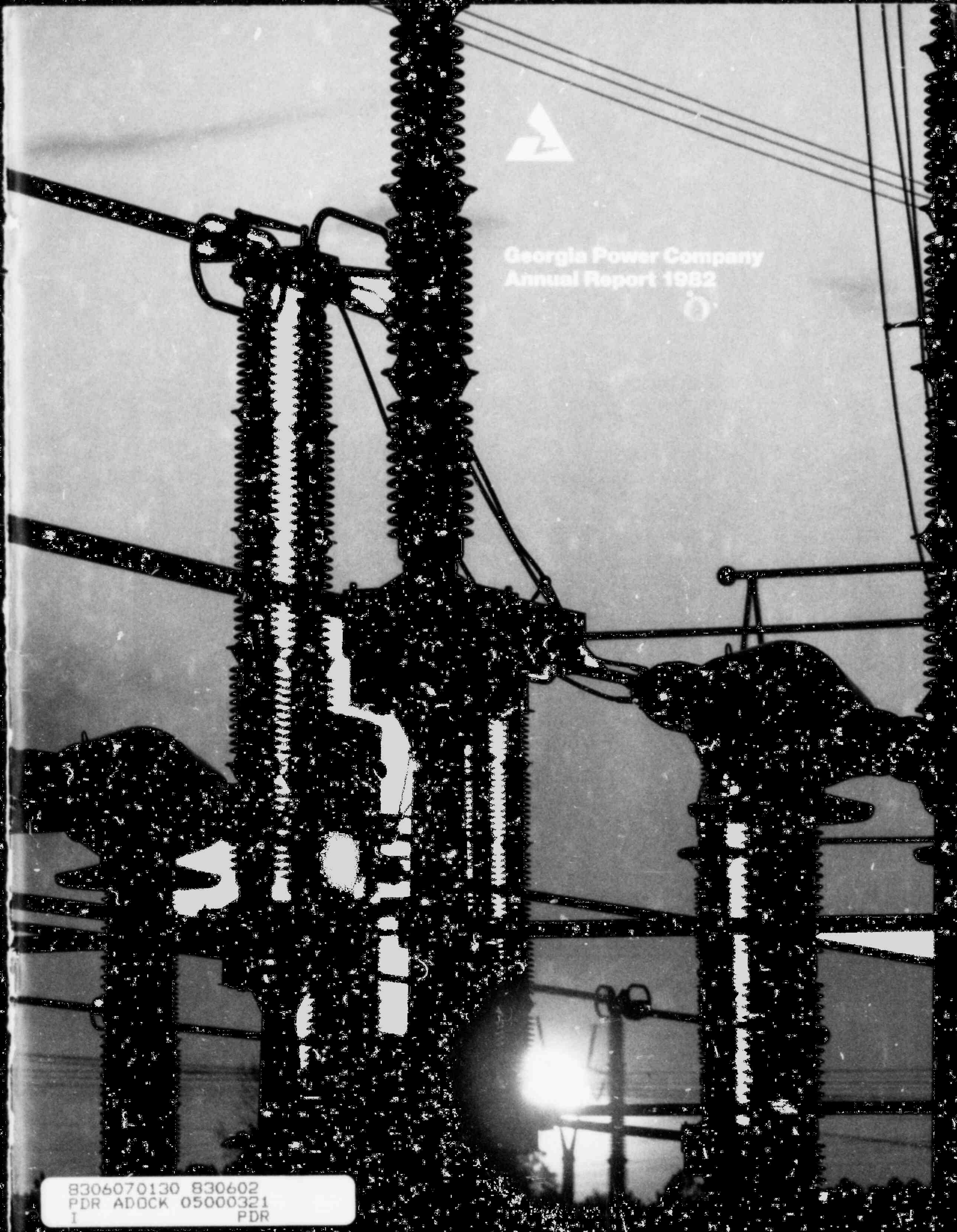
Georgia Power Company
Annual Report 1982

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 request. A copy of the Company's Financial and Statistical Review is also available. Request for these documents may be made by using the postage paid card enclosed in the back of this report. For additional information, contact Mr. W. L. Westbrook, Senior Vice President, Accounting and Finance and Secretary
404-526-6526

Registrar, Transfer Agent and Dividend Disbursing Agent
All Preferred Stock
Trust Company Bank
P.O. Box 4625
Atlanta, Georgia 30302

Trustee, Registrar and Interest Paying Agent
All First Mortgage Bonds
Chemical Bank
55 Water Street
New York, New York 10041

Dividends Paid
It has been determined that all dividends paid on Georgia Power Company Preferred Stock (including Class A Preferred) for the year 1982, are 100% taxable.

Cover:
A setting sun silhouettes the substation built at Plant Hatch as part of the largest 500-kv construction project Georgia Power has ever undertaken. The project facilitates the Company's off-system sales to Florida.

Highlights

Financial (in thousands of dollars)	1982*	1981	% Change
Operating revenues	$2,457,201	$2,015,810	21.9
Operating expenses	$2,064,211	$1,708,671	20.8
Net income after dividends on preferred stock	$258,944	$172,094	50.5
Gross property additions	$912,145	$730,454	24.9
Electric Operations			
Kilowatthour sales (millions)	49,703	47,742	4.1
Customers served (year-end)	1,272,859	1,249,126	1.9
Maximum system peak hour demand (megawatts)	10,683	11,514	(7.2)
Capital Structure Ratios (year-end)			
Long-term debt	56.4%	57.7%	
Preferred stock	8.1%	7.7%	
Preferred stock subject to mandatory redemption	2.5%	3.0%	
Common equity	33.0%	31.6%	
Return on Average Common Equity	16.14%	12.41%	
Ratio of Earnings to Fixed Charges (SEC Method)	2.97	2.73	

**In 1982, the Company began accruing revenues for services rendered but unbilled. The cumulative effect of this accounting change as of January 1, 1982, amounts to $23,009,000 (net of applicable taxes). See Note 1 to the financial statements.*

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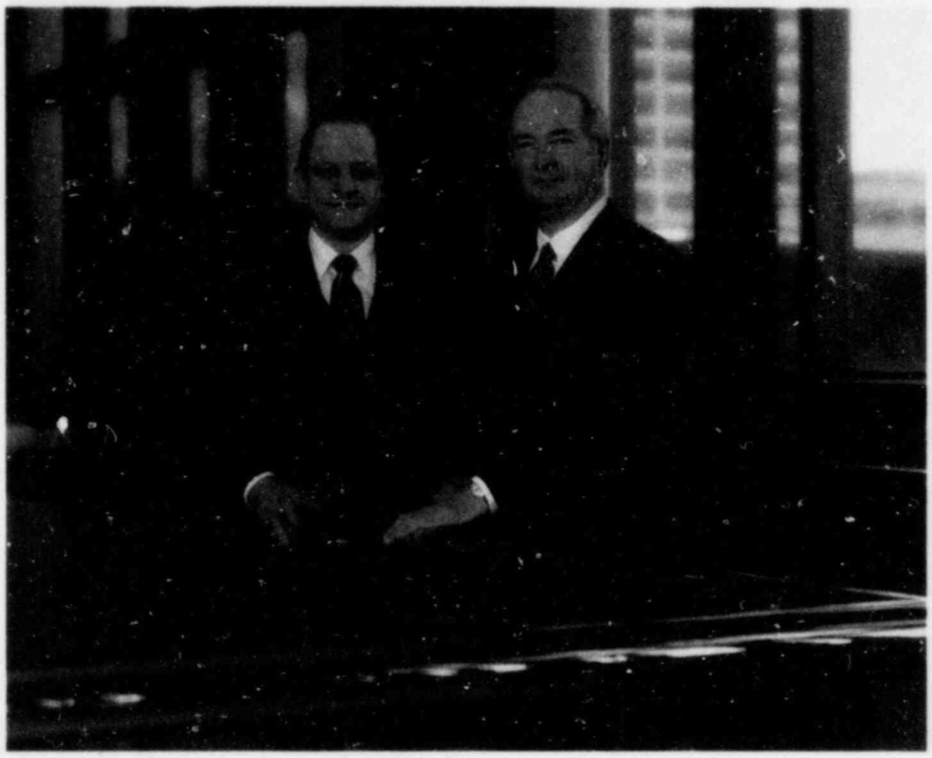
Letter to Investors



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

By virtually every measure, 1982 was a good year for Georgia Power Company.

Earnings were up, our construction program moved forward and new steps were taken to improve productivity and the delivery of electricity to our customers.

Net income surpassed $200 million for the first time, rising to $259 million at year-end. This represents a 16.14 percent return on average common equity.

Electricity sales grew by 4.1 percent, resulting in total revenues of approximately $2.5 billion.

Our improved financial performance in 1982 can be attributed to three main factors: a full year of increased revenues from the $265 million retail rate increase granted in late 1981; revenues from sales to utilities outside the Company's territory which totaled $148 million; and an accounting change to record revenues for services rendered but unbilled. Due to this accounting change, net income increased $23.5 million.

Notwithstanding last year's financial advances, careful management will continue to be necessary in 1983. As increased operating and capital costs exceed the 1981 rate increase, earnings will shrink unless new rates are obtained to offset rising costs.

A challenge for the future will be our ability to market first mortgage bonds and preferred stock. We must maintain earnings sufficient to attract the required debt and equity capital. If our revenue requirements are not achieved, our construction program will have to be financed through alternate means. To ensure that our revenue needs

are met, we filed March 7, 1983, for a $319.5 million retail rate increase with the Georgia Public Service Commission.

Our construction program moved forward significantly in 1982. The first of Plant Scherer's four units went into commercial operation, the Plant Vogtle nuclear facility was 40 percent complete by year-end and work accelerated on the Rocky Mountain project. Total construction costs for 1982 were $912 million. Expenditures in 1983 will rise to approximately $1.25 billion.

Our fossil fuel plants set a new equivalent availability record, exceeding the 80 percent mark. Plant efficiency also remained high. By either measure, Georgia Power plants continue to enjoy sound ratings.

A key thrust in the past year was toward heightened participation by all personnel in sustaining the Company's progress and productivity. A program called People ACHieving Excellence (PACE) was instituted. The most visible emphasis of the program is quality circles—small groups of workers who meet to solve job-related problems. Some 75 quality circles were formed by year-end.

For the second consecutive year, the Company's all-time safety record was surpassed. Also for the second year, a comprehensive summer program was sponsored for Georgia youth, for which the Company received national recognition.

The energy services department was reorganized in 1982 and given a new name: retail marketing. Early in the year, a new program was launched to re-emphasize companywide responsibilities for high-quality customer service.

Following a test program in 1982, Georgia Power instituted computerized meter reading in early 1983. Meter readers now use hand-held computers to record and transmit meter reading data for customer billing. The portable computers replace the conventional method of handwriting meter readings on paper documents. Terminals store data for meter reading routes, including names, addresses, meter locations and other specialized data. The process not only increases productivity but is also cost effective.

Allen B. Wilson retired during 1982, and his position as executive vice president-finance was filled by Warren Y. Jobe. It is our sad duty to note the death in July of W.A. Widner, vice president for fossil and hydro generation.

