,000 shares, outstanding 5,546,950 shares				
$25 stated value-				
$2.75 Series	**63,674**		70,075	
$3.76 Series	**75,000**		–	
(annual dividend requirement $18,284,000)				
Less amount due within one year (Note 8)	**–**		2,575	
Total, excluding amount due within one year	**138,674**	**3.0**	67,500	1.7
Long-Term Debt				
First mortgage bonds (Note 7)–				
Maturity — **Interest Rates**				
June 1, 1981 — 3½%	**–**		20,000	
July 1, 1982 — 3⅜%	**20,000**		20,000	
April 1, 1983 — 3¾%	**8,073**		8,073	
April 1, 1984 — 3⅛%	**11,000**		11,000	
May 1, 1985 — 3⅜%	**11,988**		11,988	
April 1, 1986 — 3⅝%	**12,000**		12,000	
1987-1991 — 4⅛% to 17½%	**179,978**		54,978	
1992-1996 — 4⅜% to 5¾%	**162,868**		162,868	
1997-2001 — 6½% to 11⅝%	**617,269**		622,269	
2002-2006 — 7½% to 11¾%	**630,968**		630,968	
2007-2011 — 9⅝% to 16¼%	**675,000**		500,000	
Total first mortgage bonds	**2,329,144**		2,054,114	
Other long-term debt (Note 6)	**379,925**		309,175	
Unamortized debt premium (discount) net	**(19,195)**		(13,866)	
Total long-term debt (annual interest requirement $254,940,000)	**2,689,874**		2,349,423	
Less amount due within one year (Note 7)	**22,502**		22,796	
Long-term debt, excluding amount due within one year	**2,667,372**	**57.7**	2,326,627	57.2
Total Capitalization	**$4,622,130**	**100.0%**	$4,066,286	100.0%

The accompanying notes are an integral part of these statements.

Statements of Income *in thousands*

Years Ended December 31	1981	1980	1979
Operating Revenues	**$2,015,810**	$1,808,408	$1,519,942
Operating Expenses			
Operation—			
Fuel	**811,088**	716,566	598,254
Purchased and interchanged power, net	**73,566**	4,324	28,519
Other	**280,354**	222,155	182,386
Maintenance	**161,351**	144,344	126,051
Depreciation and amortization	**157,336**	153,245	133,888
Taxes other than income taxes	**83,780**	73,454	67,736
Federal and state income taxes (Note 5)	**141,196**	178,032	118,424
Total operating expenses	**1,708,671**	1,492,120	1,255,258
Operating Income	**307,139**	316,288	264,684
Other Income			
Allowance for equity funds used during construction	**48,690**	35,663	40,224
Gain on sales of facilities (Note 4)	**—**	29,282	3,323
Interest income	**48,038**	25,552	34,472
Other, net	**582**	4,047	3,415
Income taxes applicable to other income (Note 5)	**(21,088)**	(22,570)	(14,315)
Income before interest charges	**383,361**	388,262	331,803
Interest Charges			
Interest on long-term debt	**213,278**	186,210	185,029
Amortization of debt discount, premium and expense, net	**929**	805	979
Other interest charges	**3,162**	10,741	3,579
Allowance for debt funds used during construction	**(46,468)**	(40,063)	(38,082)
Net interest charges	**170,901**	157,693	151,505
Net Income	**212,460**	230,569	180,298
Dividends on Preferred Stock	**40,366**	35,224	34,786
Net Income after Dividends on Preferred Stock	**$ 172,094**	$ 195,345	$ 145,512

Statements of Earnings Retained in the Business *in thousands*

Years Ended December 31	1981	1980	1979
Balance, beginning of period	**$ 271,629**	$ 212,714	$ 200,097
Add (deduct):			
Net income after dividends on preferred stock	**172,094**	195,345	145,512
Cash dividends paid on common stock	**(131,000)**	(136,400)	(131,100)
Preferred stock issuance expense	**(1,236)**	(30)	(1,795)
Balance, end of period (Note 10)	**$ 311,487**	$ 271,629	$ 212,714

Statements of Other Paid-In Capital *in thousands*

Years Ended December 31	1981	1980	1979
Balance, beginning of period	**$ 696,800**	$ 652,800	$ 627,800
Cash contribution to capital by parent company	**103,000**	44,000	25,000
Balance, end of period	**$ 799,800**	$ 696,800	$ 652,800

The accompanying notes are an integral part of these statements.

Statements of Sources of Funds for Gross Property Additions *in thousands*

Georgia Power Company

Years Ended December 31	1981	1980	1979
Sources of Funds for Gross Property Additions:			
Net income	**$212,460**	$230,569	$180,298
Add (deduct) principal noncash items-			
Depreciation and amortization	**182,904**	184,401	153,962
Deferred income taxes, net	**91,080**	79,343	80,286
Deferred investment tax credits	**55,875**	40,823	32,395
Allowance for equity funds used during construction	**(48,690)**	(35,663)	(40,224)
	493,629	499,473	406,717
Less-			
Dividends on common stock	**131,000**	136,400	131,100
Dividends on preferred stock	**40,366**	35,224	34,786
	322,263	327,849	240,831
Decrease (increase) in net current assets, excluding long-term debt and preferred stock due within one year-			
Cash and temporary cash investments	**(132,028)**	(154,360)	190,526
Receivables	**83,392**	(126,376)	(43,786)
Fossil fuel stock	**8,251**	(20,011)	(46,447)
Materials and supplies	**(6,638)**	(2,675)	(5,715)
Revenues to be refunded	**(1,569)**	(3,498)	(1,932)
Accounts payable	**(23,522)**	17,676	37,152
Taxes accrued	**(54,882)**	56,090	15,037
Interest accrued	**11,739**	2,819	2,351
Other, net	**4,769**	(492)	3,442
	(110,488)	(230,827)	150,628
Other, net (including allowance for equity funds used during construction)	**1,300**	3,256	15,128
Total internal sources	**213,075**	100,278	406,587
External Sources—			
First mortgage bonds	**300,000**	75,000	225,000
Bonds retired or refunded at maturity	**(24,970)**	(20,000)	(144,395)
	275,030	55,000	80,605
Preferred stock	**—**	—	50,000
Preferred stock subject to mandatory redemption	**75,000**	—	—
Preferred stock reacquired	**(6,401)**	(4,695)	(230)
Cash contributions by parent company	**103,000**	44,000	25,000
Pollution control obligations	**67,584**	40,673	13,455
Increase in other long-term debt	**3,166**	68,682	4,692
Sales of facilities, net book value (Note 4)	**—**	387,021	27,507
Total external sources	**517,379**	590,681	201,029
Gross Property Additions (includes allowance for funds used during construction in the amount of $72,277,000 in 1981, $55,776,000 in 1980 and $59,962,000 in 1979)	**$730,454**	$690,959	$607,616

The accompanying notes are an integral part of these statements.

