Alabama Power Company
600 North 18th Street
Post Office Box 2641
Birmingham, Alabama 35291-0042
Telephone 205 250-2497

David L. Whitson
Assistant Treasurer

Alabama Power
the southern electric system

April 26, 1991

Mr. Jerome Saltzman
Chief, Antitrust and Indemnity Group
Nuclear Reactor Regulation
Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Saltzman:

Enclosed is the annual submission of Alabama Power Company with respect to the retrospective premium guarantee required under the Price-Anderson Act, as amended, applicable to its Joseph M. Farley Nuclear Plant. We have elected to satisfy this guarantee requirement by submitting annual certified financial statements and cash projections, showing that a cash flow can be generated and would be available for payment of retrospective premiums up to $20,000,000 within three months after submission of the statement. In this connection, enclosed are the following:

1. 1990 Annual Report which includes financial statements for the calendar year 1990, together with the report on such statements by Arthur Andersen & Co., independent public accountants;

2. Unaudited Financial Statements for the quarter ended March 31, 1991;

3. Cash Flow Projections for the period January 1, 1991 through December 31, 1991, showing that cash flow of $20,000,000 can be generated and would be available for payment of retrospective premiums within three months after submission of the statement.

Please acknowledge receipt of the enclosures by signing and returning the enclosed copy of this letter.

Very truly yours,

David L. Whitson

DLW:lw
Enclosures

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1/1

bc: Messrs. E. B. Harris
T. J. Bowden
B. M. Guthrie
W. B. Hutchins, III
J. W. Minor
J. M. Farley - Southern Nuclear
J. A. Ripple - Southern Nuclear
C. L. Whatley - SCS

ALABAMA POWER COMPANY

Internal Cash Flow for
Joseph M. Farley Nuclear Power Station

(Dollars in Thousands)

	1990 Actual	1991 Projections
Net Income After Taxes	$351,315	$371,729
Less Dividends Paid	259,312	266,856
Retained Earnings	92,003	104,873
Adjustments:		
Depreciation and Amortization	331,858	335,891
Deferred Income Taxes and Investment Tax Credits	64,612	35,457
Allowance for Funds Used During Construction (Gross)	(46,731)	(19,937)
Total Adjustments	349,739	351,411
Internal Cash Flow	$441,742	$456,284
Average Quarterly Cash Flow	$110,436	$114,071
Percentage Ownership in all Operating Nuclear Units: Joseph M. Farley Units 1 and 2		100%
Maximum Total Contingent Liability		$20,000

This statement reflects the usual accounting practices of the Company on the basis of interim figures and is subject to audit and end of year adjustments.

ALABAMA POWER COMPANY
STATEMENTS OF INCOME
(Stated in Thousands of Dollars)

	3 MONTHS ENDED MARCH 31, 1991
OPERATING REVENUES	$589,656
OPERATING EXPENSES:	
Operation -	
Fuel	153,429
Purchased and interchanged power, Net	18,831
Other	98,538
Maintenance	52,271
Depreciation and amortization	66,210
Taxes other than income taxes	42,207
Federal and state income taxes	36,592
Total operating expenses	468,078
OPERATING INCOME	121,578
OTHER INCOME (EXPENSE):	
Allowance for equity funds used during construction	2,997
Income from subsidiary	1,067
Other, net	1,926
Income before interest charges	127,568
INTEREST CHARGES:	
Interest on long-term debt	54,361
Allowance for debt funds used during construction	(5,310)
Amortization of debt discount, premium and expenses, net	574
Other interest charges	6,536
Net interest charges	56,161
NET INCOME	71,407
DIVIDENDS ON PREFERRED STOCK	9,176
NET INCOME AFTER DIVIDENDS ON PREFERRED STOCK	$ 62,231

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ALABAMA POWER COMPANY
Balance Sheet
(Stated in Thousands of Dollars)
UNAUDITED

ASSETS	At March 31, 1991
UTILITY PLANT:	
Plant in service, at original cost	$ 9,016,186
Less - Accumulated provision for depreciation	2,759,593
	6,256,593
Nuclear fuel, at amortized cost	136,063
Construction work in progress	249,923
	6,642,579
Less - Property-related accumulated deferred income taxes	1,115,969
	5,526,610
OTHER PROPERTY AND INVESTMENTS:	
Southern Electric Generating Company, at equity	30,825
Nonutility property, net	4,991
Miscellaneous	6,838
	42,654
CURRENT ASSETS:	
Cash	10,407
Temporary cash investments, at cost	-
Receivables -	
Customer accounts receivable	243,298
Other accounts and notes receivable	96,533
Affiliated companies	48,908
Accumulated provision for uncollectible accounts	(75,044)
Refundable income taxes	12,185
Fossil fuel stock, at average cost	191,145
Materials and supplies, at average cost	168,070
Prepayments	88,507
Vacation pay deferred	23,411
	807,420
DEFERRED CHARGES:	
Debt expense, being amortized	5,938
Debt redemption expense, being amortized	26,380
Miscellaneous	48,574
	80,892
TOTAL ASSETS	$ 6,457,576
CAPITALIZATION AND LIABILITIES	
CAPITALIZATION:	
Common stock equity	$ 2,284,712
Preferred stock	484,400
Preferred stock subject to mandatory redemption	10,000
Long-term debt	2,387,197
	5,166,309
CURRENT LIABILITIES:	
Preferred stock due within one year	2,500
Long-term debt due within one year	58,059
Notes payable to banks	222,500
Accounts payable -	
Affiliated companies	44,944
Other	188,295
Customer deposits	30,260
Taxes accrued -	
Federal and state income	37,914
Other	25,313
Interest accrued	70,867
Vacation pay accrued	22,846
Miscellaneous	35,407
	738,905
DEFERRED CREDITS AND OTHER LIABILITIES:	
Accumulated deferred investment tax credits	375,599
Prepaid capacity revenues, net	98,939
Miscellaneous	77,824
	552,362
TOTAL CAPITALIZATION AND LIABILITIES	$ 6,457,576

ALABAMA POWER COMPANY 1990 ANNUAL REPORT

Changes in technology and changes in the marketplace all affect a company's ability to serve its customers in an efficient manner. Balancing changes which improve the ability to serve with changes in regulations and economic conditions provide a challenge which Alabama Power employees are meeting in many ways as they serve the customer.

Oxygen is added to water siphoned over Logan Martin Dam through this experimental cone and into tailrace waters to improve the quality of water downstream from the dam. The project will provide data for possible use in raising the level of dissolved oxygen in other locations.

CONTENTS

Corporate Profile

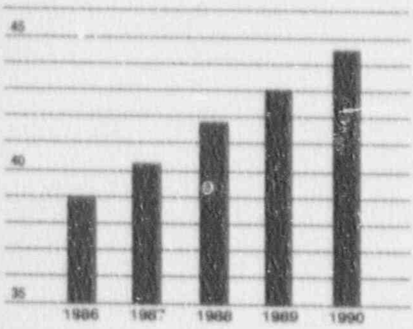
Alabama Power Company is one of five operating companies of The Southern Company. Others are Georgia Power Company, Gulf Power Company (serving northwest Florida), Mississippi Power Company (serving southeast Mississippi), and Savannah Electric and Power Company (serving Savannah, Georgia and surrounding areas). System affiliates also include Southern Company Services, Inc., which performs specialized services at cost for system companies upon request; Southern Electric International, Inc., a consulting firm; The Southern Investment Group, Inc., which develops new business opportunities; Southern Electric Generating Company, which is owned in equal shares by Alabama Power and Georgia Power companies; and Southern Nuclear Operating Company, Inc., which provides services to Alabama Power Company and Georgia Power Company in support of the three nuclear plants within the Southern electric system.

A copy of Form 10-K as filed with the Securities and Exchange Commission will be available to stockholders upon written request to Art P. Beattie, Secretary. A copy of the company's Financial and Statistical Review is also available upon request.

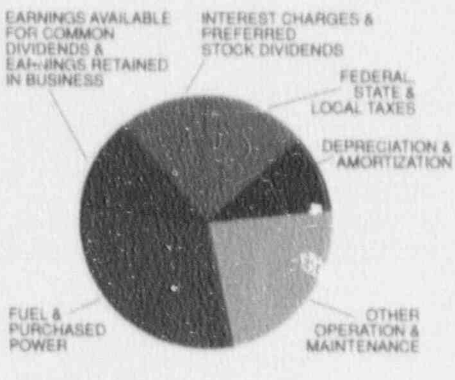
Highlights

	1990	1989
Operating Revenues (millions)	**$ 2,604**	$ 2,485
Operating Expenses (millions)	**$ 2,054**	$ 1,934
Net Income after Dividends on Preferred Stock (millions)	**$ 313**	$ 311
Return on Average Common Equity (percent)	**14.0**	14.5
Allowance for Funds Used During Construction, Net, as a Percent of Net Income after Dividends on Preferred Stock	**12.9**	15.1
Coverage Ratios:		
Mortgage Indenture (2.00x minimum requirement for issuance)	**4.54x**	4.47x
Charter (1.50x minimum requirement for issuance)	**2.17x**	2.20x
Energy Sales (thousands of kilowatt-hours):		
Within System Service Area—		
Retail	**38,081,901**	36,789,697
Sales for Resale	**2,689,230**	2,629,805
Off-system	**6,798,006**	6,425,529
Territorial Peak-Hour Demand (thousands of kilowatts)†	**8,878**	8,256
Total Customers (year-end)	**1,135,918**	1,121,771
Gross Property Additions During Year (millions)	**$ 445**	$ 459

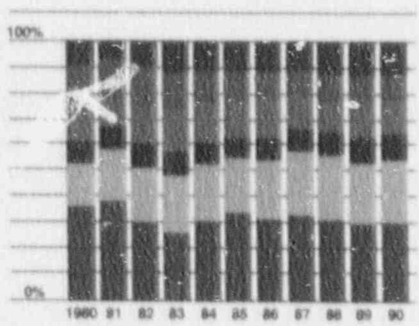
†Includes Southeastern Power Administration allotment



Total Territorial Energy Supplied
Billions of KWH
(Includes Southeastern Power Administration allotment)
5-year compound annual growth rate = 3.3%



Distribution of 1990 Revenue Dollar
(Includes allowance for funds used during construction and other income, net of taxes)



Distribution of Revenue Dollar (1980-1990)
- Earnings available for common dividends & earnings retained in business
- Interest charges and preferred stock dividends
- Federal, state and local taxes
- Depreciation and amortization
- Other operation and maintenance
- Fuel and purchased power

(Includes allowance for funds used during construction and other income, net of taxes)

To the Stockholders

The year 1990 was one of solid growth and continued emphasis on change to improve the level of service to our customers. Important financial goals were achieved, helping our company to continue to offer service at stable rates.