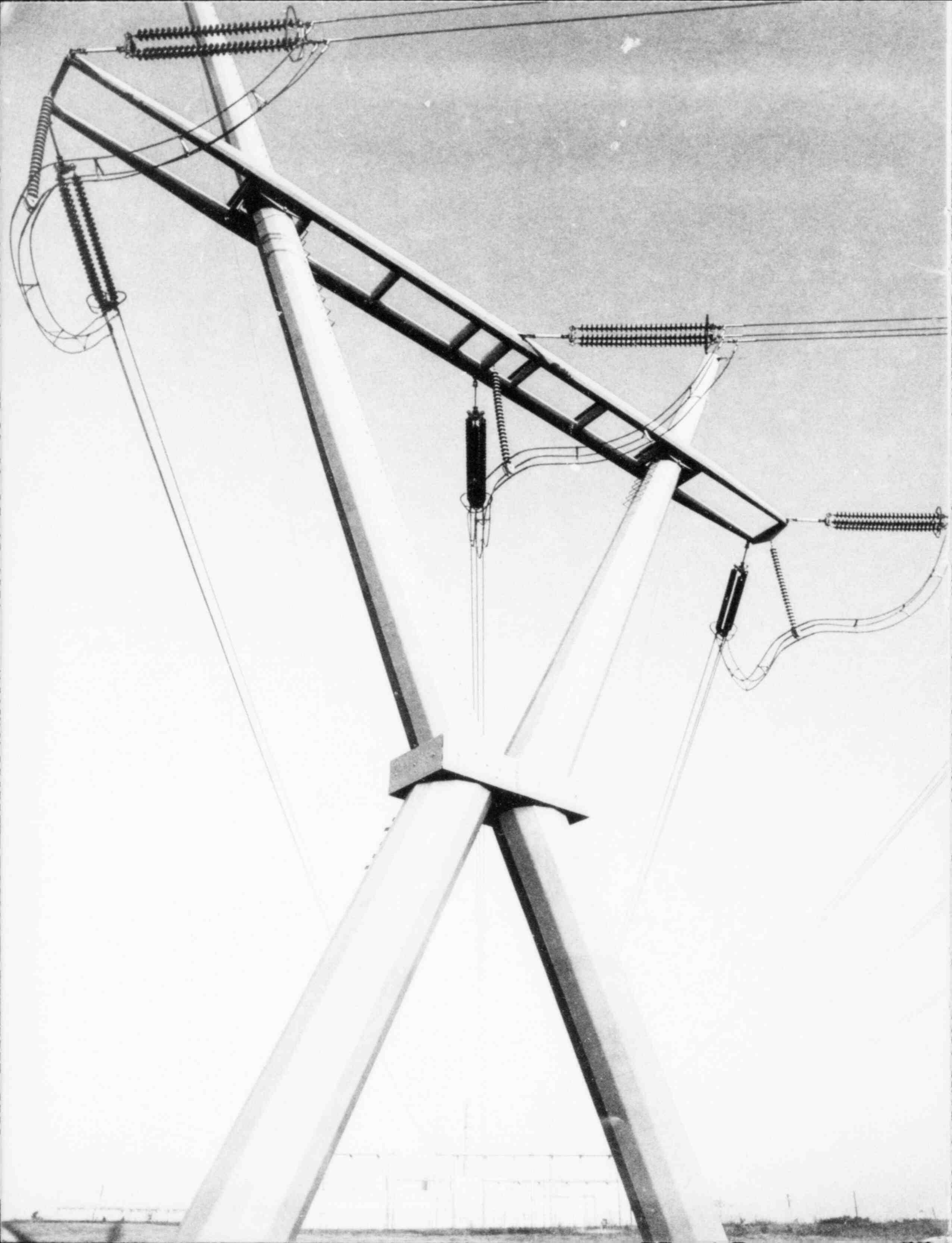
Our broad objective for 1983 is two-fold. First, we must maintain and advance the important gains we have made in recent years toward a strong position of leadership in the electric utility industry. Secondly, we must vigorously pursue profitable markets and adequate rates in order to preserve our financial health.

As always, this will be a family effort, calling upon all the strengths and talents of our personnel and the loyal support of our investors.

RW Scherer

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

James H. Miller, Jr.
President
March 7, 1983



Electricity Sales Up

One factor contributing to the Company's earnings was increased electricity sales, which were up for the third straight year.

Kilowatt-hour sales to utilities outside our territory almost doubled, from 2.6 billion in 1981 to 4.9 billion in 1982. Total kilowatt-hour sales rose to 49.7 billion, a gain of 4.1 percent over the previous year.

Revenue per kilowatt-hour was 4.9 cents—a 17.2 percent increase over 1981. Despite the upward swing, Georgia Power's residential rates continued to rank among the nation's lowest.

As promised in 1981, retail rates were not changed during 1982. A wholesale rate increase of approximately $16.5 million went in effect early in the year, and an additional $12.5 million wholesale rate settlement became effective in early 1983.

A new territorial peak for winter usage was established on January 11, 1982, when demand rose to 9,797 megawatts. The summer peak was 10,683 megawatts, registered on August 25. This was well under the record set in the previous summer, when temperatures were unusually hot.

To aid the Company in financing its construction program, Georgia Power completed two $125 million first mortgage bond issues, the first in July and the second in October. Additionally, the company raised $75 million through the sale of preferred stock in September. Tax-exempt pollution control revenue bonds totaling $135 million were issued in June and December. Additional capital contributions from The Southern Company totaled $191 million.

To provide additional financial flexibility, the Company has revolving credit agreements for $1.5 billion. A unique feature of the agreements allows short-term borrowings to be converted into term loans.

Originating at Plant Hatch, two 125-mile 500-kv lines, left photo, link the Southern electric system with bulk power sales customers in Florida. Plant Scherer, above, is producing Georgia Power's share of the electricity being sold through unit power sales contracts.

Off-System Markets Expand

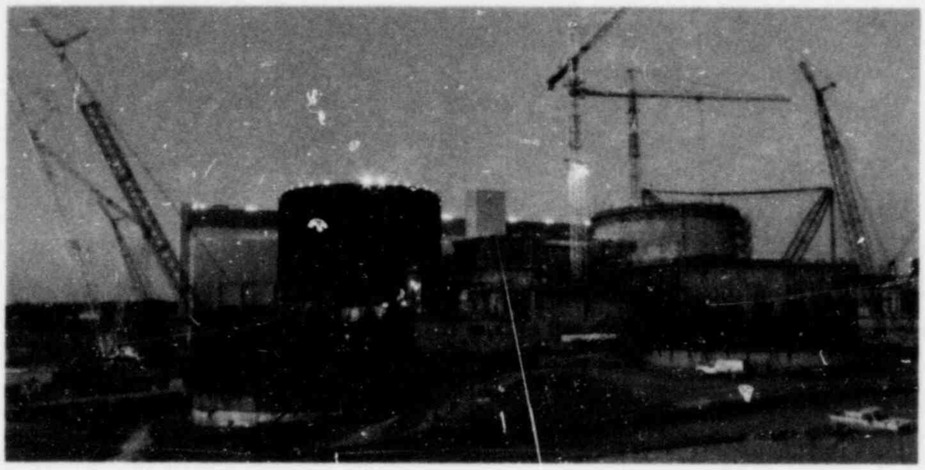
Off-system sales continued to rise in size and importance for Georgia Power in 1982.

Revenue from long-term contracts amounted to $148 million, a considerable increase over the $82 million recorded the previous year and the $56 million in 1980.

"Economy" sales to utilities outside the Georgia Power territory also contributed to earnings during 1982. These unscheduled and uncertain sales are made from time to time when other utilities find it more economical to purchase electricity from Georgia Power rather than operating their own plants. These sales amounted to $36 million during 1982.

In 1983, Georgia Power began realizing income from a new form of off-system sales, called unit power sales. These long-term Southern electric system contracts call for delivery of electricity from generating units at specific sites—in the case of Georgia Power, Plant Scherer. Unit power sales will reduce, in part, the "economy" transactions and the sales made under earlier, long-term contracts.

Most of Georgia Power's off-system sales are made to Florida utilities that depend heavily upon oil. As a result, the sales contribute substantially to the national energy goal of conserving oil. Georgia Power's 1982 off-system sales saved the purchasing utilities an estimated 10 million barrels of oil.



At left, a steam generator is positioned before being lifted into the Unit 1 containment building at Plant Vogtle. Construction activity increased significantly at the nuclear facility, top photo, during 1982. Unit 1 at Plant Scherer, above, near Juliette, Ga., went into service in March 1982. Unit 2 is scheduled to go into operation in early 1984.

Construction Progresses

With nearly $1 billion budgeted for construction during 1982, Georgia Power advanced new coal, nuclear and hydro units toward their completion dates.

The first of Plant Scherer's four generating units went into service in March. Unit 2 is about three-fourths complete and is scheduled to go into commercial operation in early 1984.

Scherer Units 3 and 4 are in their early stages, with completion expected in 1987 and 1989. The work force at Plant Scherer currently numbers 2,000.

When complete, Scherer will be the largest plant operated by Georgia Power, with a capacity of 3,272 megawatts.

At Plant Vogtle, activity stepped up considerably. From a previous level of about 4,500, the work force was expanded to 8,000. Shifts are operating almost continuously, seven days a week. Construction is on schedule and was 40 percent complete at year-end.

A significant development at Vogtle during 1982 was the arrival of one of the world's largest mobile cranes. The giant crane is being used to lift major plant components, including a 500-ton reactor dome, into place.

The nuclear plant's first unit is scheduled for completion in 1987 and the second the following year. When finished, Plant Vogtle will be the largest single investment in the Southern electric system. Its capacity will be 2,320 megawatts.

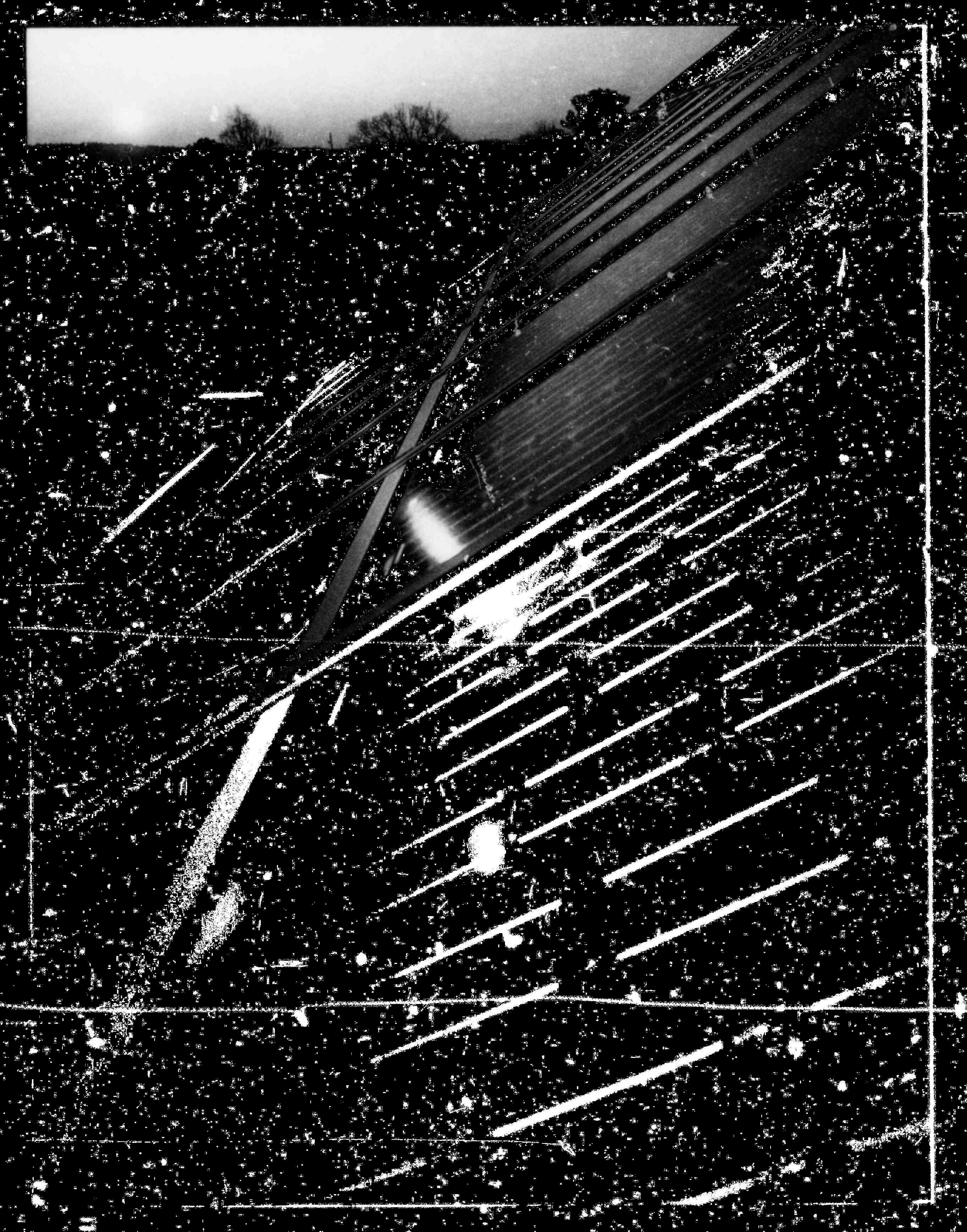
Construction was also accelerated during 1982 at the Rocky Mountain pumped storage plant. Major tunnel work started, and the 848-megawatt plant is now about 10 percent complete. It is scheduled for completion in 1987.