Note 1. Summary of Significant Accounting Policies:

GENERAL. The Company is a wholly owned subsidiary of The Southern Company which is the parent company of four operating companies and a system service company. The operating companies are engaged in the business of providing electric utility service in four southeastern states. Operating contracts among the companies covering interconnection arrangements, interchange of electric power and joint ownership of generating facilities are subject to regulation by the Federal Energy Regulatory Commission (FERC) and/or the Securities and Exchange Commission. The system service company provides, at cost, technical and other specialized services to the parent company and to each of the operating companies.

The parent company is registered as a holding company under the Public Utility Holding Company Act of 1935 and it and its subsidiaries are subject to the regulatory provisions of the Act. The Company is also subject to regulation by the FERC and the Georgia Public Service Commission (GPSC) and follows generally accepted accounting principles and the accounting policies and practices prescribed by the respective commissions.

UTILITY PLANT. Utility Plant is stated at original cost. Such cost includes applicable administrative and general costs, payroll related costs such as pensions, taxes and other fringe benefits and the estimated cost of funds used during construction. Maintenance and repairs, including replacement of minor items of property, are charged to maintenance expense accounts as incurred. The cost of replacements of property is charged to the utility plant accounts.

REVENUES. Revenues are included in income as billed monthly to customers on a cycle basis.

FUEL COSTS. Fuel costs are expensed as the fuel is consumed. The Company is allowed by state law and FERC regulations to recover fuel costs and net purchased energy costs through fuel cost recovery mechanisms which are adjusted as necessary to reflect increases or decreases in such costs. Revenues are adjusted for differences between recoverable fuel costs and amounts included in current rates.

The cost of nuclear fuel, including a provision for the estimated cost of permanent storage of spent fuel, is amortized to fuel expense based on the quantity of heat produced for generation of electric energy. Such amortization was \$15,395,000 in 1981, \$20,756,000 in 1980, and \$11,153,000 in 1979. Final disposition of the spent fuel may require adjustments to fuel expense. Pending ultimate disposition, sufficient storage capacity for spent fuel is available at Plant Hatch into 1990. The Company is currently expanding its storage facilities at Plant Hatch and upon completion there will be sufficient storage capacity into 2000.

PENSION COSTS. The Company has a trusteed and noncontributory pension plan which covers substantially all regular employees. The policy of the Company is to fund each year's accrued pension cost for the plan which amounted to \$36,818,000 in 1981, \$18,377,000 in 1980 and \$16,501,000 in 1979. Of these amounts, \$23,522,000 in 1981, \$11,618,000 in 1980, and \$10,709,000 in 1979 were charged to operating expenses, and the balance was charged to construction and other accounts. Accumulated pension benefit information as of the valuation dates (January 1 of each year) follows (in thousands):

	1981	1980
Actuarial present value of accumulated plan benefits		
Vested	\$175,852	\$141,351
Nonvested	3,100	8,044
Total actuarial present value of accumulated plan benefits	\$178,952	\$149,395
Weighted average rates of return assumed in determining actuarial present value of accumulated plan benefits	8%	5%
Net assets available for benefits	\$213,141	\$170,332

The actuarial present value of accumulated plan benefits was determined on the basis of accrued benefits as of January 1, of the respective years, whereas the plan is funded based on the premise that the plan will continue in existence, which requires that future events be considered. Amendments to the plan in 1981 liberalized retirement benefits including increased terminal pay formulas and expanded benefits to employees. A net increase of \$101,541,000 in the accrued liability with respect to past service under the plan resulted from the amendments. The 1981 contributions to the pension plan increased \$18,441,000, of which \$9,375,000 was attributable to past services and \$9,066,000 was attributable to current services. The unfunded prior service cost under the plan and supplemental contracts amounted to approximately \$115,429,000 at December 31, 1981 and is being amortized over a period of approximately 15 years.

DEPRECIATION. Depreciation is provided on the original cost of depreciable utility plant in service, principally on a straight-line basis over the estimated composite service life of the property. The depreciation provisions approximated 3.7%, 3.8% and 3.7% of the average cost of depreciable utility plant during 1981, 1980, and 1979, respectively. Such provisions include a factor to provide for the expected cost of decommissioning nuclear facilities. The Company's portion of the cost of decommissioning these jointly owned facilities, based on decommissioning promptly after the unit is taken out of service, is estimated at approximately \$32,000,000 each for the two units at Plant Hatch. This estimate will be adjusted periodically to reflect changing price levels and technology. When property subject to depreciation is retired or otherwise disposed

of, its cost together with its cost of removal less salvage, is charged to the accumulated provision for depreciation.

INCOME TAXES. The Company follows deferred income tax accounting for all income tax timing differences. The Company is included in the consolidated federal income tax return filed by The Southern Company. See Note 5 for further information regarding income taxes.

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC). AFUDC represents the estimated debt and equity cost of capital funds which are applicable to utility plant while under construction. The composite rate used by the Company in 1979 to capitalize the cost of funds devoted to construction was 7.5% (net of income tax) as directed by the GPSC. Beginning January 1, 1980, the Company was directed by the GPSC to calculate the rate in accordance with the formula prescribed by the FERC. The net of income tax rate for 1980 was 7.87%. For 1981, the rate was adjusted monthly and ranged from 7.72% to 8.60%, and was compounded semi-annually. The Company accounts for the income tax effect of capitalized debt cost as a charge to income tax expense associated with operations with a corresponding credit to allowance for debt funds used during construction. The income tax effect of capitalized debt cost was $22,881,000, $19,909,000, and $18,344,000 in 1981, 1980, and 1979, respectively.