Our rates have increased just over six percent during the past eight years, while the Consumer Price Index has climbed 35 percent.

Balancing the changes in our industry and matching our service to the desires of our customers while keeping costs down remain our biggest challenge and opportunity.

Employees who are the first contact with our customers have been empowered to make decisions affecting the customer's service without being encumbered by rigid procedures. We believe this effort, coupled with continued emphasis on the importance of customer service, will help us to achieve our goal of being the competitive choice of our customers.

An indicator of the attention which is placed on efficiency and productivity in our company is the fact that our fossil generating plants during 1990 achieved a level of availability during our summer peak demand period which set a record for the history of the company.

The final unit of the James H. Miller Jr. Steam Electric Generating Plant is now complete, ending a 25-year period of continuous major power plant construction. No additional baseload capacity is anticipated until the end of the decade. However, some small combustion turbine units are planned in the middle part of this decade.

The founders of our company realized that the progress of Alabama and Alabama Power go hand in hand, and for that reason we began efforts in economic development in 1925. Last year we continued our efforts to help the state develop the infrastructure to support economic development and assisted communities to help prepare themselves for economic growth. We formed the Economic Development Partnership, Inc., to help raise capital to support economic growth in the state.

Through the Alabama Power Foundation we have been able to offer economic assistance to education in our state, a critical factor in the future of Alabama.

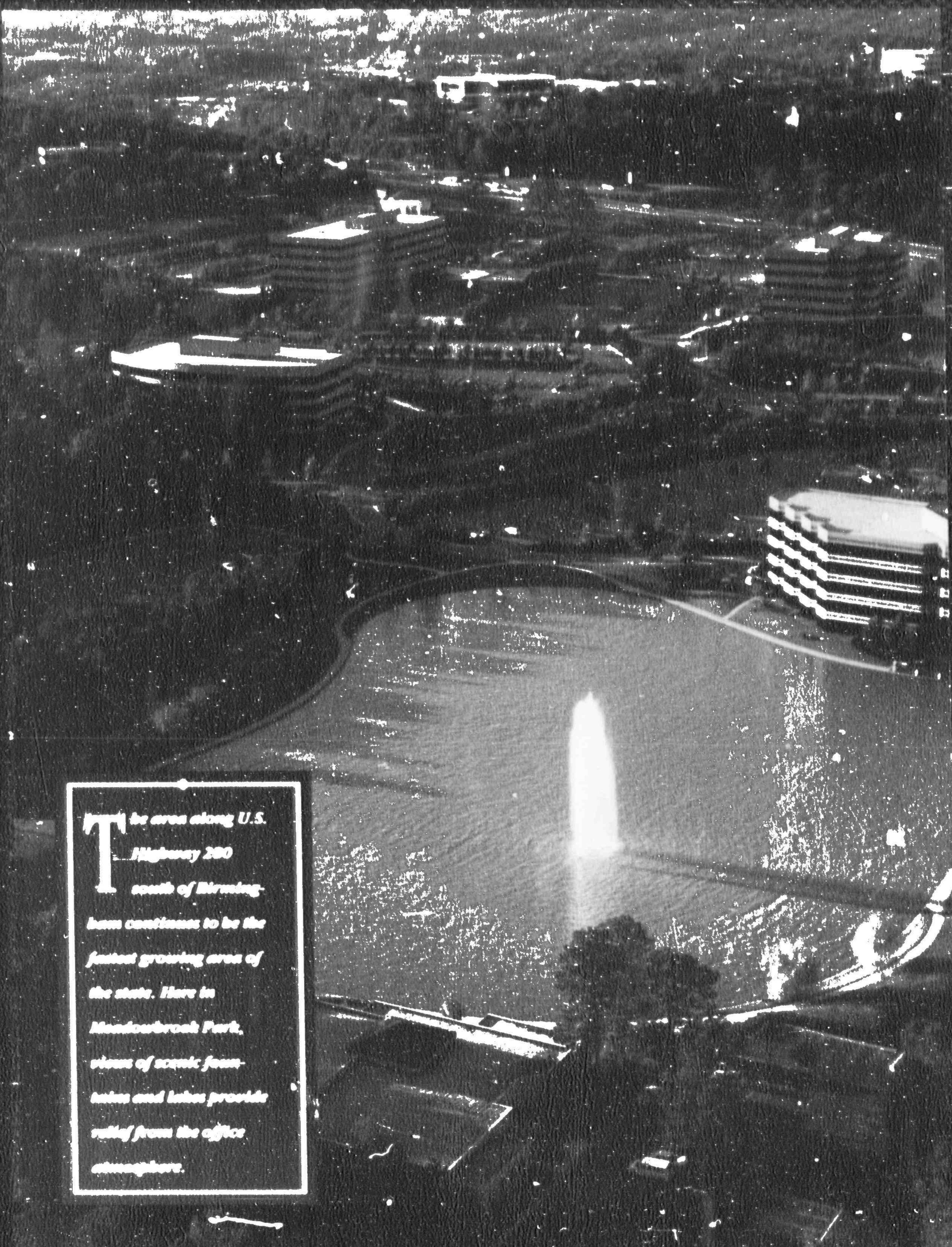
A new program, the Alabama Power Teacher Corps, is offering the services of about 500 of our employees who have volunteered to go into schools, grades K through 12, and teach classes on a variety of subjects.

As we continue to meet the energy needs of our customers and balance the changes taking place in our industry and the marketplace, we remain committed to customer satisfaction and efficient energy production while protecting our environment.

Our employees remain the basic strength of this company and it is through them and the support of our investors that we meet our challenges and sustain our achievements as we move into the future.

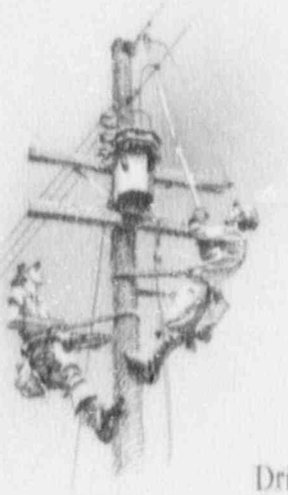
Elmer B. Harris

Elmer B. Harris
President and
Chief Executive Officer
March 1, 1991



The area along U.S. Highway 280 south of Birmingham continues to be the fastest growing area of the state. Here in Meadowbrook Park, views of scenic fountains and lakes provide relief from the office atmosphere.

The Year in Review

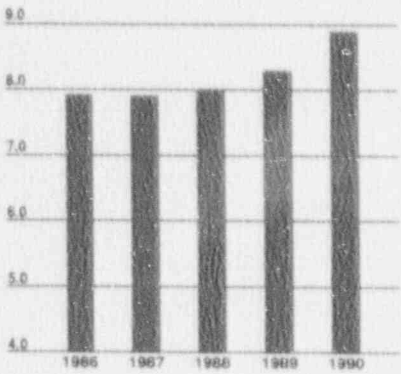


The year 1990 saw Alabama Power firmly dedicated to customer service, financially healthy, and committed to adapting to present and future competition. The response of Alabama Power in this era of change has been to balance its services, costs, work practices, productivity and the size of its work force with its markets and customer demands.

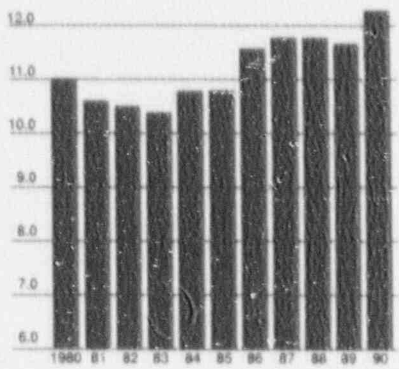
Driving down the cost of electricity in relation to inflation continues to be the number one goal in order to compete in the energy marketplace. Stable rates for our customers and financial stability for the company continue to be made possible through the Rate Stabilization and Equalization (Rate RSE) and Certificated New Plant (Rate CNP) procedure used by the Alabama Public Service Commission. The commission has jurisdiction over the company's retail electric rates. Following an examination of the procedure in 1989 by an independent management consulting firm, the commission held hearings in November and December 1989, addressing the continuation of Rate RSE and Rate CNP and, in March 1990, voted to continue the rates until at least November 1994.