Another hydroelectric project, the expansion of Bartletts Ferry, got under way in 1982. The addition of 108 megawatts will almost triple capacity of the 65-megawatt Chattahoochee River plant. Completion is scheduled for 1985.

Control room simulators were installed at Plants Hatch and Vogtle. The computerized simulators are used for training key plant personnel, and the Hatch simulator was used in the plant's annual emergency drill. Plant Scherer also has a control room simulator.

During the year, two 500-kilovolt transmission lines connecting with Florida utilities were finished well ahead of schedule and under budget. Total cost of the Georgia segments was $70 million. The two new lines improve reliability of transmission and distribution systems in southeast Georgia and strengthen electrically weak interconnections with Florida.

Work began in the closing months of 1982 on transforming the historic Macon railroad terminal into space for the Macon division headquarters and a variety of commercial tenants. The renovation schedule calls for occupancy by division headquarters in 1984.



Photovoltaic panels on the roof of Georgia Power's solar research house, Future I, at left and top, help produce electricity directly from the sun's rays. The contemporary brick house in an Atlanta suburb is the nation's most extensively monitored photovoltaic home. Future I can produce more electricity than it uses, cut energy consumption and automatically control appliances for efficient use. Parabolic solar dish collectors, bottom photo, track the sun at Shenandoah, in a cooperative effort to further America's search for new sources of energy.

Solar Projects Shine

For Georgia Power, 1982 was the Year of the Sun.

Three major research and development projects went into operation to advance solar technology in residential, commercial, and industrial settings. These three projects, coupled with other Georgia Power solar programs, clearly put the Company in the vanguard of electric utility efforts to harvest energy from the sun.

Future I, the nation's most extensively monitored photovoltaic home, was dedicated in April and quickly attracted widespread attention. The contemporary brick dwelling, located in Roswell, was the cover story in the July edition of *Mechanix Illustrated*, was featured in the November issue of *Home*, and was the subject of numerous newspaper articles.

About a third of the roof of the 3,100-square-foot house is photovoltaic paneling capable of producing 4.1 kilowatts. When the photovoltaic cells produce more energy than Future I needs, its versatile microcomputer channels the excess electricity to the Georgia Power system and credits the amount to Future I's account.

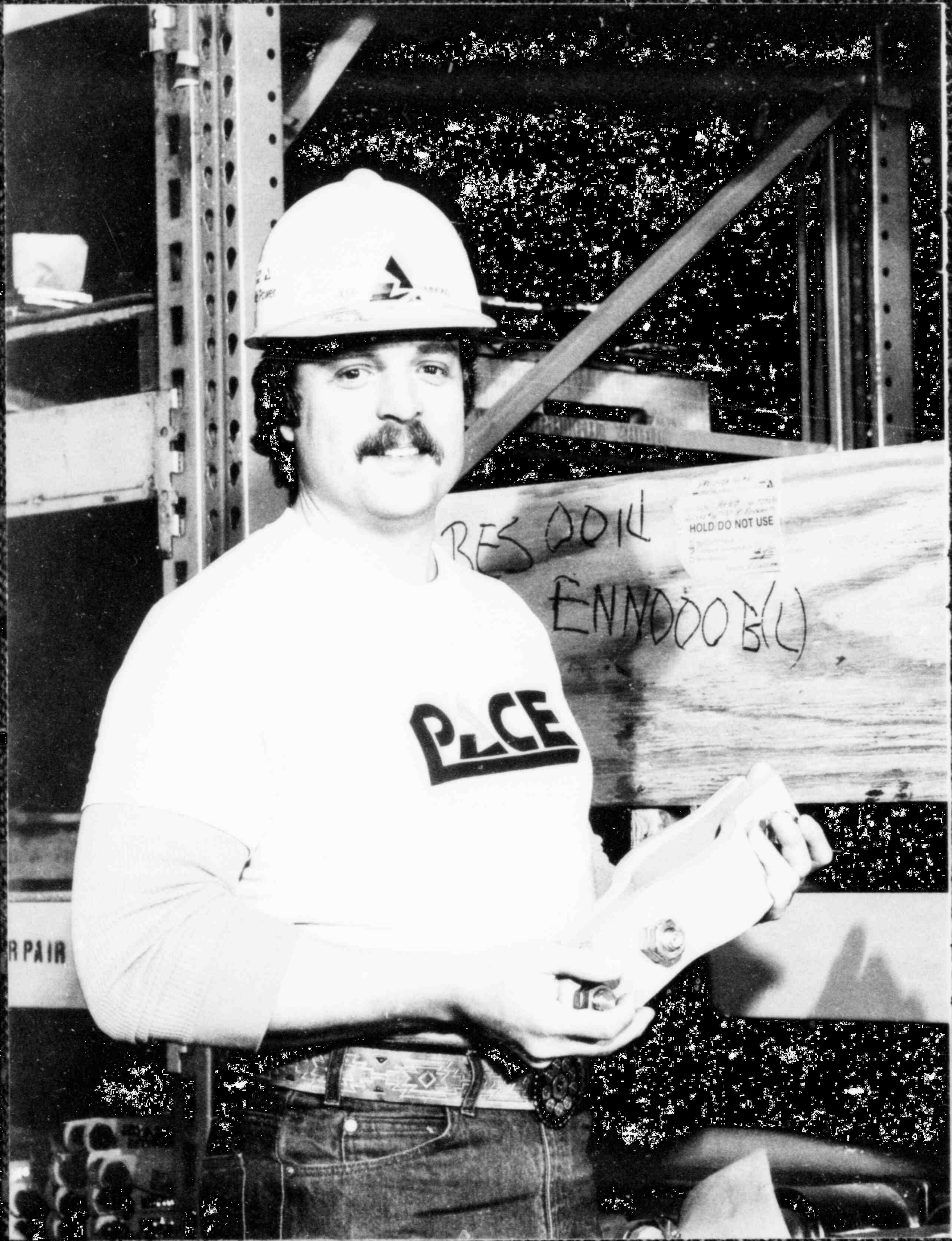
When Future I was dedicated, plans called for keeping it open to the public for six months. Because of unexpectedly high public interest—85,000 visitors by the year's end—the open-house period was extended into 1983. The home will be closely monitored after it is occupied by a family to see how it performs from day to day under normal conditions.

The industrial solar project, located just south of Atlanta at Shenandoah, was dedicated on a brilliant sunny morning in May. The gleaming five-acre field of 114 parabolic dish collectors, each measuring 23 feet across, is the largest solar cogeneration facility in the world.

The field of giant collectors supplies steam, air conditioning, and electricity to an adjacent knitwear factory and meets more than half of the clothing factory's annual energy needs. The solar system is capable of generating up to 400 kilowatts of electricity and 1,300 kilowatts of thermal energy. All power not needed by the factory is fed into the Georgia Power system.

The acre-and-a-half array of nearly 1,500 solar collectors at Georgia Power's new corporate headquarters went into service in October, after several months of modifications and start-up testing. The solar array supplies some 15 percent of the heating, cooling, and hot water requirements for the headquarters, and serves as the nation's largest solar application for a commercial building.

The five-acre field of parabolic solar collectors marks the world's largest solar cogeneration facility. The Solar Total Energy Project at Shenandoah, dedicated in May, is capable of generating up to 400 kilowatts of electricity.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R PAIR

PACE Program Begins

Continued development of our most vital resource—the 14,000 people who work for Georgia Power—received strong emphasis during 1982.

In August, the Company implemented a new program called People AChieving Excellence (PACE). The new program's most visible emphasis is upon quality circles, of which 75 were formed by year-end. (In quality circles, small groups of workers meet to solve problems encountered on the job.)

Other important aspects of the PACE program include an internal clearing house for exchanging ideas for improving performance levels; an in-house consulting group to help achieve performance improvements; and a study to determine ways and means of improving customer service. Company management and union leaders are cooperating in the effort to attain superior companywide productivity and performance.

As was again demonstrated in 1982, the Company's safety program is accomplishing outstanding results. For the second straight year, a new companywide safety record was set.

Reagan Praises Company

With the national economy and unemployment rising, Georgia Power Company stepped up its longstanding tradition of community involvement during 1982.

The PACE philosophy—those who do the work can best suggest ways to do it better—is reflected in both the quality circles and the problem-solving teams at Plant Vogtle.

The large-scale summer youth program established in 1981 was extended and expanded. At the same time, a new program was launched to weatherize the homes of elderly customers. Several other projects demonstrating the Company's social concerns also were undertaken.

The 1982 summer program was enlarged to reach five Company divisions, in addition to the Atlanta division. The summer program again involved temporary employment for young men and women in need of jobs, day camps for inner-city youngsters, and chaperoned trips to Atlanta Braves games for groups from day camps and community organizations.

In 1982, the summer program touched about 7,000 young Georgians—more than double the number who participated in the 1981 program.

The 240 temporary employees again were given training classes and job counseling. Two new undertakings were added in 1982. Ten summer employees worked on improvements at an Atlanta environmental education center, and 32 of them worked on weatherizing 972 Atlanta public housing units.

Earlier in 1982, realizing that many elderly customers were physically or financially unable to take independent steps to repair and weatherize their homes, Georgia Power initiated a new program called "Senior Citizens: Lending A Helping Hand."

Under this new program, Georgia Power furnishes weatherization material and workers to install it. The eligible Georgia Power customers must own and occupy their homes and be at least 65 years old.

And the workers engaged to make the repairs and installations are also senior citizens. Numbering about 200, they were given two days of training and are paid hourly compensation.

The workers proved to be energetic and enthusiastic. By year's end, they had weatherized 8,000 homes—which was 2,000 more than the goal set for the year.

In addition to making contributions to several dozen educational institutions, Georgia Power entered into contracts with various universities to support teaching and research in fields ranging from biotechnology to marketing.

In September, Chairman Scherer was one of two dozen corporate executives invited to the White House to receive recognition for outstanding programs of summer youth employment. In early 1983, Mr. Scherer received a letter from President Ronald Reagan commending the Company for both the summer youth program and the senior citizen helping hand project. Mr. Scherer also received an award from the U.S. Department of Health and Human Services which recognized the Company's outstanding community service projects.

A senior citizen helps weatherize the home of another senior citizen in the "Lending a Helping Hand" project.