VACATION PAY. Consistent with the rate treatment prescribed by the GPSC, the Company recognizes employee vacation costs in the year vacation is taken. At December 31, 1981 and 1980, the Company's employees had earned, but not taken, approximately $15,600,000 and $13,400,000 of vacation. In 1982, approximately 32% of the cost of vacations will be capitalized.

Note 2. Rate Proceedings:

Effective October 30, 1981, the Company was granted new retail rates by the GPSC designed to increase annual retail revenues $180.5 million. The Company subsequently filed a motion with the GPSC for reconsideration and rehearing of the rate case. Effective November 30, 1981, the GPSC granted an additional $84.7 million in annual retail revenues.

The Company filed an application for increased wholesale rates with the FERC on September 1, 1981. The Company has reached agreements in principle with its full and partial requirements wholesale customers which provide for annual increases in revenues of approximately $16.5 million effective February 1, 1982. The agreements reached are subject to final approval of the FERC.

Note 3. Construction Program, Financing and Fuel Commitments:

The Company is engaged in a continuous construction program and presently estimates gross property additions to be $947,394,000 for 1982, $952,514,000 for 1983 and $1,256,369,000 for 1984. These additions include the allowance for funds used during construction and exclude amounts applicable to portions of facilities sold. Also, the 1982 through 1984 estimated additions reflect the proposed sale of a portion of Plant Scherer and the 1983 and 1984 additions reflect the proposed sale of portions of Plant Vogtle (see Note 4). The construction program is subject to periodic review and revision, and actual construction costs to be incurred may vary from such estimates because of various factors such as increased costs, revised load estimates, the availability and cost of capital, the granting of timely and adequate rate increases by appropriate regulatory commissions, and changes in the amount and timing of proposed asset sales.

The Company's gross property additions are expected to be financed from the issuance of preferred stock and long-term debt, the receipt of common equity contributions from The Southern Company, asset sales and internal sources. Should the Company be unable to obtain funds from such methods of financing, the Company would have to use short-term indebtedness or other alternatives and possibly costlier means of financing or it could become necessary to cancel or delay certain construction projects. At the beginning of 1982, the Company had $605,950,000 of unused lines of credit, $550,000,000 of that amount in revolving credit for a period of three years and $55,950,000 in lines of credit subject to annual renewal. In connection with these lines of credit, the Company has agreed to pay certain fees and/or maintain compensating balances with the banks. These balances are not legally restricted as to withdrawal by the Company. Average compensating balances during 1981 were approximately $7,827,000 and at December 31, 1981 were approximately $4,513,000.

To supply a portion of the fuel requirements of its generating plants, the Company has entered into various long-term commitments for the procurement of fossil and nuclear fuel. In most cases, such contracts contain provisions for price escalations based on the suppliers' cost and/or other factors. Additional commitments for coal and for nuclear fuel will be required in the future to supply the Company's fuel needs.

Note 4. Facility Sales and Joint Ownership Agreements:

Through December 31, 1981, the Company has sold undivided interest in Plants Hatch, Wansley, Vogtle and Scherer in varying amounts, together with transmission facilities, to Oglethorpe Power Corporation, an Electric Membership Generation & Transmission Corporation (OPC), the Municipal Electric Authority of Georgia, a

public corporation and an instrumentality of the State of Georgia (MEAG), and to the City of Dalton, Georgia. There were no such sales in 1981. In 1980 and 1979 such sales resulted in gains, after income taxes, of $7,425,000 and $1,503,000, respectively. In addition to these sales, the Company has signed a contract to sell a 25% interest in Plant Scherer Units 3 and 4 to Gulf Power Company, an affiliate of the Company, and is negotiating to sell an interest of approximately 16.5% in Plant Vogtle to certain Florida utilities. The consummation of any future sales is subject to all requisite governmental approvals, completion of satisfactory financial arrangements by the proposed purchasers and, except for the proposed sale to Gulf Power Company, the completion of agreements satisfactory to the respective parties. At December 31, 1981, the Company's percentage ownership and investment in these jointly owned facilities were as follows (in thousands):

	Total Megawatt Capacity	Percent Ownership	Plant in Service	Construction Work in Progress
E. I. Hatch Nuclear Plant	1,630	50.1%	$491,851	$29,635
A. W. Vogtle Nuclear Plant	2,320	50.7	–	736,304
Plant Scherer				
Unit Nos. 1 & 2	1,636	8.4	360	61,498
Common Facilities	–	23.5	211	66,271
Plant Wansley	1,730	53.5	279,510	1,056

Each participant provides for its own construction financing. The Company includes its proportionate share of plant operating expenses in the corresponding operating expenses in the Statements of Income. The Company is contractually obligated to complete those jointly owned units still under construction and to operate and maintain the units as agent for the joint owners.

In connection with these sales, the Company has entered into agreements whereby the Company is required to purchase declining fractions of OPC's and MEAG's capacity and energy of the respective generating units during a period of up to ten years following commercial operation, such purchases to be made whether or not any capacity or energy is available. The cost of such capacity and energy is a function of each entity's carrying and operating costs and is included in purchased power in the Statements of Income.

The Company has entered into agreements with certain Florida and Texas utilities regarding power sales from Plant Scherer and other units of the Southern electric system.

The Company and an affiliate, Alabama Power Company, own equally all of the outstanding capital stock of Southern Electric Generating Company (SEGCO), which owns electric generating units with a total rated capacity of 1,019,680 kilowatts, together with associated transmission facilities. The capacity of the units has been sold equally to the Company and Alabama Power Company under a contract expiring in 1994 which, in substance, requires payments sufficient to provide for the operating expenses, taxes and debt service, including a return on investment, whether or not SEGCO has any capacity and energy available. The Company's share of such amounts totaled $77,773,000, $70,067,000 and $65,946,000 in 1981, 1980, and 1979, respectively, and these amounts are included in purchased power in the Statements of Income.