Alabama Power's wholesale rates are under the jurisdiction of the Federal Energy Regulatory Commission. Cost controls have also allowed these rates to remain stable for the past seven years.

To successfully meet the challenges facing Alabama Power in the 1990s, a number of marketing changes were initiated this year. These changes include an increased emphasis on major customer segment management, commercial cooking market penetration, enhanced power quality, realtor education and

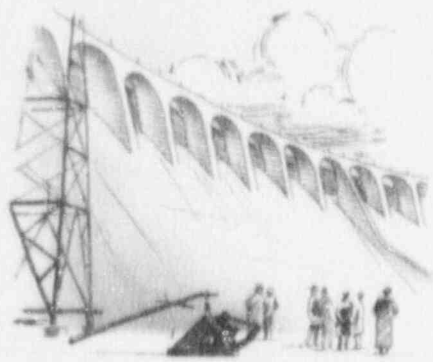


Territorial Peak Demand
Millions of KW
(Includes Southeastern Power Administration allotment)



Average Residential Usage Per Customer
Thousands of KWH

Unit 4 of the James H. Miller Jr. Steam Electric Generating Plant goes into commercial operation in the first quarter of 1991, completing a 25-year program of continuous major generating plant construction. No major generating plant construction is planned through the end of the century.



support, heat pump quality, demand side management programs, and architect and engineer support. These changes support the direction in which Alabama Power and the Southern electric system are moving to enhance customer satisfaction and increase sales.

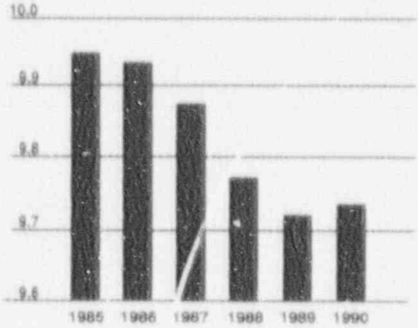
Quality and reliability of service to the customer are assured by improved efficiency and productivity. Lower operating and maintenance costs, coupled with generation and distribution cost controls, have helped offset the effects of inflation and have led to continued stable rates.

In the face of record summer demand for electricity, the company's nuclear, hydroelectric and fossil-fueled plants continued their fine operation during the year. The company's fossil-fueled plants achieved record availability during the summer peak demand.

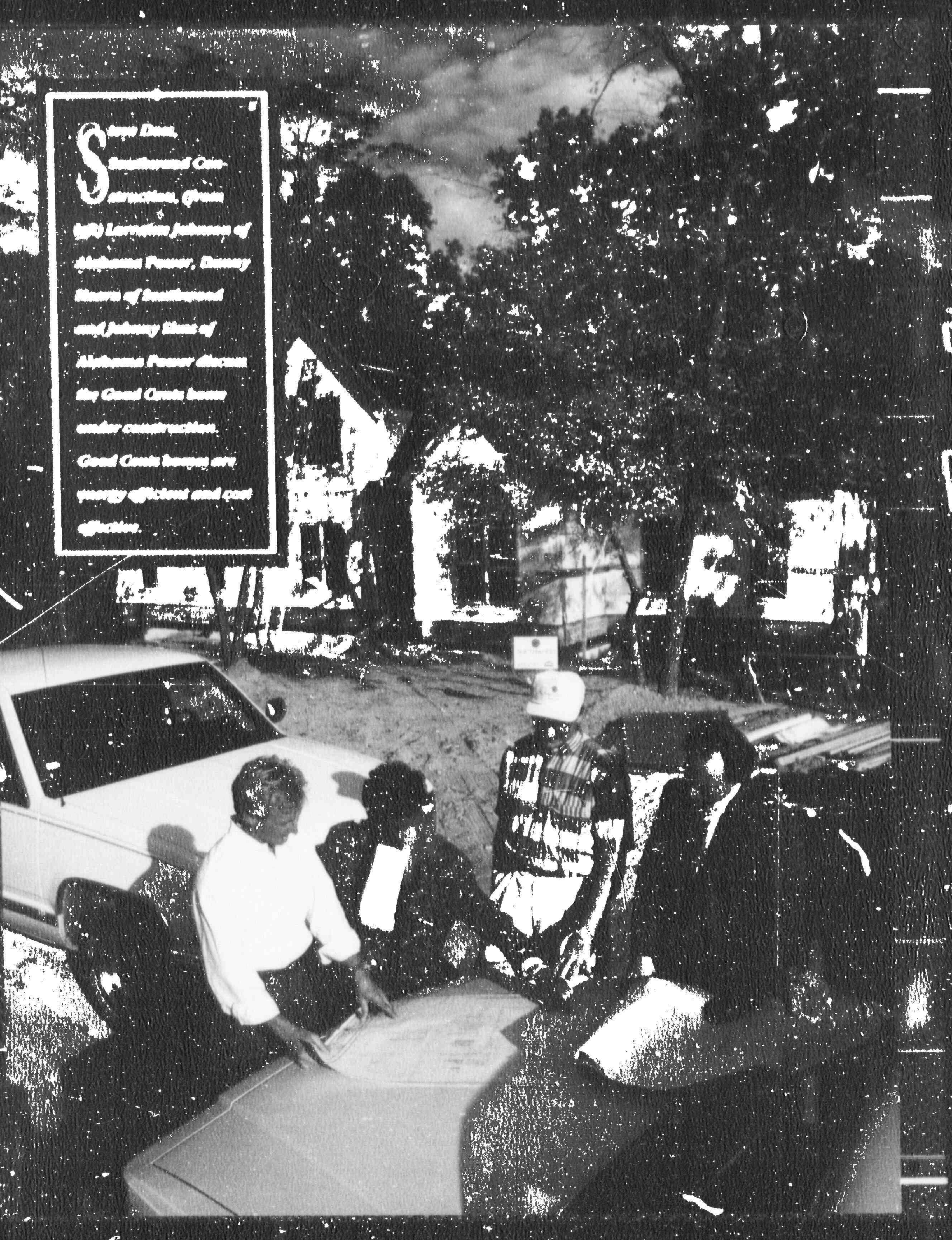
A program to consistently lower heat rate in steam electric generating plants has resulted in a major improvement in efficiency. The lower the heat rate, the less coal is required to produce a kilowatt-hour of electricity. Reduction in heat rate from 1985 through 1990 has resulted in a $98.6 million savings in fuel costs. In addition, the company signed long-term coal contracts in 1990 and renegotiated certain other contracts, which will result in saving several million dollars in fuel costs.

The Miller steam plant unit 4 was connected to the electric system in December and goes into commercial operation in March 1991. Completion of the Miller units ends a 25-year program of

Decline in heat rate, a measure of fossil-fueled generating plant efficiency, has saved the company $98.6 million since 1985.



Fossil Heat Rate
Thousands of BTU/KWH



Steve Dean, Southwood Construction, (from left) Lorraine Johnson of Alabama Power, Danny Sheets of Southwood and Johnny Sims of Alabama Power discuss the Good Cents home under construction. Good Cents homes are energy efficient and cost effective.

continuous generating plant construction. No major generating plant construction is planned through the end of the century.

In addition to retail sales of electricity to industrial, commercial and residential customers, Alabama Power sells electricity at wholesale rates to municipalities and rural electric cooperatives which operate in the state. Alabama Power and its customers continue to benefit from contracts with certain Florida utilities for sales of electricity.

In yet another cost-cutting and productivity improvement effort, Alabama Power combined operations where possible during 1990, a continuation of a program started in 1989. A new pay plan implemented in 1989 for a portion of employees was extended during 1990 to cover all employees not covered by the International Brotherhood of Electrical Workers' contract. A new three-year contract with the IBEW negotiated during 1989 continued in effect during 1990. That contract also contains productivity enhancements.

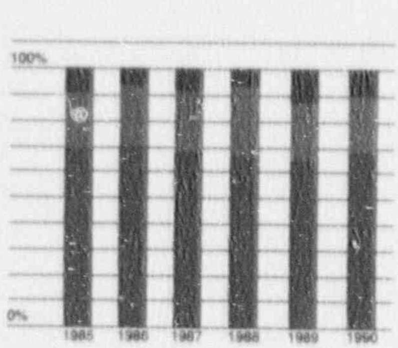
Alabama Power closely monitors state and federal legislation in order to protect the interests of its customers and stockholders. Plans continue to be developed to address issues of concern to our customers and which could impact the cost of the company's operation. An amended Clean Air Act was signed into law in November 1990. The bill is expected to increase the revenue requirements of the entire Southern electric system by 8 percent by the year 2000. Most of the additional expenditures will be necessary to reduce emissions of sulfur dioxide and nitrogen oxide at coal-fired plants.

New programs were developed during the year to improve contact with commercial and industrial customers and seminars were held to offer assistance to encourage industrial expansion. Programs were developed to assist communities in preparing to attract industrial development and commercial business. Efforts also continued during 1990 to assist the state and local communities in attracting agribusiness and recruiting international business.

Computer-based power outage evaluation systems have improved response time in restoring service after power outages. A new program was developed during the year to expand computer-based system control and data acquisition systems to the company's distribution network—another improvement in customer service and reliability.