Selected Financial Data (dollars in thousands)

Years Ended December 31	1982*	1981	1980	1979
Condensed Income Statement:				
Operating Revenues	$ 2,457,201	$ 2,015,810	$ 1,808,408	$ 1,519,942
Operating Expenses:				
Operation and maintenance	1,622,200	1,326,359	1,087,389	935,210
Depreciation and amortization	162,796	157,336	153,245	133,888
Taxes other than income taxes	93,271	83,780	73,454	67,736
Federal and state income taxes	185,944	141,196	178,032	118,424
Total operating expenses	2,064,211	1,708,671	1,492,120	1,255,258
Operating Income	392,990	307,139	316,288	264,684
Other Income, Net	97,908	76,222	71,974	67,119
Income Before Interest Charges	490,898	383,361	388,262	331,803
Net Interest Charges	206,495	170,901	157,693	151,505
Income Before Change in Method of Recording Revenues	284,403	212,460	230,569	180,298
Cumulative effect as of January 1, 1982 of accruing unbilled revenues, less income taxes of $22,320,000	23,009	—	—	—
Net Income	307,412	212,460	230,569	180,298
Dividends on Preferred Stock	48,468	40,366	35,224	34,786
Net Income After Dividends on Preferred Stock	$ 258,944	$ 172,094	$ 195,345	$ 145,512
Pro Forma Net Income after dividends on preferred stock assuming change in method of recording revenues was applied retroactively	$ 235,935	$ 175,515	$ 196,709	$ 140,706
Cash Dividends Declared on Common Stock	$ 154,700	$ 131,000	$ 136,400	$ 131,100
Return on Average Common Equity (percent)	16.14	12.41	15.47	12.21
Total Assets	$ 6,159,663	$ 5,271,846	$ 4,728,977	$ 4,341,295
Capitalization:				
Common stock equity	$ 1,751,186	$ 1,458,240	$ 1,314,315	$ 1,210,868
Preferred stock	432,844	357,844	357,844	357,844
Preferred stock subject to mandatory redemption	135,000	138,674	67,500	71,250
Long-term debt	2,997,760	2,667,372	2,326,627	2,168,272
Total capitalization	$ 5,316,790	$ 4,622,130	$ 4,066,286	$ 3,808,234
Gross Property Additions	$ 912,145	$ 730,454	$ 690,959	$ 607,616
Kilowatthour Sales (in thousands):				
Residential	11,075,560	11,153,588	11,297,518	10,340,375
Commercial	9,890,108	9,464,443	9,184,086	8,735,947
Industrial	16,203,691	16,813,165	16,299,666	16,225,971
Sales for resale	7,342,957	7,361,961	7,127,310	7,632,216
Other	320,893	306,724	294,700	246,055
Total territorial sales	44,833,209	45,099,881	44,203,280	43,180,564
Sales to utilities outside territory	4,869,513	2,642,547	2,102,461	54,128
Total kilowatthour sales	49,702,722	47,742,428	46,305,741	43,234,692
Operating Revenues:				
Residential	$ 645,289	$ 540,004	$ 514,860	$ 414,500
Commercial	625,446	499,653	454,049	386,176
Industrial	711,085	608,713	547,256	488,044
Sales for resale	284,206	251,572	205,030	204,280
Other	19,439	15,428	14,169	10,971
Total revenues from territorial sales	2,285,465	1,915,370	1,735,364	1,503,971
Revenues from sales to utilities outside territory	147,565	82,048	56,911	1,261
Total revenues from sales of electricity	2,433,030	1,997,418	1,792,275	1,505,232
Other revenues	24,171	18,392	16,133	14,710
Total operating revenues	$ 2,457,201	$ 2,015,810	$ 1,808,408	$ 1,519,942
Average Revenue Per Kilowatthour— Total Sales (cents)	4.90	4.18	3.87	3.48
Average Cost of Fuel Per Kilowatthour Generated (cents)	1.84	1.66	1.51	1.42
Customers (end of year)	1,272,859	1,249,126	1,215,714	1,192,770
Employees (end of year)	14,076	13,451	13,034	12,522

**In 1982, the Company began accruing revenues for services rendered but unbilled. See Note 1 to the financial statements. Certain prior year amounts have been reclassified to conform with current year presentation.*

1978	1977	1976	1975	1974	1973	1972
$ 1,475,024	$ 1,301,237	$ 1,170,046	$ 1,079,175	$ 787,919	$ 603,116	$ 511,361
921,465	813,987	690,953	615,343	515,497	338,966	287,370
118,208	109,944	100,347	89,677	80,087	68,552	57,041
65,364	58,939	53,630	46,548	37,203	30,806	27,154
126,953	118,514	94,645	109,007	8,213	33,145	29,421
1,231,990	1,101,384	939,575	860,575	641,000	471,469	400,986
243,034	199,853	230,471	218,600	146,919	131,647	110,375
52,510	67,400	62,857	75,188	65,631	47,939	32,935
295,544	267,253	293,328	293,788	212,550	179,586	143,310
129,050	125,087	144,348	136,207	126,665	91,525	67,866
166,494	142,166	148,980	157,581	85,885	88,061	75,444
—	—	—	—	—	—	—
166,494	142,166	148,980	157,581	85,885	88,061	75,444
30,480	30,480	27,862	18,451	17,190	17,190	12,299
$ 136,014	$ 111,686	$ 121,118	$ 139,130	$ 68,695	$ 70,871	$ 63,145
$ 137,236	$ 117,086	$ 121,978	$ 142,763	$ 69,094	$ 73,354	$ 64,116
$ 119,225	$ 109,400	$ 100,400	$ 100,000	$ 75,700	$ 62,100	$ 51,000
12.04	10.51	12.06	14.90	8.16	9.86	10.59
$ 4,084,794	$ 3,803,627	$ 3,591,063	$ 3,352,590	$ 3,263,623	$ 2,626,554	$ 2,182,435
$ 1,173,036	$ 1,086,247	$ 1,038,961	$ 969,057	$ 898,397	$ 785,402	$ 652,631
307,844	307,844	307,844	257,844	257,844	257,844	257,844
75,000	75,000	75,000	75,000	—	—	—
1,953,553	1,880,798	1,827,470	1,757,541	1,514,705	1,247,160	1,102,952
$ 3,509,433	$ 3,349,889	$ 3,249,275	$ 3,059,442	$ 2,670,946	$ 2,290,406	$ 2,013,427
$ 500,719	$ 534,153	$ 404,435	$ 438,097	$ 662,683	$ 524,397	$ 474,317
10,829,488	10,470,674	9,512,592	9,260,034	9,013,966	9,147,452	8,193,456
8,827,281	10,278,012	9,712,599	8,795,788	8,508,118	8,506,755	7,686,139
15,682,025	13,236,290	12,629,263	11,654,106	12,296,202	12,270,130	11,390,884
8,580,211	9,617,229	9,262,454	9,095,581	8,590,045	8,305,948	7,146,068
226,113	216,621	213,058	204,009	197,065	184,263	175,388
44,145,118	43,818,826	41,329,966	39,009,518	38,605,396	38,414,548	34,591,935
—	—	—	—	—	—	157,013
44,145,118	43,818,826	41,329,966	39,009,518	38,605,396	38,414,548	34,748,948
$ 417,696	$ 358,933	$ 315,226	$ 301,541	$ 223,417	$ 185,171	$ 155,614
369,808	385,889	355,405	317,879	233,342	187,624	158,709
449,719	328,407	290,983	275,591	194,962	143,129	121,132
213,319	203,914	191,110	166,777	122,316	74,527	61,938
9,856	8,957	8,542	8,012	6,688	6,327	5,689
1,460,398	1,286,100	1,161,266	1,069,800	780,725	596,778	503,082
—	—	—	—	—	—	2,977
1,460,398	1,286,100	1,161,266	1,069,800	780,725	596,778	506,059
14,626	15,137	8,780	9,375	7,194	6,338	5,302
$ 1,475,024	$ 1,301,237	$ 1,170,046	$ 1,079,175	$ 787,919	$ 603,116	$ 511,361
3.31	2.94	2.81	2.74	2.02	1.55	1.46
1.37	1.27	1.12	1.11	0.91	0.53	0.47
1,164,822	1,138,470	1,112,063	1,083,646	1,078,223	1,051,842	1,018,684
12,067	11,485	10,194	9,052	9,385	8,599	8,224

Results of Operations

Georgia Power's net income after dividends on preferred stock for 1982 was \$258.9 million. This represents a 16.14% return on average common equity which is an end of period record for the Company. Earnings for 1982 increased \$86.9 million or 50% over 1981 earnings and 33% over 1980 results. Net income for 1982 was increased by \$23.5 million due to a change in the Company's method of recording revenues, including \$23 million applicable to the cumulative effect of the change as of January 1, 1982. See Note 1 to the financial statements for a further discussion of this change.

Operating revenues have increased in each year, principally as a result of rate increases, recovery of increased fuel costs, and increased energy sales. Retail revenues increased 31% over the period 1980 through 1982. The most significant increase for this period was in 1982 which reflected a full year of increased retail rates awarded in late 1981. Resale revenues, including off-system sales, increased by 65% from 1980 to 1982. This increase was primarily the result of increased energy sales, particularly to off-system utilities, and the effect of Georgia wholesale rate increases granted in 1980 and 1982.

Total Company kilowatthour sales increased 4% in 1982 and 3% in 1981 for a cumulative increase of 7% from 46 billion kilowatthours in 1980 to 50 billion kilowatthours in 1982. The primary reason for this increase was additional sales to off-system utilities. The combined 1982 demand of the Company's customers and the customers of Oglethorpe Power Corporation (OPC), the Municipal Electric Authority of Georgia (MEAG), and the City of Dalton reached a summer peak of 10,683 megawatts and a new winter peak of 9,797 megawatts. The 1981 summer and winter peak demands were 11,514 and 9,195 megawatts, respectively.

Total operation and maintenance expenses, including fuel and purchased power, continued to increase in 1982 due to increased energy production and the effects of inflation. These expenses totaled \$1.6 billion in 1982, an increase of 22% over 1981 and 49% over 1980. Net purchased power expenses increased from \$4.3 million in 1980 to \$305.4 million in 1982. This increase was primarily the result of the purchase of energy from jointly owned plants in accordance with contractual agreements. Additionally, at times energy was available from the Southern electric system power pool at a more economical cost than the Company's cost to produce equivalent energy. In addition, fuel costs increased 16% from 1980 to 1982. However, under fuel cost recovery mechanisms, the Company is entitled to recover the actual cost of fuel burned and the energy portion of purchased power transactions.

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 3.6% in 1982, 3.7% in 1981, and 3.8% in 1980.

Fluctuations in income taxes resulted from changes in pre-tax income. 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 for utility plant under construction which is presently not included in rate base. The equity portion of this credit represents non-cash income. However, normalization of the income tax effect of the debt portion results in a non-cash charge against income. In addition, a significant portion of current cash flow results from the 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 40% in 1982, 42% in 1981 and 29% in 1980.

Due to increased long-term borrowings and higher interest rates, net interest charges have increased 31% to \$206.5 million in 1982 from \$157.7 million in 1980. The Company's first mortgage bonds issued in 1982 carried interest rates of 16¼% and 13⅛%, while interest rates ranged from 16⅛% to 17½% for bonds sold in 1981 and were 14½% for bonds sold in 1980.

Inflation has continued to have an adverse effect on the Company due to regulatory constraints and the large investment in utility plant. See Note 9 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. 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. Future increases in sales will be affected by the rate of economic growth in the Company's service area, the elasticity of demand, energy conservation practiced by customers, the weather and various market conditions applicable to neighboring utilities. The Company has entered into agreements with certain Florida and Texas utilities for capacity and energy sales during the period 1983 through May 1995. See Note 4 to the financial statements for more information on these agreements.

Financial Condition

Total gross property additions for the period 1980 through 1982 totaled $2.3 billion. These additions included construction of major generating projects, and the constructing and upgrading of transmission and distribution lines, substations and other facilities. Gross property additions were financed primarily by a net increase of $840.4 million of long-term debt, $138.2 million of preferred stock, $338 million of common equity contributions from The Southern Company and the sale of $406.6 million of undivided interests in certain generation and transmission facilities. 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. The Company's common equity ratio was 33.0% at December 31, 1982, as compared to 31.6% at the end of 1981 and 32.3% at December 31, 1980. The composite interest rate on long-term debt has increased from 8.10% at December 31, 1979 to 10.01% at December 31, 1982, and the composite dividend rate on preferred stock has increased from 8.22% to 9.79% during this same period.

The Company estimates that it will require approximately $4.4 billion for gross property additions during the period 1983 through 1985. These financing requirements may be reduced if certain proposed sales of undivided interests in generating units are consummated, 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, 1982, 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 $66.2 million will be required by the end of 1985 in connection with the present sinking fund requirements and maturities of long-term debt and preferred stock subject to mandatory redemption as discussed in Note 6 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.