At December 31, 1981, the capitalization of SEGCO consisted of $32,800,000 of equity and $45,715,000 of long-term debt on which the annual interest requirement is $2,957,000. Through December 31, 1981, SEGCO has paid dividends equal to its net income.

Note 5. Income Taxes:

A detail of the federal and state income tax provisions is set forth as follows (in thousands):

	1981	1980	1979
Federal–			
Currently payable	$ 7,912	$ 64,387	$ 13,884
Deferred	107,161	90,089	78,361
Deferred in prior years (credit)	(27,852)	(20,586)	(7,997)
Deferred investment tax credits	55,875	40,823	32,395
	143,096	174,713	116,643
State–			
Currently payable	7,417	16,049	6,174
Deferred	15,472	12,485	10,872
Deferred in prior years (credit)	(3,701)	(2,645)	(950)
	19,188	25,889	16,096
Total	162,284	200,602	132,739
Less income taxes charged to other income	21,088	22,570	14,315
Federal and state income taxes charged to operations	$141,196	$178,032	$118,424

Deferred investment tax credits are amortized over the life of the property which gave rise to the credits. Such amortization is applied as a credit to reduce depreciation in the Statements of Income and amounted to $7,027,000 in 1981, $5,163,000 in 1980, and $4,197,000 in 1979.

The provision for deferred income taxes results from the Company's tax deduction for accelerated methods of depreciation and other write-offs of property costs, as provided for by the income tax laws, being greater than the book depreciation of such costs. Income taxes deferred in prior years are credited to income when the book depreciation of those property costs exceeds the related tax deductions.

The total provision for federal income tax as a percent of income before income tax amounted to 40.2%, 43.1%, and 39.3% for 1981, 1980, and 1979, respectively. The difference between the 1981 and 1979 rates and the federal statutory rate of 46% was due primarily to the exclusion from taxable income of the allowance for equity funds used during construction (6.3% in 1981, 6.2% in 1979). In 1980, the primary reasons for the difference were the exclusion from taxable income of the allowance for equity funds used during construction (4.0%), the lower capital

gains tax rate on asset sales (2.6%), and the excess of the tax gain on asset sales over the book gain (−4.2%).

Note 6. Other Long-Term Debt:

Details of other long-term debt are as follows (in thousands):

	1981	1980
Obligations incurred in connection with the sale by public authorities of tax exempt pollution control and industrial development revenue bonds—		
5.95% due November 1, 2003	$ 41,000	$ 41,000
9.00% due September 1, 2005	30,000	30,000
6.75% due November 1, 2006	40,800	40,800
6.40% due June 1, 2007	24,100	24,100
6.375% due April 1, 2008	21,600	21,600
7.10% due December 1, 2008	75,000	75,000
13.75% due October 1, 2011	50,000	—
	282,500	232,500
Less funds on deposit with Trustee	6,423	24,007
	276,077	208,493
Capitalized lease obligations—		
Railcars	19,357	20,990
Corporate headquarters building	76,617	70,642
Other office buildings	5,524	5,984
	101,498	97,616
Note Payable—6% due through 1986	2,350	3,066
	$379,925	$309,175

The Company has authenticated and delivered to the trustees, with respect to such pollution control and industrial development revenue bonds, an aggregate of $282,500,000 of its first mortgage bonds which are pledged as security for its obligations under pollution control and industrial development contracts. No interest on these first mortgage bonds is payable unless and until a default occurs on the installment purchase or loan agreements. No principal payments are due on the contracts prior to 1988.

Assets acquired under capital leases are recorded in the Company's Balance Sheets as utility plant in service and the related obligation is classified as other long-term debt. The net book value of capitalized leases included in utility plant in service was $92,365,000 and $94,850,000 at December 31, 1981 and 1980, respectively. At December 31, 1981, the composite interest rate for the leased railcars was 9.55%, the interest rate for the corporate headquarters lease was 8.23% and the composite interest rate for the other leased buildings was 5.42%.

The current portion of the capitalized lease obligations and the note payable for each year through 1986 is as follows: $2,471,000 in 1982; $2,731,000 in 1983; $3,343,000 in 1984; $3,677,000 in 1985; and $2,747,000 in 1986.

In October 1980, the Company capitalized the $69,692,000 lease of its new corporate headquarters building. The lease agreement provides for payments which are minimal in early years and escalate throughout the initial forty-year term of the lease. For the first six years, the lease payments are not sufficient to cover the interest requirements. The accrued interest in excess of the lease payment is included in the lease obligation. Not until the year 2009 will the aggregate lease payments be sufficient to cover the accrued interest and begin to reduce the capitalized lease obligation. For rate-making purposes, the GPSC has treated the lease as an operating lease and has allowed only the building's lease payments in cost of service. The difference between the accrued expense and the lease payments allowed for rate-making purposes is being deferred as a cost to be recovered in the future. At December 31, 1981, the amount deferred and included in miscellaneous deferred charges in the Balance Sheets is $6,925,000.

Note 7. Long-Term Debt Due Within One Year:

The $22,502,000 of long-term debt due within one year at December 31, 1981, consists of $20,000,000 of first mortgage bonds maturing in 1982, the current portion of other long-term debt and the remaining cash sinking fund requirement.

The annual first mortgage bond sinking fund requirement (1% of the bonds authenticated prior to January 1 of each year) amounts to $28,729,000 and is due on or before June 1, 1982. The Company anticipates satisfying this requirement through the use of bonds specifically authenticated for such purpose against unfunded property additions equal to 166⅔% of such requirement. The 11⅝% series due August 1, 2000, is subject to a mandatory cash sinking fund requirement of $5,000,000 annually.

During 1980, the Company reacquired $5,000,000 of its 11⅝% series first mortgage bonds which were used to satisfy the 1981 cash sinking fund requirement. In 1981, $4,970,000 of the 11⅝% series was reacquired and in January 1982 an additional $30,000 of this series was reacquired. These bonds can be used to satisfy the 1982 cash sinking fund requirement and to satisfy $5,000,000 of the $28,729,000 1982 first mortgage bond sinking fund requirement. The gain on the reacquisitions is included in miscellaneous deferred credits in the Balance Sheets and is being amortized over the remaining life of the original issue.