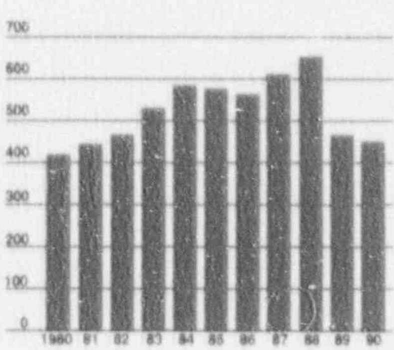
During the year the company continued a program to formally recognize employees for outstanding volunteerism. Alabama Power employees have been recognized repeatedly for taking active roles in their communities.

Employees and customers of Alabama Power continued their support for Project SHARE, an energy assistance program to help pay energy bills for qualified low-income people who are elderly or disabled. Started in 1982, with $50,000 seed money from Alabama Power, Project SHARE is one of the most



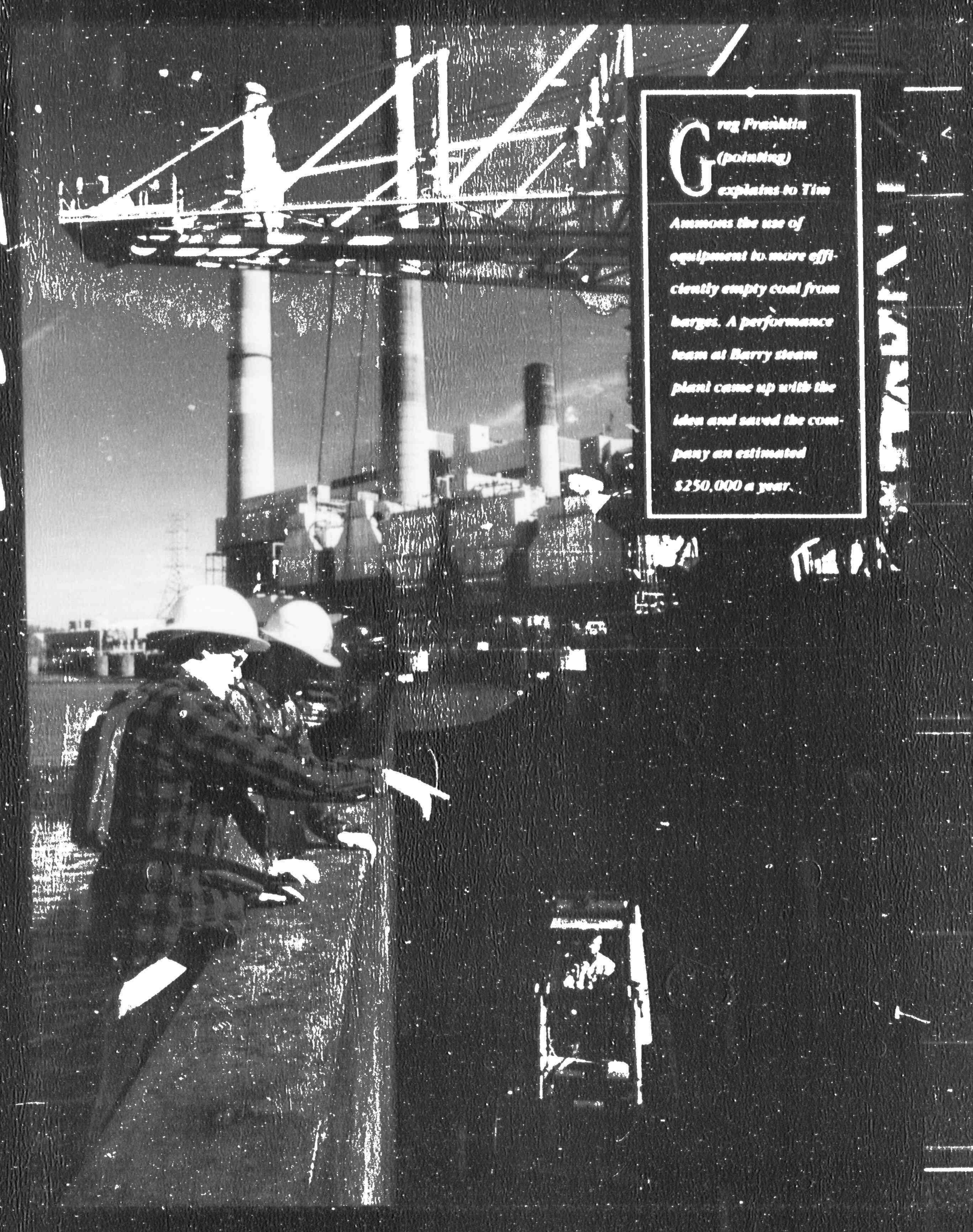
Percent of Total KWH Generation

Coal
Nuclear
Hydro
Gas and Oil (Less than 0.5%)



Gross Property Additions

Millions of Dollars



Greg Franklin (pointing) explains to Tim Ammons the use of equipment to more efficiently empty coal from barges. A performance team at Barry steam plant came up with the idea and saved the company an estimated $250,000 a year.

outstanding programs of its type in the nation. For fiscal 1990 the program distributed more than $1.7 million, assisting 14,491 families.

The Alabama Power Foundation, Inc., was established in 1989 to make distributions to qualified entities which are organized exclusively for charitable, educational, literary and scientific purposes. Through 1990, the company had committed $42.5 million to the trust fund of this organization. During 1990 the foundation contributed over $1.25 million to approximately 100 organizations throughout the state of Alabama and provided leadership which helped stimulate giving by others.

The challenge of providing world class service in a competitive marketplace while simultaneously driving down the relative cost of electricity is formidable, but one we are eager to undertake. We believe with the help of our employees' hard work and enthusiasm, for which we are grateful, and the continued confidence of our stockholders, we will be successful.


HIGH
KEEP

REPORT OF MANAGEMENT

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

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

The company's system of internal control is evaluated on an ongoing basis by the company's qualified internal audit staff. The company's independent public accountants also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

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

We believe that these policies and procedures provide reasonable assurance that our operations are conducted with a high standard of business conduct and that the financial statements reflect fairly the financial position, results of operations and cash flows of the company.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of Alabama Power Company:

We have audited the accompanying balance sheets and statements of capitalization of Alabama Power Company (an Alabama corporation and wholly owned subsidiary of The Southern Company) as of December 31, 1990 and 1989, and the related statements of income, earnings retained in the business, other paid-in capital and cash flows for each of the three years in the period ended December 31, 1990. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements (pages 22-34) referred to above present fairly, in all material respects, the financial position of Alabama Power Company as of December 31, 1990 and 1989, and the results of its operations and its cash flows for the periods stated in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN & CO.

Birmingham, Alabama,
February 15, 1991

Selected Financial Data

(Dollars In Thousands)

	1990*	1989*	1988*	1987*
Condensed Statements of Income:				
Operating Revenues	$2,604,044	$2,485,387	$2,384,314	$2,450,532
Operating Expenses:				
Operation and maintenance	1,442,151	1,343,194	1,376,012	1,446,608
Depreciation and amortization	262,817	247,973	225,123	212,072
Taxes other than income taxes	163,567	154,398	148,681	141,422
Federal and state income taxes	185,954	188,507	143,614	190,575
Total operating expenses	2,054,489	1,934,072	1,893,430	1,990,677
Operating Income	549,555	551,315	490,884	459,855
Other Income, Net	27,021	28,452	46,603	38,180
Income Before Interest Charges	576,576	579,767	537,487	498,035
Net Interest Charges	225,261	229,098	217,532	207,877
Dividends on Preferred Stock	38,512	39,523	36,480	32,919
Net Income after Dividends on Preferred Stock	$ 312,803	$ 311,146	$ 283,475	$ 257,239
Cash Dividends on Common Stock	$ 220,800	$ 217,300	$ 212,700	$ 201,100
Return on Average Common Equity (Percent)	14.00	14.53	14.03	13.56
Total Assets	6,362,293	6,279,431	6,180,945	5,912,000
Gross Property Additions	444,680	459,199	643,892	600,589
Capitalization:				
Common stock equity	$2,280,590	$2,188,811	$2,094,815	$1,946,747
Preferred stock	484,400	484,400	484,400	384,400
Preferred stock subject to mandatory redemption	12,500	17,500	22,500	27,500
Long-term debt	2,397,931	2,435,129	2,496,492	2,386,258
Total Capitalization	$5,175,421	$5,125,840	$5,098,207	$4,744,905
Kilowatt-hour Sales (In Thousands):				
Residential	11,996,794	11,346,736	11,332,285	11,149,225
Commercial	8,201,5[illegible]4	7,915,685	7,711,092	7,476,9[illegible]
Industrial	17,713,153	17,360,791	16,881,342	15,969,075
Sales for resale	2,689,230	2,629,805	2,854,703	3,007,267
Other	170,420	166,485	165,122	159,422
Total territorial sales	40,771,131	39,419,502	38,944,544	37,761,913
Nonterritorial sales	6,798,006	6,425,529	4,579,415	7,348,457
Total Kilowatt-hour Sales	47,569,137	45,845,031	43,523,959	45,110,370
Operating Revenues:				
Residential	$ 825,645	$ 781,982	$ 761,805	$ 759,957
Commercial	551,634	533,487	510,910	501,088
Industrial	777,580	762,274	738,755	721,298
Sales for resale	106,864	98,552	108,119	118,907
Other	12,103	11,743	11,255	10,968
Total territorial revenues	2,273,826	2,188,038	2,130,844	2,112,218
Nonterritorial revenues	303,225	271,171	231,622	319,617
Total revenues from sales of electricity	2,577,051	2,459,209	2,362,466	2,431,835
Other revenues	26,993	26,178	21,848	18,697
Total Operating Revenues	$2,604,044	$2,485,387	$2,384,314	$2,450,532
Customers (End of Year)	1,135,918	1,121,771	1,108,334	1,090,302
Employees (End of Year)	9,473	9,698	10,302	10,457
Average Revenue Per Kilowatt-hour Total Sales (Cents)	5.42	5.36	5.43	5.39
Average Cost of Fuel Per Net Kilowatt-hour Generated (Including SEGCO) (Cents)	1.73	1.73	1.71	1.80

*Includes the effect of recognizing, beginning in February 1987, retail service rendered but not yet billed to customers.