At December 31, 1982, the Company had $536.6 million of temporary cash investments to assist in meeting cash requirements. In addition, as of January 1, 1983, the Company had revolving credit agreements for $1,565,000,000 with eleven banks. The agreements cover the eight-year period ending December 31, 1990. During the term of these agreements, the Company (at its option) may convert short-term borrowings into term loans. Such term loans would be payable in twelve equal quarterly installments during the years 1991 through 1993, or at an earlier date (at the Company's option). Also, the Company has $80 million in lines of credit subject to annual renewal. No short-term bank loans were outstanding at year-end.

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 of additional preferred stock. The coverages, including the 1982 change in method of recording revenues, for the years ended December 31, 1982 and 1981, were 2.31 and 1.99, respectively, for bonds and 1.64 and 1.50, respectively, for preferred stock. If the cumulative effect of the change in method of recording revenues were not included, these coverages for the twelve months ended December, 1982 would be 2.13 for bonds and 1.58 for preferred stock. The improvement in coverages is primarily due to improved earnings in 1982 resulting from the effects of retail and wholesale rate increases granted in late 1981 and early 1982, respectively, and to increased energy sales to off-system utilities.

The ability to maintain these coverages, to generate funds for day-to-day operations and to finance the construction program is 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 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	1982	1981
ASSETS		
Utility Plant		
Plant in service, at original cost	$5,448,877	$4,985,354
Less – accumulated provision for depreciation	1,407,406	1,270,841
	4,041,471	3,714,513
Nuclear fuel, at amortized cost	152,533	100,720
Construction work in progress (Note 3)	1,488,325	1,166,482
Total	5,682,329	4,981,715
Less – property-related accumulated deferred income taxes (Note 1)	686,723	613,765
Total	4,995,606	4,367,950
Other Property and Investments		
Southern Electric Generating Company (Note 4)	16,400	16,400
Nonutility property, net	4,034	3,381
Total	20,434	19,781
Current Assets		
Cash	5,323	8,059
Temporary cash investments, at cost	536,609	336,100
Receivables –		
Customer accounts receivable	181,455	161,297
Accrued unbilled revenues (Note 1)	47,267	—
Other accounts and notes receivable	39,216	50,771
Affiliated companies	8,359	12,237
Accumulated provision for uncollectible accounts	(1,846)	(2,000)
Fossil fuel stock, at average cost	266,489	257,101
Materials and supplies, at average cost	37,682	37,014
Prepayments	5,011	3,909
Total	1,125,565	864,488
Deferred Charges		
Debt expense, being amortized	8,592	7,631
Miscellaneous	9,466	11,996
Total	18,058	19,627
Total Assets	$6,159,663	$5,271,846
CAPITALIZATION AND LIABILITIES		
Capitalization (See accompanying statements) (Note 6)		
Common stock equity	$1,751,186	$1,458,240
Preferred stock	432,844	357,844
Preferred stock subject to mandatory redemption	135,000	138,674
Long-term debt	2,997,760	2,667,372
Total	5,316,790	4,622,130
Current Liabilities		
Preferred stock sinking fund requirement (Note 6)	3,008	—
Long-term debt due within one year (Note 6)	15,773	22,502
Accounts payable –		
Affiliated companies	13,216	12,760
Other	219,346	143,571
Customer deposits	30,323	28,340
Taxes accrued –		
Federal and state income (Note 1)	52,873	32,000
Other	45,708	36,515
Interest accrued	82,515	66,594
Miscellaneous	26,145	22,319
Total	488,907	364,601
Deferred Credits, Etc.		
Accumulated deferred investment tax credits	348,295	278,488
Miscellaneous	5,671	6,627
Total	353,966	285,115
Commitments and Contingent Matters (Notes 3, 4 and 7)		
Total Capitalization and Liabilities	$6,159,663	$5,271,846

Certain prior year amounts have been reclassified to conform with current year presentation.
The accompanying notes are an integral part of these statements.

Statements of Capitalization in thousands — Georgia Power Company

December 31	1982	% of Total	1981	% 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	990,800		799,800	
Premium on preferred stock	2,837		2,703	
Earnings retained in the business	413,299		311,487	
Total common stock equity	1,751,186	33.0%	1,458,240	31.6%
Cumulative Preferred Stock (without par value) authorized 26,000,000 shares, outstanding 9,578,439 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	
$3.44 Series	75,000		—	
Total (annual dividend requirement $37,670,000)	432,844	8.1	357,844	7.7
Cumulative Preferred Stock (without par value), subject to mandatory redemption authorized 6,000,000 shares, outstanding 5,520,300 shares				
$25 stated value-				
$2.75 Series	63,008		63,674	
$3.76 Series	75,000		75,000	
(annual dividend requirement $18,211,000)				
Less amount due within one year	3,008		—	
Total, excluding amount due within one year	135,000	2.5	138,674	3.0
Long-Term Debt				
First mortgage bonds				
Maturity / **Interest Rates**				
July 1, 1982 / 3⅜%	—		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	
June 1, 1987 / 5¼%	8,978		8,978	
1988-1992 / 4⅛% to 17½%	194,000		194,000	
1993-1997 / 4½% to 6½%	189,868		189,868	
1998-2002 / 6⅝% to 11⅝%	792,239		792,269	
2003-2007 / 7⅞% to 11¾%	405,968		405,968	
2008-2012 / 9⅝% to 16¼%	925,000		675,000	
Total first mortgage bonds	2,559,114		2,329,144	
Other long-term debt	480,201		379,925	
Unamortized debt premium (discount), net	(25,782)		(19,195)	
Total long-term debt (annual interest requirement $308,816,000)	3,013,533		2,689,874	
Less amount due within one year	15,773		22,502	
Long-term debt, excluding amount due within one year	2,997,760	56.4	2,667,372	57.7
Total Capitalization (Note 6)	$5,316,790	100.0%	$4,622,130	100.0%

The accompanying notes are an integral part of these statements.

Statements of Income in thousands

Years Ended December 31	1982	1981	1980
Operating Revenues	$2,457,201	$2,015,810	$1,808,408
Operating Expenses			
Operation—			
Fuel	828,340	811,038	716,566
Purchased and interchanged power, net	305,437	73,566	4,324
Other	313,817	280,354	222,155
Maintenance	174,606	161,351	144,344
Depreciation and amortization	162,796	157,336	153,245
Taxes other than income taxes	93,271	83,780	73,454
Federal and state income taxes (Note 5)	185,944	141,196	178,032
Total operating expenses	2,064,211	1,708,671	1,492,120
Operating Income	392,990	307,139	316,288
Other Income			
Allowance for equity funds used during construction	70,593	48,690	35,663
Gain on sales of facilities (Note 4)	6,939	—	29,282
Interest income	42,891	48,038	25,552
Other, net	92	582	4,047
Income taxes applicable to other income	(22,607)	(21,088)	(22,570)
Income before interest charges	490,898	383,361	388,262
Interest Charges			
Interest on long-term debt	267,863	213,278	186,210
Amortization of debt discount, premium and expense, net	1,256	929	805
Other interest charges	2,485	3,162	10,741
Allowance for debt funds used during construction	(65,109)	(46,468)	(40,063)
Net interest charges	206,495	170,901	157,693
Income Before Change in Method of Recording Revenues	284,403	212,460	230,569
Cumulative effect as of January 1, 1982 of accruing unbilled revenues, less income taxes of $22,320,000 (Note 1)	23,009	—	—
Net Income	307,412	212,460	230,569
Dividends on Preferred Stock	48,468	40,366	35,224
Net Income after Dividends on Preferred Stock	$ 258,944	$ 172,094	$ 195,345

Statements of Earnings Retained in the Business in thousands

Years Ended December 31	1982	1981	1980
Balance, beginning of period	$ 311,487	$ 271,629	$ 212,714
Add (deduct):			
Net income after dividends on preferred stock	258,944	172,094	195,345
Cash dividends paid on common stock	(154,700)	(131,000)	(136,400)
Preferred stock issuance expense	(2,432)	(1,236)	(30)
Balance, end of period (Note 6)	$ 413,299	$ 311,487	$ 271,629

Statements of Other Paid-In Capital in thousands

Years Ended December 31	1982	1981	1980
Balance, beginning of period	$ 799,800	$ 696,800	$ 652,800
Cash contribution to capital by parent company	191,000	103,000	44,000
Balance, end of period	$ 990,800	$ 799,800	$ 696,800

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	1982	1981	1980
Sources of Funds for Gross Property Additions:			
Net income	$307,412	$212,460	$230,569
Add (deduct) principal noncash items-			
Depreciation and amortization	191,394	183,833	185,206
Deferred income taxes, net	129,334	91,080	79,343
Deferred investment tax credits	78,183	55,875	40,823
Allowance for equity funds used during construction	(70,593)	(48,690)	(35,663)
	635,730	494,558	500,278
Less-			
Dividends on common stock	154,700	131,000	136,400
Dividends on preferred stock	48,468	40,366	35,224
	432,562	323,192	328,654
Decrease (increase) in net current assets, excluding long-term debt and preferred stock due within one year-			
Cash and temporary cash investments	(197,773)	(132,028)	(154,360)
Receivables	(52,146)	83,392	(126,376)
Fossil fuel stock	(9,388)	8,251	(20,011)
Materials and supplies	(668)	(6,639)	(2,675)
Revenues to be refunded	—	(1,569)	(3,498)
Accounts payable	76,231	(23,522)	17,676
Taxes accrued	30,066	(40,920)	61,858
Interest accrued	15,921	11,739	2,819
Other, net	4,707	6,571	1,709
	(133,050)	(94,725)	(222,858)
Other, net (including allowance for equity funds used during construction)	(2,509)	(15,392)	(5,518)
Total internal sources	297,003	213,075	100,278
External Sources—			
First mortgage bonds	250,000	300,000	75,000
Bonds retired or refunded at maturity	(20,030)	(24,970)	(20,000)
	229,970	275,030	55,000
Preferred stock	75,000	—	—
Preferred stock subject to mandatory redemption	—	75,000	—
Preferred stock reacquired	(666)	(6,401)	(4,695)
Cash contributions by parent company	191,000	103,000	44,000
Pollution control obligations	96,194	67,584	40,673
Increase in other long-term debt	4,082	3,166	68,682
Sales of facilities, net book value (Note 4)	19,562	—	387,021
Total external sources	615,142	517,379	590,681
Gross Property Additions (includes allowance for funds used during construction in the amount of $103,642,000 in 1982, $72,277,000 in 1981 and $55,776,000 in 1980)	$912,145	$730,454	$690,959

Certain prior year amounts have been reclassified to conform with current year presentation.

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, a system service company and Southern Electric International, Inc. (SEI). The operating companies provide electric service in four southeastern states. Contracts among the companies—dealing with jointly owned generating facilities, interconnecting transmission lines, and exchange of electric power—are regulated by the Federal Energy Regulatory Commission (FERC) or the Securities and Exchange Commission. The system service company provides, at cost, technical and other specialized services to The Southern Company and to each of the subsidiary companies. SEI, which was formed in January, 1982, markets to utilities and industrial concerns the technical expertise of the Southern electric system in planning and operating electric power facilities.

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

UTILITY PLANT. Utility plant is stated at original cost. This cost includes appropriate administrative and general costs; payroll-related costs such as taxes, pensions, and other benefits; and the estimated cost of funds used during construction. The cost of maintenance, repairs, and replacements of minor items of property is charged to maintenance expense accounts. The cost of property replacements (exclusive of minor items of property) is charged to the utility plant accounts.

REVENUES. To match more closely revenues and expenses, in October, 1982 the Company began accruing revenues for service rendered but unbilled. Prior to 1982, the Company recognized revenues concurrent with billings to customers on a cycle billing basis. This change increased 1982 net income by $498,000 before the cumulative effect as of January 1, 1982. The cumulative effect, less income taxes of $22,320,000, amounted to $23,009,000 and is included in 1982 income. The amounts of net income after dividends on preferred stock for the years 1982, 1981, and 1980 as reported and on a pro forma basis, assuming the change had been applied retroactively, would be as follows (in thousands):

	1982	1981	1980
Net Income After Dividends on Preferred Stock—			
As Reported	**$258,944**	$172,094	$195,345
Pro Forma	**$235,935**	$175,515	$196,709

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

The cost of nuclear fuel, including a provision for the estimated cost of anticipated permanent storage of spent fuel, is amortized to fuel expense based on the estimated thermal units utilized to generate electric energy. This amortization was $15,728,000 in 1982, $15,395,000 in 1981 and $20,756,000 in 1980. Final disposition of the spent nuclear fuel may require adjustments to fuel expense. Pending ultimate disposition, sufficient storage capacity for spent fuel is available at Plant Hatch until the year 2000. On January 7, 1983, the President of the United States signed the Nuclear Waste Policy Act relating to the storage of spent nuclear fuel by the Federal government. The Company is presently reviewing this legislation and does not expect the Act to have any material impact on its financial statements.