Note 8. Cumulative Preferred Stock-Subject to Mandatory Redemption:

The $2.75 Class A Preferred Stock has a cumulative sinking fund provision requiring the redemption of 150,000 shares annually at the stated value of $25.00 per share until all shares are redeemed. During 1980 and 1979, 140,800 and 9,200 shares, respectively, were reacquired to satisfy the 1980 sinking fund requirement. An additional 47,000 shares were reacquired in 1980 to partially satisfy the 1981 requirement. The remaining 103,000 shares were reacquired in 1981 along with an additional

153,050 shares which will be used to satisfy the 1982 requirement and to partially satisfy the 1983 requirement. The gains on these reacquisitions of $1,067,000, $532,000 and $15,000 for the years 1981, 1980, and 1979, respectively, are included with premium on preferred stock in the Statements of Capitalization.

The Company issued 3,000,000 shares of $3.76 Class A Preferred Stock in 1981. On or before June 1, 1986 and annually thereafter, 150,000 shares must be retired through the operation of a cumulative sinking fund at the stated value of $25.00 per share.

Note 9. Assets Subject to Lien:

The Company's mortgage dated as of March 1, 1941, as amended and supplemented, securing the first mortgage bonds issued by the Company, constitutes a direct first lien on substantially all of the Company's fixed property and franchises.

Note 10. Common Stock Dividend Restrictions:

The Company's first mortgage bond indenture contains various common dividend restrictions which remain in effect so long as the bonds are outstanding. At December 31, 1981, $109,405,000 of retained earnings was restricted against the payment of cash common dividends under terms of the mortgage indenture.

The terms of the sinking funds for the Company's presently outstanding $2.75 and $3.76 Class A Preferred Stock prohibit the payment of cash dividends on common stock during a default in the performance of the sinking fund obligations.

The Company's charter limits cash dividends on common stock to 50% of net income available for such stock during a prior period of twelve months if, calculated on a corporate basis, the ratio of common stock equity to total capitalization, including retained earnings, adjusted to reflect the payment of the proposed dividend, is below 20% and to 75% of such net income if such ratio is 20% or more but less than 25%. At December 31, 1981, this ratio was 31.6%.

Note 11. Nuclear Insurance:

Under the Price-Anderson Act, the Company maintains agreements of indemnity with the Nuclear Regulatory Commission (NRC) which, together with private insurance, cover third-party liability arising from any nuclear incident occurring at the Company's nuclear power plant. The Act limits public liability claims that could arise from a single nuclear incident to $560,000,000. Each reactor at the Company's nuclear plant is insured against this liability to a maximum of $160 million by private insurance (the maximum amount presently available) and the remainder is provided by indemnity agreements with the NRC. In the event of a nuclear incident involving any commercial nuclear facility in the country, a company could be assessed up to $5,000,000 per incident for each licensed reactor operated by it but not more than $10,000,000 per reactor to be paid in a calendar year. On the basis of its ownership interest in the two nuclear reactors now in service, the Company could be assessed a maximum of $5,010,000 for any incident, but not more than $10,020,000 to be paid in any one year.

The Company is a member of Nuclear Mutual Limited, a mutual insurer established to provide insurance coverage against property damage to members' nuclear generating facilities. The Company is subject to a retrospective premium adjustment in the event that losses exceed accumulated funds. The Company's maximum assessment is limited to $22,000,000.

Also, the Company is a member of Nuclear Electric Insurance Limited, a mutual insurer which provides insurance to cover, separately, (a) the extra cost incurred in obtaining replacement power during a prolonged accidental outage at a member's nuclear generating facility and (b) property damage to nuclear generating facilities in excess of $500,000,000. Members are insured against the increased costs of replacement power in the amount of $2,300,000 per week (starting 26 weeks after the outage) for one year and $1,150,000 per week for the second year. Under each policy, the Company is subject to retroactive assessments if losses exceed the accumulated funds available to the insurer under that policy. The present maximum assessments for the Company would be approximately $12,000,000 under the replacement power policy and $4,000,000 under the property damage policy.

Note 12: Quarterly Financial Data (Unaudited):

Summarized quarterly financial information for 1980 and 1981 is as follows (in thousands):

Quarter Ended	Operating Revenues	Operating Income	Net Income After Dividends On Preferred Stock
March 31, 1980	$398,980	$ 72,891	$39,206
June 30, 1980	396,975	65,258	42,206
September 30, 1980	563,003	111,421	80,007
December 31, 1980	449,450	66,718	33,926
March 31, 1981	466,677	70,381	34,500
June 30, 1981	482,596	61,887	24,855
September 30, 1981	578,702	98,382	58,867
December 31, 1981	487,835	76,489	53,872

Note 13: Supplementary Information Concerning the Effects of Changing Prices (Unaudited):

The following supplementary information concerning the effects of changing prices is presented in accordance with the general concepts set forth in Financial Accounting Standards Board Statement No. 33, as modified to reflect the economic effects imposed on Georgia Power Company

by regulatory authorities. It should be viewed as an estimate of the approximate effects of inflation, rather than a precise measure.

Constant dollar amounts represent historical costs stated in terms of dollars of equal purchasing power, as measured by the Consumer Price Index for All Urban Consumers. Current cost amounts reflect changes in specific prices of plant from the date the plant was acquired to the present. They differ from constant dollar amounts to the extent that specific prices have increased more or less rapidly than the general rate of inflation. The current cost of plant was determined by indexing each major class of plant using the Handy-Whitman Index of Public Utility Construction Costs. Current cost does not necessarily represent the replacement cost of existing productive capacity because the utility plant is not expected to be replaced precisely in kind.

The accumulated provision for depreciation for current cost was developed by applying, for each major class of plant, the same percentage relationship that existed between gross plant and the accumulated provision for depreciation on a historical basis to the adjusted plant data. Depreciation expense for both methods was determined by applying the current depreciation rates to the respective indexed plant amounts reduced by the amortization of investment tax credits which were first adjusted to average 1981 dollar amounts by year of addition.