1986	1985	1984	1983	1982	1981	1980
$2,425,751	$2,414,219	$2,105,406	$1,875,608	$1,764,145	$1,594,022	$1,421,997
1,349,167	1,370,594	1,157,405	941,966	940,262	978,075	816,243
201,803	183,779	174,514	169,231	169,753	147,581	127,840
135,248	128,648	122,928	107,445	96,936	86,878	74,488
255,400	248,774	224,726	220,245	176,238	92,773	114,427
1,941,618	1,931,795	1,679,573	1,438,887	1,383,189	1,305,307	1,132,998
484,133	482,424	425,833	436,721	380,956	288,715	288,999
38,291	47,888	57,563	44,339	28,571	46,927	42,715
522,424	530,312	483,396	481,060	409,527	335,642	331,714
214,943	224,404	208,103	214,113	210,612	199,762	170,997
34,025	41,346	42,041	37,936	36,658	36,071	31,013
$ 273,456	$ 264,562	$ 233,252	$ 229,011	$ 162,257	$ 99,809	$ 129,704
$ 191,300	$ 185,700	$ 161,900	$ 145,200	$ 130,700	$ 120,800	$ 115,300
15.12	15.41	14.74	16.12	12.62	8.17	11.61
5,570,653	5,722,263	5,496,197	5,120,607	4,683,358	4,449,126	4,244,932
553,767	568,073	575,173	522,140	459,437	437,587	411,813
$1,847,608	$1,770,156	$1,664,295	$1,499,909	$1,340,890	$1,231,061	$1,211,417
384,400	384,400	424,400	424,400	374,400	374,400	334,400
30,000	35,000	37,224	38,034	42,234	43,789	47,500
2,210,108	2,349,373	2,402,713	2,404,565	2,370,050	2,394,674	2,159,793
$4,472,116	$4,538,929	$4,528,632	$4,366,908	$4,127,574	$4,043,924	$3,753,110
10,606,698	9,814,814	9,634,285	9,176,413	9,153,173	9,229,255	9,510,609
7,015,589	6,593,645	6,270,899	5,816,678	5,715,630	5,586,990	5,514,844
15,025,806	15,215,276	15,134,188	13,688,096	13,460,193	14,651,012	14,499,375
3,007,753	2,726,083	2,600,692	2,496,899	2,408,904	2,402,331	2,518,347
153,282	146,119	143,785	138,901	134,811	131,117	127,582
35,809,128	34,495,937	33,783,849	31,316,987	30,872,711	32,000,705	32,170,757
5,967,275	9,167,033	5,266,477	2,905,585	3,066,423	1,768,650	1,346,912
41,776,403	43,662,970	39,050,326	34,222,572	33,939,134	33,769,355	33,517,669
$ 738,864	$ 684,970	$ 664,286	$ 629,478	$ 578,291	$ 518,730	$ 489,031
481,676	453,651	430,400	398,827	371,581	325,388	293,576
705,395	717,078	692,177	631,440	600,219	584,030	507,784
124,412	119,025	109,030	97,731	99,014	89,727	77,627
10,811	10,129	9,615	8,914	8,036	7,644	6,706
2,061,158	1,984,853	1,905,508	766,390	1,657,141	1,525,519	1,374,724
345,614	411,571	186,518	92,373	90,331	56,013	37,304
2,406,772	2,396,424	2,092,026	1,858,763	1,747,472	1,581,532	1,412,028
18,979	17,795	13,380	16,845	16,673	12,490	9,969
$2,425,751	$2,414,219	$2,105,406	$1,875,608	$1,764,145	$1,594,022	$1,421,997
1,070,760	1,050,795	1,034,026	1,015,203	1,001,832	996,200	986,082
10,367	10,212	10,144	9,917	9,663	9,661	9,573
5.76	5.49	5.36	5.43	5.15	4.68	4.21
1.83	1.90	1.86	1.74	1.80	1.84	1.61

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

RESULTS OF OPERATIONS

The company's net income after dividends on preferred stock was $313 million in 1990, $311 million in 1989, and $283 million in 1988. The increase in net income in 1990 over 1989 is primarily attributable to continued growth in all major customer categories including sales to neighboring utilities.

The return on average common equity for 1990 was 14.0 percent compared to 14.5 percent in 1989, and 14.0 percent in 1988. The decrease in 1990 as compared to 1989 is the result of an increase in common stock equity investment primarily attributable to earnings retained in the business.

Revenues

Total revenues in 1990 increased from 1989 primarily as a result of an increase in sales to territorial customers. Territorial revenues increased $86 million or 3.9 percent in 1990 primarily as a result of an increase in kilowatt-hour sales of 3.4 percent.

Nonterritorial revenues increased $32 million or 11.8 percent in 1990 over 1989 as a result of increases in capacity and energy sales of $25 million and $7 million, respectively. Revenues from sales to off-system utilities consist of capacity and energy components. Capacity revenues reflect the recovery of fixed costs and a return on investment under the contracts. Energy is sold at its variable cost. Nonterritorial energy sales increased by 5.3 percent and capacity revenues increased 18.0 percent from 1989.

The increase in energy sales and capacity revenues was due to new contracts, both long-term and short-term, with Florida Power Corporation and the City of Tallahassee. Capacity sales also increased to Florida Power and Light Company and Jacksonville Electric Authority due to increases in capacity entitlements.

There were no energy and capacity sales to Gulf States Utilities Company (Gulf States) in 1990 or 1989, although such sales amounted to $25 million in 1988 and $59 million in 1987. In late 1986, Gulf States discontinued most payments due under purchase power contracts. Effective July 1, 1988, the company and its operating affiliates suspended all transactions called for by the agreements because of Gulf States' refusal to pay. In 1990, the company and its operating affiliates entered into a settlement agreement with Gulf States related to these power sales contracts. For additional information, see Note 11, "Nonterritorial Revenues," to the financial statements.

The increase in revenues in 1989 from 1988 was attributable to an increase in sales to nonterritorial customers and higher retail rates throughout the year. Territorial revenues increased $57 million or 2.7 percent in 1989 primarily as a result of an increase in kilowatt-hour sales of 1.2 percent and increases in retail rates effective in late 1988 and early 1989 under Rate RSE, which provides for periodic retail rate adjustments based upon the company's earned return on end-of-period retail common equity.

The average revenue per kilowatt-hour of total sales was 5.42¢ in 1990, 5.36¢ in 1989, and 5.43¢ in 1988. The increase in 1990 was primarily due to an increase in nonterritorial capacity sales resulting from new contracts. The decrease in 1989 was the result of an increase in nonterritorial energy sales, which are sold at a rate generally lower than that for territorial sales.

Operating Expenses

Total operating expenses for 1990 increased 6.2 percent from 1989 primarily as a result of increased operation expenses associated with an increase in fossil generation due to higher demand for energy. Fuel costs are the single largest expense for the company. The mix of fuel sources for generation of electricity is determined primarily by system load, the unit cost of fuel consumed, and the availability of hydro and nuclear generating units. Fuel expense increased $44 million in 1990 as a result of an increase in fossil generation, offset somewhat by a decrease in nuclear fuel expense. Fuel cost per kilowatt-hour generated, including the company's portion of Southern Electric Generating Company, was 1.73¢ in 1990 and 1989, and 1.71¢ in 1988. Purchased and interchanged power expenses increased $11 million in 1990 primarily due to a 19.7 percent decrease in hydro generation. Other operation expenses increased because of certain charges related to employee and retirement benefits. Maintenance expenses for 1990 increased 6.3 percent from 1989 primarily due to scheduled maintenance outages on certain fossil fuel generation units and storm related damages to distribution facilities.

Depreciation expense increased each year principally due to continued growth in depreciable plant in service. The composite straight-line depreciation rate was 3.5 percent in 1990, 1989 and 1988.

Taxes other than income taxes increased each year because of higher revenue-related taxes as well as growth in property taxes. The increase in income tax expense in 1989 was primarily due to the increase in taxable income.

Allowance for Funds used During Construction (AFUDC)

AFUDC is the estimated debt and equity costs of capital funds that are necessary to finance the construction of new facilities. While cash is not realized currently from such allowance, it is realized over the service life of the plant through increased revenues resulting from a higher rate base and higher depreciation expense. The composite rate used to determine the amount of allowance, net of deferred income tax, was 9.3 percent in 1990, 9.6 percent in 1989, and 9.5 percent in 1988. For construction projects begun after 1986, deferral of taxes related to capitalized interest is no longer permitted. For those projects, the composite rate used to determine the amount of allowance was 11.3 percent in 1990. AFUDC, net of income tax, as a percent of net income after dividends on preferred stock was 12.9 percent in 1990, 15.1 percent in 1989, and 20.9 percent in 1988. The ratios have dropped substantially since 1988 because of a decrease in construction work in progress.