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 $41,216,000 in 1982, $36,818,000 in 1981, and $18,377,000 in 1980. Of these amounts, $26,080,000 in 1982, $23,522,000 in 1981, and $11,618,000 in 1980 were charged to operating expenses, and the balance was charged to construction and other accounts. Amendments to the plan in 1981 liberalized retirement benefits, including increased terminal pay formulas and expanded benefits to employees. The effects of these amendments were a net increase of $101,541,000 in the accrued liability with respect to past service under the plan and an increase in the 1981 contribution of $13,296,000. Accumulated pension benefit information as of the valuation dates (January 1 of each year) follows (in thousands):

	1982	1981
Actuarial present value of accumulated plan benefits		
Vested	**$202,064**	$175,852
Nonvested	**3,839**	3,100
Total actuarial present value of accumulated plan benefits	**$205,903**	$178,952
Weighted average rates of return assumed in determining actuarial present value of accumulated plan benefits	**8%**	8%
Net assets available for benefits	**$253,176**	$213,141

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. The unfunded prior service cost under the plan and supplemental contracts amounted to approximately $106,566,000 at December 31, 1982 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 3.6%, 3.7% and 3.8% of the average cost of depreciable utility plant during 1982, 1981, and 1980, 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 in the normal course of business, 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. Investment tax credits utilized are deferred and amortized over the average lives of the related property. The Company is included in the consolidated federal income tax return filed by The Southern Company. Provisions for property-related deferred income taxes (e.g. accelerated cost recovery and liberalized depreciation) reflect consumption of part of the value of the plant and equipment to which they relate. Consequently, they are similar to depreciation provisions, and the related accumulated deferred income taxes, like the accumulated provision for depreciation, is a valuation reserve deducted from the plant investment in arriving at the rate base used in rate-making proceedings. Other deferred income taxes are included in taxes accrued. See Note 5 for further information regarding income taxes.

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC). AFUDC represents the estimated debt and equity costs of capital funds which are applicable to utility plant while under construction. For 1982 and 1981, the AFUDC rate was adjusted monthly and compounded semi-annually and ranged from 8.72% to 9.11% and 7.72% to 8.60%, respectively, net of income tax. The net of income tax rate for 1980 was 7.87%. The Company accounts for the income tax effect of capitalized debt cost as a charge to income tax expense associated with operations and a corresponding credit to allowance for debt funds used during construction. The income tax effect of capitalized debt cost was $32,060,000, $22,881,000 and $19,909,000 in 1982, 1981, and 1980, respectively.

VACATION PAY. Consistent with the rate-making treatment prescribed by the GPSC, the Company recognizes employee vacation costs in the year vacation is taken. At December 31, 1982 and 1981, the Company's employees had earned, but not taken, approximately $18,000,000 and $15,600,000 of vacation, respectively. In each subsequent year, approximately 34% of the cost of vacations will be capitalized.

Note 2. Rate Proceedings:

New partial requirements wholesale rates have been approved by the FERC to become effective February 1, 1983, and are designed to increase the Company's partial requirements wholesale revenues by approximately $12.5 million annually.

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 approximately $1,250,449,000 in 1983; $1,515,464,000 in 1984; and $1,645,478,000 in 1985. These additions include allowance for funds used during construction (net of income taxes) and reflect the Company's present ownership percentage in all generating units under construction. The above construction estimates will be reduced if certain proposed sales of undivided interests in generating units (shown below) are consummated.

	1983	1984	1985
	(Thousands of Dollars)		
Estimated construction expenditures assuming no property sales	$1,250,449	$1,515,464	$1,645,478
Reduction of above expenditures for proposed property sales—			
Sale of an additional 4% interest in Plant Vogtle to the Municipal Electric Authority of Georgia (July 1, 1983)	(15,859)	(33,559)	(38,787)
Sale of a 25% interest in Plant Scherer Units 3 and 4 to Gulf Power Company (July 1, 1983)	(24,544)	(83,075)	(76,074)
Estimated gross property additions assuming above property sales	$1,210,046	$1,398,830	$1,530,617

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.

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 alternative and possibly costlier means of financing or it could become necessary to cancel or delay certain construction projects. As of January 1, 1983, the Company had revolving credit agreements for $1,565,000,000 with eleven banks. The agreements cover the eight-year period ending December 31, 1990. During the term of these agreements, the Company (at its option) may convert short-term borrowings into term loans. Such term loans would be payable in twelve equal quarterly installments during the years 1991 through 1993, or at an earlier date (at the Company's option). Additionally, the Company has $80,000,000 in lines of credit subject to annual renewal. In connection with the credit agreements and the 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 1982 were approximately $7,023,000.

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, minimum production levels and other financial commitments. Additional commitments for coal and 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, 1982, the Company had sold undivided interests in Plants Hatch, Wansley, Scherer and Vogtle 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 the City of Dalton, Georgia. In 1982 and 1980 such sales resulted in gains, after income taxes, of $3,873,000 and $7,425,000, respectively. There were no such sales in 1981. In addition 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 additional interest of approximately 4% in Plant Vogtle to MEAG. 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, 1982, the Company's percentage ownership and investment in these jointly owned facilities, exclusive of nuclear fuel were as follows (dollars in thousands):

	Total Megawatt Capacity	Percent Company Ownership	Plant in Service	Construction Work in Progress
E. I. Hatch Nuclear Plant	1,630	50.1%	$516,928	$ 62,491
Plant Wansley	1,779	53.5	288,448	464
Plant Scherer Unit Nos. 1&2	1,636	8.4	40,906	34,640
Common Facilities	—	23.5	64,418	5,281
A. W. Vogtle Nuclear Plant	2,320	50.7	—	1,139,034

Each participant provides 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 has contracted 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 agreed 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, with the payments for such capacity made whether or not any capacity is available and the payments for such energy to be at cost. The energy cost of such purchases is a function of each entity's variable operating costs. The cost of such capacity and energy is included in purchased and interchanged power in the Statements of Income. The capacity payments totaled $115,374,000, $38,330,000 and $48,240,000 in 1982, 1981, and 1980, respectively. For units currently in service, the estimated cost of capacity for the next five years is as follows: $116,300,000 in 1983; $99,700,000 in 1984; $75,600,000 in 1985; $56,800,000 in 1986; and $41,900,000 in 1987.

The Company and its affiliated operating companies have entered into agreements with certain utilities regarding the purchase of coal-fired generating capacity from Plant Scherer and other units of the Southern electric system. The contract periods are 1983 through May, 1995. The capacity sales from Plant Scherer over these periods range from 412 megawatts in 1983 to 1,931 megawatts in 1989, with substantially lesser amounts during 1993, 1994 and 1995.

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 $74,066,000, $77,773,000, and $70,067,000 in 1982, 1981, and 1980, respectively, and these amounts are included in purchased and interchanged power in the Statements of Income.

At December 31, 1982, the capitalization of SEGCO consisted of $32,800,000 of equity and $48,843,000 of long-term debt on which the annual interest requirement is $3,880,000. Through December 31, 1982, SEGCO had 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):

	1982	1981	1980
Total provision for income taxes			
Federal—			
Currently payable	**$ 13,083**	$ 7,912	$ 64,387
Deferred	**159,827**	107,161	90,089
Deferred in prior years (credit)	**(48,009)**	(27,852)	(20,586)
Deferred investment tax credits	**78,183**	55,875	40,823
	203,084	143,096	174,713
State—			
Currently payable	**10,271**	7,417	16,049
Deferred	**23,402**	15,472	12,485
Deferred in prior years (credit)	**(5,886)**	(3,701)	(2,645)
	27,787	19,188	25,889
Total	**230,871**	162,284	200,602
Less—			
Income taxes charged to other income	**22,607**	21,088	22,570
Income taxes associated with the cumulative effect as of January 1, 1982 of accruing unbilled revenues	**22,320**	—	—
Federal and state income taxes charged to operations	**$185,944**	$141,196	$178,032

Deferred income taxes result from the Company's use of 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. Other deferred income taxes are provided for certain costs or revenues that are recognized for income tax purposes in different periods than for book purposes. Income taxes deferred in prior years are credited to income when the book depreciation of property costs exceeds the related tax deductions or when other timing differences reverse. The amortization of deferred investment tax credits is applied as a credit to reduce depreciation in the Statements of Income and amounted to $8,377,000 in 1982, $7,027,000 in 1981, and $5,163,000 in 1980.

The total provision for federal income tax as a percent of income before income tax amounted to 39.8%, 40.2%, and

43.1% for 1982, 1981, and 1980, respectively. The difference between the 1982 and 1981 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 (6.4% in 1982, 6.3% in 1981). 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%), offset by the excess of the tax gain on asset sales over the book gain (4.2%).

Note 6. Capitalization:

COMMON STOCK DIVIDEND RESTRICTIONS. The Company's first mortgage bond indenture contains various common stock dividend restrictions which remain in effect so long as the bonds are outstanding. At December 31, 1982, \$186,073,000 of retained earnings was restricted against the payment of cash dividends on common stock under the most restrictive 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 75% 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 25% and to 50% of such net income if such ratio is less than 20%. At December 31, 1982, this ratio was 33%.

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. The Company also has the option to purchase and cancel the required number of shares annually. At December 31, 1982, the Company had reacquired 29,700 shares of the 1983 sinking fund requirement leaving an additional 120,300 shares which must be redeemed in 1983. The gains on the reacquisitions of \$134,000, \$1,067,000 and \$532,000 for the years 1982, 1981, and 1980, 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.

OTHER LONG-TERM DEBT. Details of other long-term debt are as follows (in thousands):

	1982	1981
Obligations incurred in connection with the sale by public authorities of tax exempt pollution control and industrial development revenue bonds—		
13.25% due June 1, 2002	\$ 10,000	\$ —
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	50,000
13.50% due June 1, 2012	90,000	—
11.50% due December 1, 2012	35,000	—
	417,500	282,500
Less funds on deposit with Trustee	45,229	6,423
	372,271	276,077
Capitalized lease obligations—		
Railcars	17,696	19,357
Corporate headquarters building	83,104	76,617
Other office buildings	5,039	5,524
	105,839	101,498
Note payable—6% due through 1986	2,091	2,350
	\$480,201	\$379,925

The Company has authenticated and delivered to trustees an aggregate of \$382,500,000 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. The 11.50% series bonds are secured by a subordinated interest in specific property of the Company.

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 assets acquired under capitalized leases was \$103,091,000 and \$99,290,000 at December 31 of 1982 and 1981, respectively. At December 31, 1982, the composite interest rate for the leased rail cars was 9.56%, 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 1987 is as follows: \$2,701,000 in 1983; \$3,310,000 in 1984; \$3,638,000 in 1985; \$2,837,000 in 1986 and \$2,195,000 in 1987.

In October 1980, the Company capitalized the lease of its new corporate headquarters building. The lease agreement provides for payments which are minimal in early years and escalate through the first twenty years of the initial 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 payments is included in the lease obligation. Beginning in the year 2009 the aggregate lease payments will 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, rather than the true economic cost of the building. 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 of 1982 and 1981, the amounts deferred and included in plant in service in the Balance Sheets are \$17,187,000 and \$8,958,000, respectively.

LONG-TERM DEBT DUE WITHIN ONE YEAR. The $15,773,000 of long-term debt due within one year at December 31, 1982, consists of $8,073,000 of first mortgage bonds maturing in 1983, the current portion of other long-term debt and the cash sinking fund requirement.