Increases in the cost of electric generating fuel are recoverable in revenues through operation of fuel cost recovery mechanisms. Such increases effectively are receivables from customers. Therefore, such increases are not included in income, but instead are treated as monetary assets. Income tax expense was not adjusted because only historical costs are deductible for income tax purposes.

Holding assets such as receivables, prepayments, and inventory results in a loss of purchasing power during periods of inflation because the amount of cash received in the future for these items will purchase less. Conversely, holding monetary liabilities, primarily long-term debt, results in a gain because the payment in the future will be made with nominal dollars having less purchasing power. The Company has a net gain due to the significant amounts of long-term debt outstanding.

Under the ratemaking prescribed by the regulatory commissions to which the Company is subject, only the historical cost of plant is recoverable in revenues as depreciation and plant in rate base is limited to original cost. Therefore, the cost of the plant stated in terms of constant dollars or current cost that varies from the historical cost of plant is not presently recoverable in rates as depreciation. The amount of this variance that accrued as a result of inflation in the current year is reflected as a reduction to net recoverable cost. While the use of debt financing reduced the effect of this loss on the common stockholder, earnings were not adequate to offset the erosion in the purchasing power of its investment.

Statement of Income Adjusted for Changing Prices
For the Year Ended December 31, 1981
(In Thousands of Average 1981 Dollars)

	Constant Dollar	Current Cost
Income Applicable to Common Stockholder, as reported	$172,094	$172,094
Erosion of Common Stockholder's Equity Because of Changing Prices:		
Cost in excess of the original cost of productive facilities not recoverable in rates as depreciation—		
Reportable as an additional provision for depreciation	183,466	217,990
Reportable as an adjustment to net recoverable cost	162,059	98,333
	$345,525	$316,323
Excess of the general level of prices ($734,367) in the current year over increase in specific price changes ($705,165)*		29,202
Offsetting effect of debt financing	(236,062)	(236,062)
Net erosion of common stockholder's equity	$109,463	$109,463
Income Applicable to Common Stockholder as Adjusted** (including the effect of debt financing)	$ 62,631	$ 62,631

*At December 31, 1981, current cost of property, plant and equipment, net of accumulated depreciation was $10 billion and historical cost or net recoverable through depreciation was $5 billion.
**Adjusted income applicable to common stockholder would be a loss of $11.4 million and a loss of $45.9 million on a current cost basis if only the amount reportable as an additional provision for depreciation were deducted from the reported amount of such income.

Five-Year Comparison of Selected Supplementary Financial Data
Adjusted for Effects of Changing Prices
(In Thousands of Dollars)

	1981	1980	1979	1978	1977
Operating Revenues:					
Historical Cost	$2,015,810	$1,808,408	$1,519,942	$1,475,024	$1,301,237
As adjusted*	2,015,810	1,989,249	1,899,928	2,050,283	1,951,856
Income Applicable to Common Stockholder:					
Historical cost	$ 172,094	$ 195,345	$ 145,512		
As adjusted for the net erosion of common stockholder's equity*	62,631	63,812	3,570		
Common Stockholder's Investment (Net Assets) at year-end:					
Historical cost	$1,458,240	$1,314,315	$1,210,868	$1,173,036	$1,086,247
As adjusted*	1,414,493	1,380,031	1,428,824	1,571,868	1,585,919
Excess of the General Level of Prices Over Increase in Specific Price Changes*	$ 29,202	$ 185,006	$ 355,699		
Effect of Debt Financing*	$ 236,062	$ 344,369	$ 394,958		
Return on Average Common Equity:					
Historical	12.41%	15.47%	12.21%		
As adjusted for the net erosion of common stockholder's equity*	4.52%	5.05%	.30%		
Cash Dividends Declared (Common):					
Historical cost	$ 131,000	$ 136,400	$ 131,100	$ 119,225	$ 109,400
As adjusted*	131,000	150,040	163,875	165,723	164,100
Average Consumer Price Index	272.4	246.8	217.4	195.4	181.5

*Adjusted amounts represent average 1981 dollars.

Auditors' Report

To the Board of Directors of
Georgia Power Company:

We have examined the balance sheets and statements of capitalization of Georgia Power Company (a Georgia corporation and a wholly owned subsidiary of The Southern Company) as of December 31, 1981 and 1980, and the related statements of income, earnings retained in the business, other paid-in capital and sources of funds for gross property additions for each of the three years in the period ended December 31, 1981. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Georgia Power Company as of December 31, 1981 and 1980, and the results of its operations and the sources of funds for gross property additions for the periods stated, in conformity with generally accepted accounting principles applied on a consistent basis.

ARTHUR ANDERSEN & CO.

Atlanta, Georgia,
February 19, 1982.

Report of Management

The management of Georgia Power Company has prepared and is responsible for the financial statements and related financial information included in this report. The financial statements were prepared in accordance with generally accepted accounting principles appropriate under the circumstances, and necessarily include amounts that are based on best estimates and judgements with appropriate consideration to materiality. Financial information included elsewhere in this annual report is consistent with the financial statements.

The Company maintains a system of internal accounting controls to provide reasonable assurance that assets are safe-guarded and that the books and records reflect only authorized transactions of the Company. Limitations exist in any system of internal control based upon the recognition that the cost of the system should not exceed the benefits derived. The Company believes its system of internal accounting controls, augmented by its internal auditing function, appropriately balances the cost/benefit relationship.

The independent public accountants provide an objective assessment of the degree to which management meets its responsibility for fairness of financial reporting. They regularly evaluate the system of internal accounting controls and perform such tests and other procedures they deem necessary to reach and express an opinion on the fairness of the financial statements.

The Board of Directors pursues its responsibility for reported financial information through its Audit Committee, composed of Directors who are not employees. The Audit Committee meets periodically with management, the internal auditors and the independent public accountants to assure that they are carrying out their responsibilities and to discuss auditing, internal control and financial reporting matters. Both the independent accountants and the internal auditors have free access to the Audit Committee at any time.

We believe that these policies and procedures provide reasonable assurance that our operations are conducted with a high standard of business conduct and that the statements reflect fairly the financial position, results of operations and sources of funds for gross property additions of Georgia Power Company.