Interest Charges and Dividends on Preferred Stock

Interest on long-term debt in 1990 decreased from 1989 by $8.5 million and dividends on preferred stock decreased by $1 million. These decreases were primarily the result of the redemption and retirement of long-term debt and preferred stock. The reduction in securities outstanding included the redemption of $20.5 million of first mortgage bonds (12-5/8 percent series) in January 1990 in satisfaction of the annual first mortgage bond improvement fund requirement. In addition, the company reacquired first mortgage bonds of $5 million (10-7/8 percent series) and $0.6 million (10-5/8 percent series) during January 1990. Also, $6.9 million of first mortgage bonds (5 percent series) matured in April 1990. In January 1990, $2.5 million of preferred stock (11 percent series) was redeemed to satisfy the 1990 preferred stock sinking fund requirement. The company also exercised its option to redeem an additional $2.5 million of preferred stock (11 percent series).

Alabama Power Foundation, Inc.

Late in 1989, the company established the Alabama Power Foundation, Inc. (Foundation), to make distributions to qualified entities which are organized exclusively for charitable, educational, literary and scientific purposes. The company committed $17.5 million in 1990 and $25 million in 1989 to the Foundation. These amounts are reflected on the "Charitable foundation" line of the Statements of Income.

Effects of Inflation

The company is subject to rate regulation and income tax laws that are based on the recovery of historical costs. Therefore, inflation creates an economic loss because the company is recovering its costs of investments in dollars that have less purchasing power. While the inflation rate has been relatively low in recent years, it continues to have an adverse effect on the company because of the large investment in long-lived utility plant. Conventional accounting for historical cost does not recognize this economic loss nor the partially offsetting gain that arises through financing facilities with fixed-money obligations, such as long-term debt and preferred stock. Any recognition of inflation by regulatory authorities is reflected in the rate of return allowed.

Future Earnings Potential

The results of operations discussed above are not necessarily indicative of future earnings potential. The level of future earnings depends on numerous factors ranging from regulatory matters to growth in energy sales.

Earnings in the future will be affected by completion of an agreement with Gulf States to settle disputed unit power and other long-term power sales contracts and to settle pending litigation concerning this matter. For additional information, see Note 11, "Nonterritorial Revenues," to the financial statements.

See Note 2, "Regulatory Matters and Litigation," to the financial statements, for further discussion of regulatory uncertainties and legal proceedings related to: the resolution of the Internal Revenue Service and Securities and Exchange Commission investigations; civil suits for alleged violations of the federal Racketeer Influenced and Corrupt Organizations Act; a civil suit related to financing agreements; and arbitration proceedings relating to miners' health care benefits.

Future earnings will also depend upon growth in electric sales which are subject to a number of factors. These factors include changes in contracts with neighboring utilities, energy conservation practiced by customers, the elasticity of demand, weather, deregulation, competition and open transmission access, and the rate of economic growth in the company's service area. Also, costs associated with compliance of the Clean Air Act Amendments of 1990 could reduce earnings if such costs cannot be billed to customers.

The Financial Accounting Standards Board (FASB) issued new rules in 1987 for accounting for income taxes (Statement No. 96) currently scheduled to be effective in 1992. The accounting for and the impact on net income related to these new rules, which are expected to be adopted on a prospective basis, will depend greatly on future rate-making treatment. However, the FASB has tentatively decided to supersede Statement No. 96. For additional information on FASB Statement No. 96, see Note 1 to the financial statements under "Income Taxes."

The FASB has also issued new rules on accounting for health care and life insurance benefits for retired employees (Statement No. 106), which must be adopted by 1993. The rules will require that the cost of such benefits be accounted for on an accrual basis, using a specified single actuarial method. The rules, which the company expects to adopt in 1993 on a prospective basis, are expected to result in higher costs being recognized related to these benefits, although the amount of this increase is not currently known. For additional information on FASB Statement No. 106, see Note 1 to the financial statements under "Retirement Plans."

FINANCIAL CONDITION

Liquidity and Capital Resources

The company has regulatory approval and borrowing resources for short-term borrowings up to $330 million. At the end of 1990, the company had outstanding short-term borrowings of $89.5 million. During 1990, $20.5 million of first mortgage bonds were redeemed, $5.6 million were reacquired and $6.9 million matured.

Common equity as a percent of total capitalization was 44.1 percent at year-end 1990. Security ratings by all major rating agencies remain in the "A" category.

The capital expenditure program required the outlay of $1.5 billion during the three years 1988 through 1990. The primary sources of funds for capital expenditures are internal sources, long-term debt, sales of preferred stock and capital contributions from The Southern Company.

Capital expenditures are estimated to total $1.2 billion for the three years 1991 through 1993, including $42 million of AFUDC. The major components of future capital expendi-

tures are projects for improvements of the existing fossil, hydro and nuclear generating plants, distribution and transmission related facilities, and new business.

The capital budget is subject to periodic review and revision and capital costs incurred and commercial operation dates may vary from estimates because of several factors, including new cost estimates, revised load estimates, changes in environmental requirements, and the cost of capital. In addition to the funds required for the capital budget, approximately $73 million will be required through the end of 1993 in connection with present sinking fund requirements and maturities of senior securities and pollution control bonds.

As a result of new requirements by the Nuclear Regulatory Commission and as ordered by the Alabama Public Service Commission, the company has established external trust funds for the purpose of funding nuclear decommissioning costs. Beginning in 1991, the company will fund $16 million annually. For additional information concerning nuclear decommissioning costs, see Note 1 to the financial statements under "Depreciation and Nuclear Decommissioning."

It is anticipated that the funds required will be derived from sources in form and quantity similar to those used in the past. In order 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. The bond coverage was 4.54 and the preferred stock coverage was 2.17 for the year ended December 31, 1990. The minimum coverage ratios under the mortgage indenture and the corporate charter for the issuance of additional first mortgage bonds and preferred stock are 2.0 and 1.5, respectively.

In November 1990, the Clean Air Act Amendments of 1990 (Clean Air Act) were signed into law, and the acid rain compliance provision of the new law will have a significant impact on the Southern electric system. Specific reductions in sulfur dioxide and nitrogen oxide emissions from fossil-fired generating plants will be required in two phases. Phase I compliance must be implemented by January 1, 1995, and affects eight generating plants, representing 10,000 megawatts of capacity or 35 percent of total capacity, in the Southern electric system. Phase II compliance is required by January 1, 2000, and all fossil-fired generating plants in the Southern electric system will be affected.

To reduce the financial impact of the Clean Air Act on the individual operating companies, the Southern electric system is developing a possible system-wide compliance strategy. However, this strategy might be significantly affected by final Clean Air Act regulations.

The Southern Company currently expects that Phase I compliance at the eight affected plants could be achieved by switching to low-sulfur coal, although this may require some equipment upgrades. Additional construction expenditures would be required to control nitrogen oxide emissions and to install continuous emissions monitoring equipment. Compliance costs under this Phase I approach could require construction expenditures of up to $400 million prior to 1995 and increase revenue requirements by approximately 1 percent.

Phase II compliance costs are expected to be much higher because all fossil-fired generating plants are affected. The Southern Company's Phase II compliance plan anticipates greater use of low-sulfur coal and the installation of scrubbers on several plants. Projected construction expenditures could total as much as $3 billion, and revenue requirements could increase up to an additional 7 percent during the period 1995-2000. However, the full impact of Phase II compliance cannot now be determined with certainty pending the formation and maturation of a market for emission allowances and the development of new emission reduction technologies.

Because of the numerous uncertainties discussed earlier, including those relating to any system-wide compliance strategy, the financial impact of the Clean Air Act on Alabama Power cannot be reasonably determined at this time. However, the resulting increases in Alabama Power's revenue requirements and construction expenditures are currently expected to represent an approximately proportionate share of the system totals estimated above. There can be no assurance that compliance costs will be recovered through corresponding increases in rates.

Another provision of the Clean Air Act requires a three-year study by the Environmental Protection Agency (EPA) of power plant emissions of air toxics. The study will serve as the basis for a decision on whether additional controls of the substances are warranted. Compliance with any new standard could result in significant additional costs. The impact of a new standard, if any, will depend on the development and implementation of applicable regulations.

In addition, future legislation amending the Resource Conservation and Recovery Act, as well as previous amendments to this act; the Comprehensive Environmental Response, Compensation, and Liability Act; and the Emergency Planning and Community Right-to-Know Act could affect many areas of the Southern electric system's operations, including the generation, transmission, and distribution of electricity. The full impact of these requirements cannot be determined at this time, pending the development and implementation of applicable regulations.

In 1988, the EPA solicited public comment on the need for a new short-term ambient air quality standard for sulfur dioxide. During 1991, the EPA is expected to make a final decision on whether to promulgate this standard. The impact of any new standard will depend upon the level chosen for the standard and cannot be determined at this time.

In 1985, the EPA promulgated air quality control regulations related to stack height requirements of the Clean Air Act. The U.S. Court of Appeals for the District of Columbia Circuit issued a decision in litigation concerning the EPA's stack height rules in January 1988. The decision, which the U.S. Supreme Court has declined to review, remands the matter to the EPA for reconsideration of certain of the stack height rules. At this time, the impact of the court's decision on final rules and the ultimate impact on the system companies cannot be determined.