The annual first mortgage bond sinking fund requirement (1% of the sum of bonds authenticated prior to January 1 of each year) amounts to $32,266,000 and is due on or before June 1, 1983. 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 of first mortgage bonds due August 1, 2000 is subject to a mandatory cash sinking fund requirement of $5,000,000 annually. In 1981 and 1982, the Company reacquired a total of $5,000,000 of such bonds to satisfy the 1982 cash sinking fund requirement. The gains on the reacquisitions are included in miscellaneous deferred credits in the Balance Sheets and are being amortized over the remaining life of the original issue.

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 7. 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 $160,000,000 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 $28,000,000 for each policy year.

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 $2,500,000 per week (starting 26 weeks after the outage) for one year and $1,250,000 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 for each policy year would be approximately $12,000,000 under the replacement power policy and $4,000,000 under the property damage policy.

Note 8. Quarterly Financial Data (Unaudited):

Summarized quarterly financial information for 1982 and 1981 is as follows (in thousands):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1982				
Operating revenues—				
As reported	$585,175	$599,521	$698,569	$586,866
Restated	576,932	610,071	683,332	586,866
Operating income—				
As reported	99,608	86,361	130,066	83,390
Restated	95,505	91,608	122,487	83,390
Net income after dividends on preferred stock—				
As reported	62,916	47,582	92,164	39,708
Restated	81,822	52,829	84,585	39,708
1981				
Operating revenues—				
As reported	$466,677	$482,596	$578,702	$487,835
Pro Forma	464,808	497,436	566,860	493,584
Operating income—				
As reported	70,381	61,887	98,382	76,489
Pro Forma	69,450	69,270	92,491	79,349
Net income after dividends on preferred stock—				
As reported	34,500	24,855	58,867	53,872
Pro Forma	33,569	32,238	52,976	56,732

Quarterly earnings for the first three quarters of 1982 have been restated to give effect to a change in the method of recording revenues (see Note 1). The restated amount for the first quarter 1982 includes the cumulative effect of the change as of January 1, 1982 amounting to $23,009,000 after taxes. The pro forma amounts for 1981 assume the change had been applied retroactively.

Note 9. 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 1982 constant 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.

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 plant stated in terms of constant dollars or current cost that varies from the historical cost of plant is not presently reflected in rates charged to customers. The amount of this variance in the current year is reflected as an adjustment to net recoverable cost.

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. While the use of debt financing reduced the effect of the loss to the common stockholder, earnings were not adequate to offset the erosion in the purchasing power of the stockholder's investment.

Statement of Income Adjusted for Changing Prices
For the Year Ended December 31, 1982
(In Thousands of Average 1982 Dollars)

	Constant Dollar	Current Cost
Income Applicable to Common Stockholder, Pro Forma*	$235,935	$235,935
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	192,944	224,668
Reportable as an adjustment to net recoverable cost	(3,309)	(63,797)
	189,635	160,871
Excess of the general level of prices ($396,008) in the current year over increase in specific price changes ($367,244)**		28,764
Offsetting effect of debt financing	(127,686)	(127,686)
Net erosion of common stockholder's equity	61,949	61,949
Income Applicable to Common Stockholder, as Adjusted*** (including the effect of debt financing)	$173,986	$173,986

*Pro Forma excludes the cumulative effect as of January 1, 1982 ($23,009,000 after taxes) of a change in the method of recording revenues (See Note 1).

**At December 31, 1982, current cost of property, plant and equipment, net of accumulated depreciation, was $11 billion and historical cost or net cost recoverable through depreciation was $6 billion.

***Adjusted income applicable to common stockholder would be $43 million on a constant dollar basis and $11 million on a current cost basis if only the amount reportable as an additional provision for depreciation was 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)

	1982	1981	1980	1979	1978
Operating Revenues:					
Pro Forma historical cost**	$2,457,201	$2,022,688	$1,811,154	$1,510,259	$1,477,567
As adjusted	$2,457,201	$2,144,049	$2,119,050	$2,008,644	$2,186,799
Income (Loss) Applicable to Common Stockholder:					
Pro Forma historical cost**	$ 235,935	$ 175,515	$ 196,709	$ 140,706	
As adjusted for the net erosion of common stockholder's equity	173,986	68,246	67,061	(5,950)	
Common Stockholder's Investment (Net Assets), at Year-end:					
Pro Forma historical cost**	$1,751,186	$1,481,249	$1,333,903	$1,229,091	$1,196,066
As adjusted	1,733,674	1,525,686	1,493,971	1,548,655	1,698,414
Excess of the General Level of Prices Over Increase in Specific Price Changes	$ 28,764	$ 30,954	$ 196,779	$ 378,463	
Effect of Debt Financing	$ 127,686	$ 248,457	$ 363,876	$ 416,878	
Return on Average Common Equity:					
Pro Forma historical**	14.60%	12.47%	15.35%	11.60%	
As adjusted for the net erosion of common stockholder's equity	10.68%	4.52%	4.41%	(.37%)	
Cash Dividends Declared:					
Historical cost	$ 154,700	$ 131,000	$ 136,400	$ 131,100	$ 119,225
As adjusted	154,700	138,860	159,588	174,363	176,453
Average Consumer Price Index	289.1	272.4	246.8	217.4	195.4

*Adjusted amounts represent average 1982 dollars.

**Pro Forma historical cost for 1982 excludes the cumulative effect as of January 1, 1982 ($23,009,000 after taxes) of a change in the method of recording revenues (See Note 1). Pro forma historical cost for years prior to 1982 assumes the change had been applied retroactively.

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, 1982 and 1981, 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, 1982. 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, 1982 and 1981, 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, which, except for the change, with which we concur, in the method of recording revenues as described in Note 1, were applied on a consistent basis.

ARTHUR ANDERSEN & CO.

Atlanta, Georgia,
February 11, 1983.

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

The Company maintains a system of internal accounting control to provide reasonable assurance that assets are safeguarded and that 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 its benefits. The Company believes its system of internal accounting control, together with its internal auditing function, maintains an appropriate cost/benefit relationship.

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

The Audit Committee of the Board of Directors, composed of three directors who are not employees, provides a broad overview of management's financial reporting and control functions. Periodically this committee meets with management, the internal auditors, and the independent public accountants to ensure that these groups are fulfilling their obligations and to discuss auditing, internal control, and financial reporting matters. The internal auditors and independent public accountants have access to the members of the Audit Committee at any time.

Management believes that its policies and procedures provide reasonable assurance that the Company's operations are conducted with a high standard of business ethics. In management's opinion, the financial statements present 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, 1980

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
(retired 6/2/82)

GEORGE W. EDWARDS, JR.
Executive Vice President—
External Affairs
Georgia Power Company
Atlanta, 1982
(elected 5/18/82)

WILLIAM A. FICKLING, JR.
Chairman of the Board and
Chief Executive Officer
Charter Medical Corporation
(medical facilities) Macon, 1973

LANGDON S. FLOWERS
Chairman of the Board
Flowers Industries, Inc.
(baking) Thomasville, 1982
(elected 7/21/82)

J. A. GANTT
Senior Vice President
Georgia Power Company
Atlanta, 1976

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

WARREN Y. JOBE
Executive Vice President—
Finance
Georgia Power Company
Atlanta, 1982
(elected 8/1/82)

RICHARD J. KELLY
Executive Vice President—
Power Supply
Georgia Power Company
Atlanta, 1981

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
Chairman and Chief Executive Officer
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

Left to right
W. Y. Jobe
G. W. Edwards, Jr.
R. W. Scherer
J. A. Gantt

Left to right
L. S. Flowers
A. V. Vogtle, Jr.
W. A. Parker, Jr.

Left to right
W. G. Autrey
W. B. Turner
W. A. Fickling, Jr.

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
(retired 3/9/82)

ROBERT STRICKLAND
Chairman of the Board
Trust Company of Georgia
(banking) Atlanta, 1979

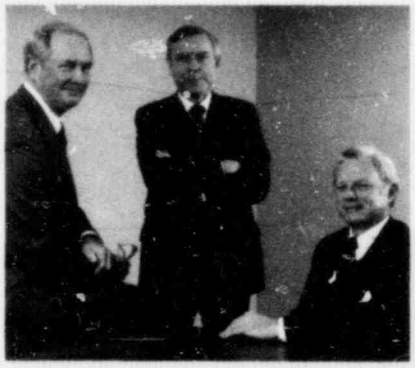
WILLIAM B. TURNER
Vice Chairman of the Board and
Chief Executive Officer
W. C. Bradley Company
(industrialists) Columbus, 1965

ALVIN W. VOGTLE, JR.
President
The Southern Company
Atlanta, 1968

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

THOMAS R. WILLIAMS
Chairman of the Board
First Atlanta Corporation and its
major subsidiary
The First National Bank of Atlanta
(banking) Atlanta, 1982
(elected 3/17/82)

ALLEN B. WILSON
Senior Executive Vice President–
Finance
Georgia Power Company
Atlanta, 1974
(retired 7/31/82)



Left to right
J. H. Miller, Jr.
H. G. Patillo
T. R. Williams

Left to right
H. J. McKenzie, Jr.
Dr. G. M. Shatto
R. J. Kelly
R. Strickland

Left to right
L. G. Hardman, III
C. Ware
H. G. Baker, Jr.

Left to right
A. B. Wilson
E. I. Hatch
W. E. Ehrensperger

Not pictured
B. A. Brown
J. B. Browder
N. N. Burnes
W. S. Morris, III
E. D. Smith

Board Committees

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

William A. Fickling, Jr., Chairman
L. G. Hardman, III
Gloria M. Shatto

COMPENSATION COMMITTEE

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

Honorary Directors

Joe B. Browder
Atlanta, 1976
(retired 7/31/82)

W. E. Ehrensperger
Atlanta, 1981

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

Allen B. Wilson
Atlanta, 1974
(elected 8/1/82)

General Officers

ROBERT W. SCHERER
Chairman of the Board and
Chief Executive Officer
Age: 57
Years of Service: 36

JAMES H. MILLER, JR.
President
Age: 60
Years of Service: 36

H. GRADY BAKER, JR.
Executive Vice President–
Marketing and Customer Service
Age: 53
Years of Service: 32

GEORGE W. EDWARDS, JR.
Executive Vice President–
External Affairs
Age: 43
Years of Service: 13

WARREN Y. JOBE
Executive Vice President—Finance
Age: 42
Years of Service: 12
(elected 5/19/82)

RICHARD J. KELLY
Executive Vice President—
Power Supply
Age: 60
Years of Service: 33

R. E. CONWAY
Senior Vice President
Power Supply and Engineering Services, Generating Plant Construction and Project Management
Age: 44
Years of Service: 26

A. W. DAHLBERG
Senior Vice President—
Bulk Power Resources
Age: 42
Years of Service: 23
(elected 5/19/82)

J. A. GANTT
Senior Vice President
Division Operations
Age: 60
Years of Service: 35

GEORGE F. HEAD
Senior Vice President
Power Generation
Age: 53
Years of Service: 28

R. P. HEAD, JR.
Senior Vice President
Administrative Services
Age: 55
Years of Service: 35

GERALD T. HORTON
Senior Vice President
Public Affairs
Age: 48
Years of Service: 3
(elected 5/19/82)

ROMNEY E. SCOTT
Senior Vice President
Economic Services
Age: 39
Years of Service: 6
(elected 5/19/82)

W. L. WESTBROOK
Senior Vice President
Accounting and Finance and Secretary
Age: 43
Years of Service: 19
(elected 8/18/82)

J. T. BECKHAM, JR.
Vice President and
General Manager—
Nuclear Generation

Senior Vice Presidents seated from left: R. P. Head, Jr., R. E. Conway, G. F. Head; standing: G. T. Horton, R. E. Scott, W. L. Westbrook, A. W. Dahlberg.