Board of Directors

Walter G. Autrey
President
Hamilton Turpentine Co., Inc.
(naval stores) Valdosta, 1972

H. Grady Baker, Jr.
Executive Vice President—
Marketing and Customer Service
Georgia Power Company
Atlanta, 1960

Bennett A. Brown
Chairman and Chief Executive Officer
The Citizens & Southern National Bank
(banking) Atlanta, 1980

N. N. Burnes, Jr.
Vice Chairman
Rome Manufacturing Company
(textiles) Rome, 1965

William A. Fickling, Jr.
Chairman of the Board and
Chief Executive Officer
Charter Medical Corporation
(medical facilities) Macon, 1973

J. A. [illegible]
Senior Vice President
Georgia Power Company
Atlanta, 1976

L. G. Hardman, III
President and Treasurer
Harmony Grove Mills, Inc.
(textiles) Commerce, 1979

Richard J. Kelly
Executive Vice President—
Power Supply
Georgia Power Company
Atlanta, 1981
(elected 6/1/81)

Harold C. McKenzie, Jr.
President
Southern Electric International, Inc.
Atlanta, 1972

James H. Miller, Jr.
President
Georgia Power Company
Atlanta, 1975

William S. Morris, III
President
Morris Communications Corporation
(publishing) Augusta, 1967

William A. Parker, Jr.
Chairman of the Board
Cherokee Investment Company
(real estate and investments)
Atlanta, 1965

H. G. Pattillo
Chairman
Pattillo Construction Company, Inc.
(construction) Decatur, 1972

Robert W. Scherer
Chairman of the Board and Chief
Executive Officer
Georgia Power Company
Atlanta, 1969

Dr. Gloria M. Shatto
President
Berry College and Berry Academy
(education) Rome, 1980

Edward D. Smith
Hansell, Post, Brandon & Dorsey
(attorneys) Atlanta, 1960

Robert Strickland
Chairman of the Board
Trust Company Bank
(banking) Atlanta, 1979

William B. Turner
Vice Chairman of the Board and
Chief Executive Officer
W. C. Bradley Company
(industrialists) Columbus, 1965

Alvin W. Vogtle, Jr.
President
The Southern Company
Atlanta, 1968

Carl Ware
Vice President
Coca-Cola, U.S.A.
(soft drink company)
Atlanta, 1980

Allen B. Wilson
Executive Vice President-Finance
Georgia Power Company
Atlanta, 1974

Board Committees

Executive Committee

Robert W. Scherer, Chairman
James H. Miller, Jr.
Harold C. McKenzie, Jr.
William A. Parker, Jr.
H. G. Pattillo
Edward D. Smith

Audit Committee

Edward D. Smith, Chairman
N. N. Burnes, Jr.
William A. Fickling, Jr.

Compensation Committee

H. G. Pattillo, Chairman
William A. Parker, Jr.
William B. Turner

Honorary Directors

Joe B. Browder
Atlanta, 1976

W. E. Ehrensperger
Atlanta, 1981

Edwin I. Hatch
Troutman, Sanders, Lockerman & Ashmore
Atlanta, 1978

General Officers

Robert W. Scherer
Chairman of the Board and Chief Executive Officer
Age: 56
Years of Service: 35
(elected 1/20/82)

James H. Miller, Jr.
President
Age: 59
Years of Service: 35
(elected 1/20/82)

Harold C. McKenzie, Jr.
Executive Vice President—External Affairs
Age: 50
Years of Service: 24
(resigned 1/1/82 to become President of Southern Electric International, Inc.)

H. Grady Baker, Jr.
Executive Vice President—Marketing and Customer Service
Age: 52
Years of Service: 31
(elected 1/20/82)

George W. Edwards, Jr.
Executive Vice President—External Affairs
Age: 42
Years of Service: 12
(elected 1/20/82)

Richard J. Kelly
Executive Vice President—Power Supply
Age: 59
Years of Service: 32
(elected 1/20/82)

Allen B. Wilson
Executive Vice President—Finance
Age: 64
Years of Service: 47

William E. Ehrensperger
Senior Vice President and Group Executive — Power Supply
Age: 59
Years of Service: 39
(retired 6/1/81)

R. E. Conway
Senior Vice President Engineering, Construction and Project Management
Age: 43
Years of Service: 25
(elected 5/20/81)

J. A. Gantt
Senior Vice President
Division Operations
Age: 59
Years of Service: 34

George F. Head
Senior Vice President
Power Generation
Age: 52
Years of Service: 27
(elected 5/20/81)

R. Pierce Head, Jr.
Senior Vice President
Administrative Services
Age: 54
Years of Service: 34

Warren Y. Jobe
Senior Vice President and Group Executive
Age: 41
Years of Service: 11
(elected 2/17/82)

James M. Piepmeier
Senior Vice President
Strategy Development
Age: 38
Years of Service: 2

W. L. Westbrook
Senior Vice President, Secretary and Treasurer
Age: 43
Years of Service: 18
(elected 8/19/81)

J. T. Beckham, Jr.
Vice President and General Manager
Nuclear Generation
(elected 5/20/81)

Thomas G. Boren
Vice President
Corporate Performance
(elected 8/19/81)

A. W. Dahlberg
Vice President
Operations Planning and Control

D. E. Dutton
Vice President
Generating Plant Projects—Vogtle, Scherer and Hydroelectric Projects
(elected 8/19/81)

John C. Hemby, Jr.
Vice President
(elected 12/16/81)

Gerald T. Horton
Vice President
Public Affairs

C. C. Jones
Vice President
Procurement and Materials

J. Wyman Lamb
Vice President
Risk Management

C. B. McManus, Jr.
Vice President
Power Delivery

Wade S. Manning
Vice President
Land

F. G. Mitchell, Jr.
Vice President
Generating Plant Construction Technology and Assistant to Senior Vice President

R. H. Pinson
Vice President
Generating Plant Construction
(elected 7/15/81)

John A. Roberts
Vice President
Energy Services

Romney E. Scott
Vice President
Economic Services

J. W. Talley, Jr.
Vice President
Area Development

Alvin W. Vogtle, Jr.
Vice President

Charles F. Whitmer
Vice President
Engineering

Jack K. Widener, Jr.
Vice President
Regulatory and Consumer Affairs
(elected 12/16/81)