Statements Of Income

for the Years Ended December 31, 1990, 1989 and 1988

	1990	1989	1988
		(In Thousands)	
OPERATING REVENUES (Notes 1, 2, 11 and 15)	$2,604,044	$2,485,387	$2,384,314
OPERATING EXPENSES:			
Operation—			
Fuel	756,501	712,453	676,423
Purchased and interchanged power, net	58,787	47,572	101,485
Other	411,559	380,536	400,879
Maintenance	215,304	202,633	197,225
Depreciation and amortization	262,817	247,973	225,123
Taxes other than income taxes	163,567	154,398	148,681
Federal and state income taxes (Note 5)	185,954	188,507	143,614
Total operating expenses	2,054,489	1,934,072	1,893,430
OPERATING INCOME	549,555	551,315	490,884
OTHER INCOME (EXPENSE):			
Allowance for equity funds used during construction (Note 1)	25,487	29,515	39,047
Income from subsidiary (Note 9)	4,182	3,750	3,302
Charitable foundation	(17,500)	(25,000)	—
Other, net	14,852	20,187	4,254
INCOME BEFORE INTEREST CHARGES	576,576	579,767	537,487
INTEREST CHARGES:			
Interest on long-term debt	221,527	230,046	225,522
Allowance for debt funds used during construction (Note 1)	(23,339)	(27,627)	(31,830)
Amortization of debt discount, premium and expense, net	3,706	4,469	4,411
Other interest charges	23,367	22,210	19,429
Net interest charges	225,261	229,098	217,532
NET INCOME	351,315	350,669	319,955
DIVIDENDS ON PREFERRED STOCK	38,512	39,523	36,480
NET INCOME AFTER DIVIDENDS ON PREFERRED STOCK	$ 312,803	$ 311,146	$ 283,475

Statements Of Earnings Retained In The Business

for the Years Ended December 31, 1990, 1989 and 1988

	1990	1989	1988
		(In Thousands)	
Balance, beginning of period	$ 659,347	$ 565,351	$ 496,783
Add (deduct):			
Net income after dividends on preferred stock	312,803	311,146	283,475
Cash dividends paid on common stock	(220,800)	(217,300)	(212,700)
Preferred stock issuance expense (Note 8)	(15)	(24)	(2,033)
Auction preferred stock dividend adjustment (Note 8)	(209)	174	(174)
Balance, end of period (Note 12)	$ 751,126	$ 659,347	$ 565,351

Statements Of Other Paid-In Capital

for the Years Ended December 31, 1990, 1989 and 1988

	1990	1989	1988
		(In Thousands)	
Balance, beginning of period	$1,304,645	$1,304,645	$1,225,145
Cash contribution to capital by parent company	—	—	79,500
Balance, end of period	$1,304,645	$1,304,645	$1,304,645

The accompanying notes are an integral part of these statements.

Statements Of Cash Flows

for the Years Ended December 31, 1990, 1989 and 1988

	1990	1989	1988
		(In Thousands)	
OPERATING ACTIVITIES:			
Net income	$351,315	$350,669	$319,955
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	331,858	322,042	296,234
Deferred income taxes, net	64,480	31,715	37,952
Deferred investment tax credits, net	132	6,917	15,019
Allowance for equity funds used during construction	(25,487)	(29,515)	(39,047)
Other, net	19,899	(5,297)	16,106
Change in certain current assets and liabilities:			
Receivables	16,818	(10,538)	(11,405)
Provision for uncollectible accounts	(4,813)	102	20,227
Prepayments	915	2,793	(16,079)
Inventories	(40,901)	20,408	(23,182)
Payables	6,597	16,259	(12,957)
Interest accrued	(106)	(248)	685
Taxes accrued	(6,167)	1,547	(7,754)
Energy cost recovery, retail	(42,535)	39,164	—
Other	13,335	26,156	(3,264)
Net cash provided from operating activities	685,340	772,174	592,490
INVESTING ACTIVITIES:			
Gross property additions	(444,680)	(459,199)	(643,892)
Allowance for equity funds used during construction	25,487	29,515	39,047
Deferred income tax effect of debt portion of allowance for funds used during construction	(6,357)	(10,005)	(11,527)
Other	(12,195)	(15,742)	(4,359)
Net cash used for investing activities	(437,745)	(455,431)	(620,731)
FINANCING ACTIVITIES AND CAPITAL CONTRIBUTIONS:			
Proceeds:			
First mortgage bonds	—	—	150,000
Preferred stock	—	—	100,000
Pollution control bonds	—	53,700	—
Other long-term debt	54,831	55,176	62,515
Capital contributions from parent company	—	—	79,500
Notes payable, net	59,500	30,000	—
Add: Bond discount and debt expenses, net	208	350	(3,340)
Preferred stock issuance expenses	(15)	(24)	(2,033)
Redemptions:			
First mortgage bonds	(33,122)	(75,650)	(42,445)
Preferred stock	(5,000)	(5,000)	(2,500)
Pollution control bonds	(250)	(53,950)	—
Other long-term debt	(56,895)	(57,316)	(56,748)
Notes payable, net	—	—	(15,000)
Add: Gains (losses) on reacquired debt, net	(486)	(4,902)	(208)
Cash used for payment of preferred stock dividends	(38,245)	(40,105)	(35,362)
Cash used for payment of common stock dividends	(220,800)	(217,300)	(212,700)
Net cash provided from (used for) financing activities and capital contributions	(240,274)	(315,021)	21,679
NET INCREASE (DECREASE) IN CASH AND TEMPORARY CASH INVESTMENTS	7,321	1,722	(6,562)
CASH AND TEMPORARY CASH INVESTMENTS AT BEGINNING OF PERIOD	3,239	1,517	8,079
CASH AND TEMPORARY CASH INVESTMENTS AT END OF PERIOD	$ 10,560	$ 3,239	$ 1,517
Supplemental cash flow information:			
Cash paid during the year for—			
Interest (net of amount capitalized)	$ 216,109	$ 222,815	$ 212,803
Income taxes	143,965	122,812	64,660

The accompanying notes are an integral part of these statements.

Balance Sheets at December 31, 1990 and 1989

	1990	1989
	(In Thousands)	
Assets		
UTILITY PLANT (Notes 1, 3, 10 and 14):		
Plant in service, at original cost	$8,487,159	$8,260,889
Less—Accumulated provision for depreciation	2,684,818	2,465,901
	5,802,341	5,794,988
Nuclear fuel, at amortized cost	143,711	147,997
Construction work in progress	654,129	557,221
	6,600,181	6,500,206
Less—Property-related accumulated deferred income taxes (Note 1)	1,106,664	1,051,877
	5,493,517	5,448,329
OTHER PROPERTY AND INVESTMENTS:		
Southern Electric Generating Company, at equity (Note 9)	29,758	25,576
Nonutility property, net	4,992	3,914
Miscellaneous	5,854	5,220
	40,604	34,710
CURRENT ASSETS:		
Cash (Note 4)	10,560	3,239
Receivables—		
Customer accounts receivable	252,266	262,058
Other accounts and notes receivable (Note 11)	98,080	98,225
Affiliated companies	44,024	69,766
Accumulated provision for uncollectible accounts (Note 11)	(74,980)	(74,942)
Refundable income taxes (Note 5)	27,083	—
Fossil fuel stock, at average cost	144,960	131,942
Materials and supplies, at average cost	167,209	139,326
Prepayments	50,364	54,613
Vacation pay deferred (Note 1)	22,845	22,021
	742,411	706,248
DEFERRED CHARGES:		
Debt expense, being amortized	6,083	6,491
Debt redemption expense, being amortized	26,504	28,778
Miscellaneous	53,174	54,875
	85,761	90,144
Total Assets	$6,362,293	$6,279,431
Capitalization and Liabilities		
CAPITALIZATION (See accompanying statements):		
Common stock equity (Note 12)	$2,280,590	$2,188,811
Preferred stock	484,400	484,400
Preferred stock subject to mandatory redemption (Note 8)	12,500	17,500
Long-term debt	2,397,931	2,435,129
	5,175,421	5,125,840
CURRENT LIABILITIES:		
Preferred stock due or to be redeemed within one year (Note 8)	5,000	5,000
Long-term debt due or to be redeemed within one year (Note 7)	83,989	81,031
Notes payable to banks (Note 4)	89,500	30,000
Accounts payable—		
Affiliated companies	54,566	52,019
Other	217,210	215,626
Customer deposits	29,571	28,450
Taxes accrued—		
Federal and state income (Note 5)	8,285	14,905
Other	12,380	11,927
Interest accrued	49,820	49,926
Vacation pay accrued (Note 1)	22,845	22,021
Energy cost recovery, retail	—	39,164
Miscellaneous	64,547	51,858
	637,713	601,927
DEFERRED CREDITS AND OTHER LIABILITIES:		
Accumulated deferred investment tax credits (Note 5)	379,990	399,097
Prepaid capacity revenues, net (Note 15)	99,835	102,346
Miscellaneous	69,334	50,221
	549,159	551,664
COMMITMENTS AND CONTINGENT MATTERS (Notes 2, 3, 9, 10, 11, 13, and 15)		
Total Capitalization and Liabilities	$6,362,293	$6,279,431

The accompanying notes are an integral part of these statements.