THOMAS G. BOREN
Vice President
Corporate Performance

JAMES H. BOYKIN
Vice President and
Chief Engineer
(elected 4/1/82)

JACK C. CAUSEY
Vice President
Fossil and Hydro
(elected 9/15/82)

WAYNE T. DAHLKE
Vice President and
General Manager, Scherer Project
(elected 9/15/82)

JAMES K. DAVIS
Vice President
Corporate Relations
(elected 12/15/82)

D. E. DUTTON
Vice President
Generating Plant Projects—
Vogtle, Scherer and Hydroelectric Projects

DONALD O. FOSTER
Vice President and
General Manager, Vogtle Project
(elected 9/15/82)

C. C. JONES
Vice President
Procurement and Materials

J. WYMAN LAMB
Vice President
Risk Management

WADE S. MANNING
Vice President
Land

C. B. McMANUS, JR.
Vice President
Power Delivery

F. G. MITCHELL, JR.
Vice President
Generating Plant Construction Technology and Assistant to Senior Vice President

J. A. PARRAMORE, JR.
Vice President
Customer Accounting and Accounting Services
(elected 6/16/82)

R. H. PINSON
Vice President
Generating Plant Construction

JOHN A. ROBERTS
Vice President
Retail Marketing

J. W. TALLEY, JR.
Vice President
Area Development

ALVIN W. VOGTLE, JR.
Vice President

JACK K. WIDENER, JR.
Vice President
Regulatory and Consumer Affairs

CHARLES R. MINORS
Assistant Vice President
Consumer Affairs

C. B. HARRELD
Comptroller
(elected 7/6/82)

RICHARD J. PERSHING
Treasurer
(elected 8/18/82)

W. B. POSS
Assistant Comptroller
Accounting Services

CHARLES O. RAWLINS
Assistant Treasurer

GUERRY P. STRICKLAND
Assistant Secretary

ROBERT C. FORD
Assistant Secretary and
Assistant Treasurer

E. RAY PERRY
Assistant Secretary and
Assistant Treasurer

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

JOHN C. HEMBY, JR.
Vice President
Macon Division
(elected 9/1/82)

T. J. ALLEN, JR.
Vice President
Rome Division

J. J. CORDOVA
Vice President
Valdosta Division

Generating Units Under Construction at December 31, 1982	Nameplate Rating (kilowatts)	Commercial Operation Date
Fossil		
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	108,000	1985
Goat Rock Unit Nos. 7 and 8	67,000	1988
Pumped Storage		
Rocky Mountain Unit Nos. 1, 2 and 3	847,800	1987

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

Jointly Owned Plants at December 31, 1982

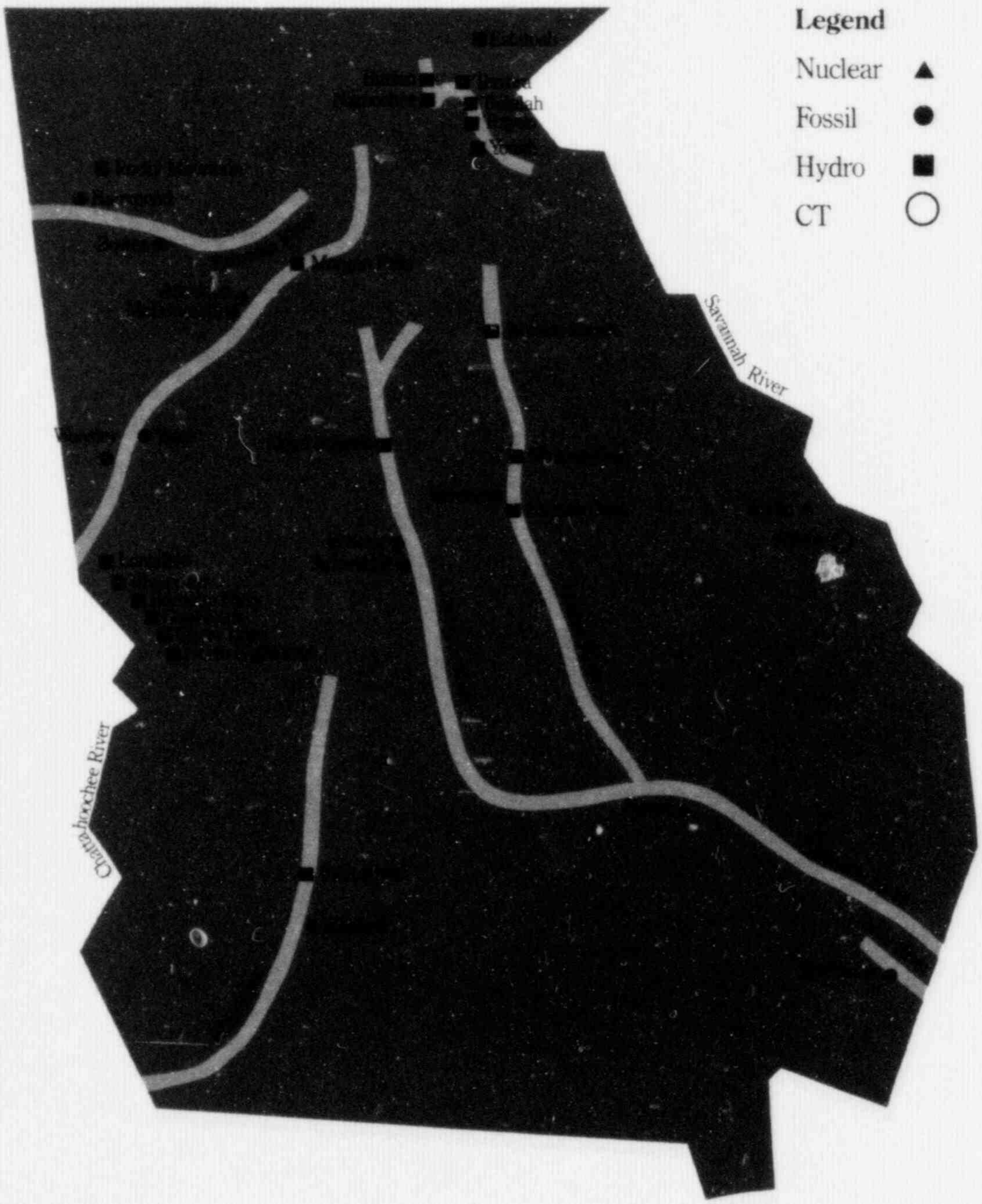
Plant	Hatch (Nuclear)	Wansley (Fossil)	Wansley (Gas Turbine)	Scherer (Fossil)	Vogtle (Nuclear)
Units	1 & 2	1 & 2	5A	1 & 2	1 & 2
Megawatt Capacity	1,630	1,730	49	1,636	2,320
% Owned					
Georgia Power	50.1	53.5	53.5	8.4	50.7
OPC	30.0	30.0	30.0	60.0	30.0
MEAG	17.7	15.1	15.1	30.2	17.7
Dalton	2.2	1.4	1.4	1.4	1.6

Nameplate Generating Capacity (1)

(Year-end 1982)	Kilowatts
Steam	
Fossil (2)	8,918,962
Nuclear	816,630
Gas Turbines (2)	1,207,822
Hydro	754,480
Total Capacity	11,697,894

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

(2) Excludes 500,000 kw of fossil and 9,840 kw of combustion turbines at Southern Electric Generating Co. (SEGCO)


Legend
Nuclear
Fossil
Hydro
CT
Savannah River
Chattahoochee River

To our Investors

In an attempt to improve investor understanding of our operations and the flow of funds within our Company, we have reformatted our Statements of Income and Sources of Funds for Gross Property Additions. The attached statements differ from the traditional electric utility format, and we believe that they may be more meaningful to investors familiar with other businesses.

Any comments or suggestions concerning these presentations would be appreciated.

Please enter any comments you have on the reformatted Statements of Income and Statements of Sources and Uses of Funds:

____

____

____

____

☐ I would like to receive a copy of the Company's 1982 form 10K

☐ I would like to receive a copy of the Company's 1982 Financial and Statistical Review

☐ I would like to have my name included on the Company's financial mailing list.

Name ______________________________

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Mr. W. L. Westbrook
Senior Vice President Accounting and
Finance and Secretary
Georgia Power Company
Post Office Box 4545
Atlanta, GA 30302

Statements of Income in thousands

Years Ended December 31	1982	1981	1980
Operating Revenues			
Retail	$2,001,259	$1,663,798	$1,530,334
Wholesale—Territorial	284,206	251,572	205,030
Wholesale—Non-Territorial	147,565	82,048	56,911
Other	24,171	18,392	16,133
	2,457,201	2,015,810	1,808,408
Other Income			
Allowance for equity funds used during construction	70,593	48,690	35,663
Gain on sale of facilities	6,939	—	29,282
Interest and Other Income	42,983	48,620	29,599
	120,515	97,310	94,544
Total Income	2,577,716	2,113,120	1,902,952
Expenses			
Operation—			
Fuel	828,340	811,088	716,566
Purchased and interchanged power, net	305,437	73,566	4,324
Other	313,817	280,354	222,155
Maintenance	174,606	161,351	144,344
Depreciation and amortization	162,796	157,336	153,245
Taxes other than income taxes	93,271	83,780	73,454
Net interest charges (a)	206,495	170,901	157,693
Total Expenses	2,084,762	1,738,376	1,471,781
Income Before Income Taxes	492,954	374,744	431,171
Income Taxes			
Current	1,034	15,329	80,436
Deferred	129,334	91,080	79,343
Investment Tax Credit	78,183	55,875	40,823
Total Income Taxes	208,551	162,284	200,602
Income Before Change in Method of Recording Revenues	284,403	212,460	230,569
Cumulative effect as of January 1, 1982 of accruing unbilled revenues, less income taxes of $22,320,000	23,009	—	—
Net Income	307,412	212,460	230,569
Preferred Dividends	48,468	40,366	35,224
Net Income After Preferred Dividends	$ 258,944	$ 172,094	$ 195,345

	1982	1981	1980
(a) Net Interest Charges:			
Interest on long-term debt	$ 267,863	$ 213,278	$ 186,210
Amortization of debt discount, premium and expense, net	1,256	929	805
Other interest charges	2,485	3,162	10,741
Allowance for debt funds used during construction	(65,109)	(46,468)	(40,063)
	$ 206,495	$ 170,901	$ 157,693

The Notes to Financial Statements in the Annual Report should be read in conjunction with these statements.

Statements of Sources and Uses of Funds in thousands

Years Ended December 31	1982	1981	1980
Sources of Funds:			
Funds from operations:			
Net Income	$ 307,412	$ 212,460	$ 230,569
Add (deduct) noncash items			
Depreciation and amortization	191,394	183,833	185,206
Deferred income taxes, net	129,334	91,080	79,343
Deferred investment tax credits	78,183	55,875	40,823
Allowance for equity funds used during construction	(70,593)	(48,690)	(35,663)
	635,730	494,558	500,278
Less—			
Dividends on common stock	154,700	131,000	136,400
Dividends on preferred stock	48,468	40,366	35,224
Funds from operations	432,562	323,192	328,654
Funds from financing and sales of assets			
First mortgage bonds	250,000	300,000	75,000
Preferred stock	75,000	—	—
Preferred stock subject to mandatory redemption	—	75,000	—
Cash contributions by parent company	191,000	103,000	44,000
Pollution control obligations	96,194	67,584	40,673
Increase in other long-term debt	4,082	3,166	68,682
Sales of facilities, net book value	19,562	—	387,021
Funds from financing and sale of assets	635,838	548,750	615,376
Other, net (including allowance for equity funds used during construction)	(2,509)	(15,392)	(5,518)
Total Sources of Funds	$1,065,891	$ 856,550	$ 938,512
Uses of Funds:			
Bonds and preferred stock retired, refunded or reacquired	$ 20,696	$ 31,371	$ 24,695
Changes in net current assets, excluding long-term debt and preferred stock due within one year	133,050	94,725	222,858
Gross property additions (includes allowance for funds used during construction in the amount of $103,642,000 in 1982, $72,277,000 in 1981, and $55,776,000 in 1980)	912,145	730,454	690,959
Total Uses of Funds	$1,065,891	$ 856,550	$ 938,512

The Notes to Financial Statements in the Annual Report should be read in conjunction with these statements.

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

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