W. A. Widner
Vice President and General Manager—Fossil and Hydro Generation
(elected 5/20/81)

Charles R. Minors
Assistant Vice President
Consumer Affairs

W. D. DeBardeleben, Jr.
Assistant Comptroller
Corporate Accounting

J. A. Parramore, Jr.
Assistant Comptroller
Customer Accounting

W. B. Poss
Assistant Comptroller
Accounting Services

C. L. Ratterree
Assistant Secretary

Guerry P. Strickland
Assistant Secretary
(elected 7/15/81)

Richard J. Pershing
Assistant Treasurer
(elected 7/15/81)

Charles O. Rawlins
Assistant Treasurer
(elected 7/15/81)

Division Officers

Ben H. Williams
Vice President
Athens Division

E. A. Yates, Jr.
Vice President
Atlanta Division

B. W. Rainwater
Vice President
Augusta Division

Andrew B. Speed
Vice President
Columbus Division

B. S. Moss
Vice President
Macon Division

T. J. Allen, Jr.
Vice President
Rome Division

J. J. Cordova
Vice President
Valdosta Division
(effective 7/1/81)

L. T. Wansley
Vice President
Valdosta Division
(retired 7/1/81)

Georgia's Electric System

Generating Units Under Construction	Nameplate Rating (kilowatts)	Commercial Operation Date
Fossil		
Plant Scherer Unit No. 1	68,712(1)	1982
Plant Scherer Unit No. 2	68,712(1)	1984
Plant Scherer Unit No. 3	818,000	1987
Plant Scherer Unit No. 4	818,000	1989
Nuclear		
Alvin W. Vogtle Nuclear Plant Unit No. 1	588,120(1)	1987
Alvin W. Vogtle Nuclear Plant Unit No. 2	588,120(1)	1988
Hydro		
Bartletts Ferry Unit Nos. 5 and 6	100,000	1987
Goat Rock Unit Nos. 7 and 8	67,000	1988
Pumped Storage		
Rocky Mountain Unit Nos. 1, 2 and 3	675,000	1987

(1) GPC portion only, excluding amount sold to joint participants.

1981 Jointly Owned Plants

Plant	Hatch	Vogtle	Scherer	Wansley
Units	1 & 2	1 & 2	1 & 2	1 & 2
Megawatt Capacity	1,630	2,320	1,636	1,730
% Owned				
Georgia	50.1	50.7	8.4	53.5
OPC	30.0	30.0	60.0	30.0
MEAG	17.7	17.7	30.2	15.1
Dalton	2.2	1.6	1.4	1.4

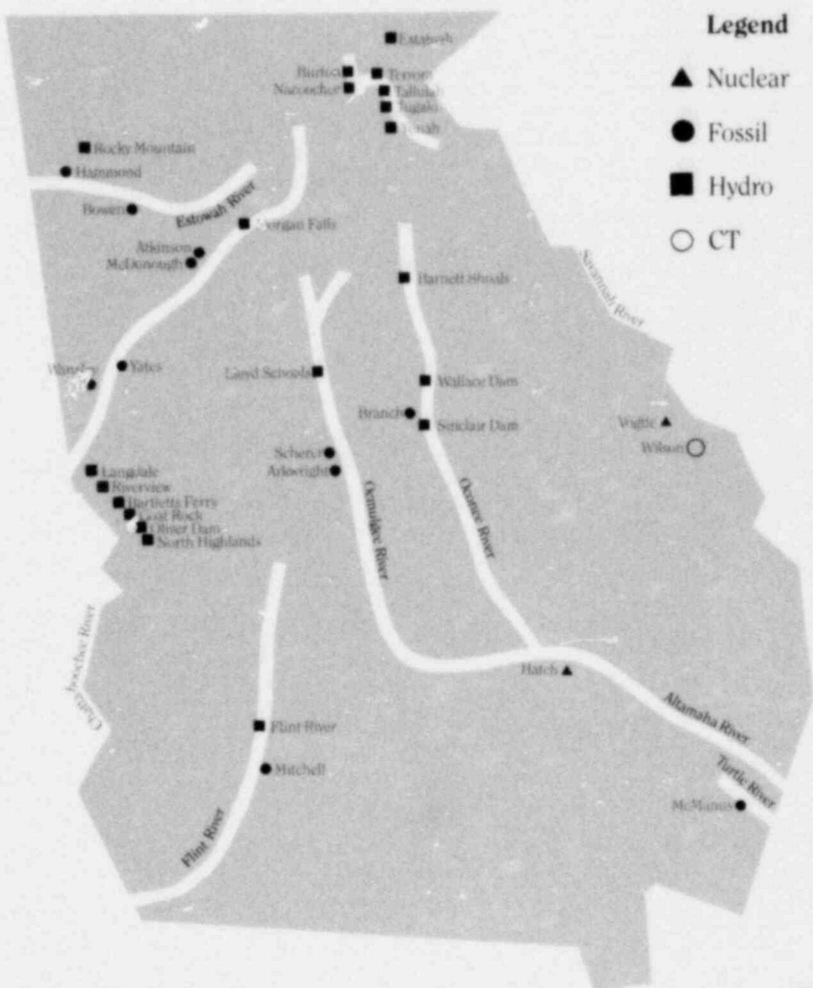
Proposed 1982 Ownership (2)

Plant	Scherer
Units	3 & 4
Megawatt Capacity	1,636
% Owned	
Georgia	[illegible]
Gulf	25.0

(2) Plant Vogtle
Certain Florida utilities are reviewing the possibility of ownership in Plant Vogtle.

Nameplate Generating Capacity

(Year-end 1981)	Kilowatts
Steam	
Fossil	8,850,250
Nuclear	816,630
Gas Turbines	1,230,700
Hydro	754,480
Total Capacity	11,652,060



Georgia Power Company
P.O. Box 4545
Atlanta, Georgia 30302

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