Statements Of Capitalization at December 31, 1990 and 1989

		Amount 1990	Amount 1989	Percent of Total 1990	Percent of Total 1989
		(In Thousands)			
COMMON STOCK EQUITY					
Common stock, par value $40 per share, authorized 6,500,000 shares, outstanding 5,608,955 shares		$ 224,358	$ 224,358		
Other paid-in capital		1,304,645	1,304,645		
Premium on preferred stock		461	461		
Earnings retained in the business (Note 12)		751,126	659,347		
Total		2,280,590	2,188,811	44.1%	42.7%
CUMULATIVE PREFERRED STOCK (Note 3)					
$1 par value, authorized 27,500,000 shares, outstanding 4,500,000 shares—					
$25 stated capital—					
Adjustable rate—8.64% at December 31, 1990 (Note 8)		50,000	50,000		
Adjustable rate—7.36% at December 31, 1990 (Note 8)		50,000	50,000		
$100 stated capital—					
Auction—6.857% at December 31, 1990 (Note 8)		50,000	50,000		
$100 par value, authorized 3,850,000 shares, outstanding 3,519,000 shares—					
Series					
4.20% to 4.52%		41,400	41,400		
4.60% to 4.92%		29,000	29,000		
5.96% to 8.04%		32,000	32,000		
8.16% to 9.44%		232,000	232,000		
Total (annual dividend requirement—$36,427,700)		484,400	484,400	9.4	9.5
Subject to mandatory redemption (Note 8):					
11.00% (annual dividend requirement—$1,925,000)		17,500	22,500		
Less amount due or to be redeemed within one year		5,000	5,000		
Total excluding amount due or to be redeemed within one year		12,500	17,500	0.2	0.3
LONG-TERM DEBT (Note 3)					
First mortgage bonds—					
Maturity	Interest Rates				
April 1, 1990	5%	—	6,957		
March 1, 1991	4½%	13,000	13,000		
June 1, 1992	4⅜%	14,360	14,360		
May 1, 1993	4⅜%	13,818	13,818		
May 1, 1994	4⅝%	24,105	24,105		
September 1, 1995	4⅞%	33,284	33,284		
1996 through 2000	6¼% to 9%	162,298	162,298		
2001 through 2005	7½% to 10⅞%	678,460	683,500		
2006 through 2009	8¾% to 9⅝%	475,000	475,000		
2010	12⅝%	15,558	36,073		
2016	9⅜%	125,000	125,000		
2017	10⅝%	169,640	170,250		
2018	10%	150,000	150,000		
Total first mortgage bonds		1,874,523	1,907,645		
Other long-term debt (Note 6)		625,182	627,496		
Unamortized debt premium (discount), net		(17,785)	(18,981)		
Total long-term debt (annual interest requirement—$221,858,000)		2,481,920	2,516,160		
Less amount due or to be redeemed within one year (Note 7)		83,989	81,031		
Long-term debt, excluding amount due or to be redeemed within one year		2,397,931	2,435,129	46.3	47.5
TOTAL CAPITALIZATION		$5,175,421	$5,125,840	100.0%	100.0%

The accompanying notes are an integral part of these statements.

Notes To Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General—

The company is a wholly owned subsidiary of The Southern Company (Southern) which is the parent company of five operating companies, Southern Company Services, Inc. (SCS), Southern Electric International, Inc. (SEI), The Southern Investment Group, Inc. (SIG) and Southern Nuclear Operating Company (Southern Nuclear). The operating companies provide electric service in four Southeastern states. Contracts among the companies, covering interconnection arrangements, interchange of electric power, and joint ownership of generating facilities, are regulated by the Federal Energy Regulatory Commission (FERC) or the Securities and Exchange Commission (SEC). SCS provides, at cost, specialized services upon request to Southern and to each of the subsidiary companies. SEI designs, constructs, owns and operates cogeneration and independent power production facilities in the United States. SEI also provides a broad range of technical services to industrial companies and utilities in both domestic and international markets. SIG researches and develops new business opportunities. Southern Nuclear began providing services to the Southern electric system's nuclear power plants in January 1991.

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

Revenues—

Prior to February 1987, revenue from the sale of electricity in the company's retail jurisdiction was included in revenues as billed to customers on a cycle billing basis. Beginning in February 1987, the estimated revenue for service rendered but not yet billed to retail customers is being accrued and included in revenues. The cumulative accrued amount of $49,446,000 as of February 1, 1987, was amortized over the ensuing eighteen-month period. Such amortization amounted to $19,229,000 in 1988.

Fuel Costs—

Fuel costs are expensed as the fuel is consumed. The company recovers fuel cost and net purchased energy cost through fuel cost recovery mechanisms which provide for adjustments as necessary to reflect increases or decreases in such costs.

Fuel expense includes the amortization of the cost of nuclear fuel and a charge, based on nuclear generation, for the permanent disposal of spent nuclear fuel. Total charges for nuclear fuel included in fuel expense amounted to $72,252,000 in 1990, $75,024,000 in 1989 and $90,671,000 in 1988. The company has a contract with the U.S. Department of Energy which provides for permanent disposition of spent nuclear fuel, which is scheduled to begin in 1998; however, the actual year this service will begin is uncertain. Sufficient storage capacity currently is available to permit normal operation into 2010 and 2014 at Plant Farley units 1 and 2, respectively.

Utility Plant—

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

Allowance for Funds Used During Construction (AFUDC)—

This allowance is the estimated debt and equity cost of capital funds that are necessary to finance the construction of new facilities. While cash is not realized currently from such allowance, it is realized over the service life of the plant through increased revenues resulting from a higher rate base and higher depreciation expense. The composite rate used to determine the amount of allowance, net of deferred income tax, was 9.3 percent in 1990, 9.6 percent in 1989 and 9.5 percent in 1988. For construction projects begun after 1986, deferral of taxes related to capitalized interest is no longer permitted. For those projects, the composite rate used to determine the amount of allowance was 11.3 percent in 1990. The deferred income taxes related to capitalized debt cost was $6,357,000, $10,005,000 and $11,527,000 in 1990, 1989 and 1988, respectively. AFUDC, net of income tax, as a percent of net income after dividends on preferred stock amounted to 12.9 percent in 1990, 15.1 percent in 1989 and 20.9 percent in 1988.

Depreciation and Nuclear Decommissioning—

Depreciation of the original cost of depreciable utility plant in service is provided primarily by using composite straight-line rates which approximated 3.5 percent in 1990, 1989 and 1988. When property subject to depreciation is retired or otherwise disposed of in the normal course of business, its cost — together with the cost of removal, less salvage — is charged to the accumulated provision for depreciation. Minor items of property included in the original cost of the plant are retired when the related property unit is retired.

Depreciation expense includes an amount for the expected cost of decommissioning nuclear facilities. In 1988, the Nuclear Regulatory Commission (NRC) adopted regulations requiring all licensees operating commercial power reactors to submit a report by July 1990 that sets forth a plan for providing, with reasonable assurance, minimum funds for decommissioning. The company's funding plan to comply with the NRC's regulations incorporates the establishment of external trust funds. The NRC's minimum external funding requirements are based on a generic estimate of the cost to decommission the radioactive portions of a nuclear unit based on the size and type of reactor.

During 1990, the company based its Plant Farley decommissioning cost on a 1985 study — in 1985 dollars — of $250 million. In January 1991, the estimate of nuclear decommissioning cost was increased to approximately $380 million — in 1989 dollars — based on the results of a 1990 site-specific study. In December 1990, the APSC ordered the recovery of nuclear decommissioning cost based on externally funding all such costs beginning in 1991.

Retirement Plans—

The company has a defined benefit, trusteed, non-contributory pension plan which covers substantially all regular employees. Benefits are based on the greater of amounts resulting from two different formulas: years of service and final average pay, or years of service and a flat dollar benefit. The policy of the company is to use the "entry age normal method with a frozen initial liability" actuarial method for funding purposes, subject to limitations under federal income tax regulations. The company uses the "projected unit credit" actuarial method for financial reporting purposes as is required under Financial Accounting Standards Board (FASB) Statement No. 87, "Employers' Accounting for Pensions". The funded status of the plan at December 31 is as follows:

	1990	1989
	(In Thousands)	
Actuarial present value of benefit obligations:		
Vested benefits	$ (407,324)	$ (374,736)
Nonvested benefits	(4,540)	(7,031)
Accumulated benefit obligation	(411,864)	(381,767)
Additional amounts related to projected salary increases	(178,691)	(194,188)
Projected benefit obligation	(590,555)	(575,955)
Fair value of plan assets, primarily equity and fixed income securities	798,215	827,561
Unrecognized net gain	(121,226)	(158,035)
Unrecognized net transition asset	(74,693)	(80,517)
Unrecognized prior service cost	1,531	1,622
Prepaid pension cost recognized in the Balance Sheets	$ 13,272	$ 14,676

Weighted average rates assumed in the actuarial calculations were:

	1990	1989	1988
Discount	8.0%	8.0%	8.5%
Annual salary increase	6.0	6.0	6.0
Long-term return on plan assets	8.5	8.5	8.5

The components of net pension cost are shown below:

	1990	1989	1988
	(In Thousands)		
Benefits earned during the year	$ 22,038	$ 19,605	$ 23,952
Interest cost on projected benefit obligation	44,415	41,195	39,194
Actual return on plan assets	(1,712)	(154,473)	(78,023)
Net amortization and deferral	(63,021)	94,596	25,300
Net pension cost	$ 1,720	$ 923	$ 10,423

Of the pension cost recorded, $1,298,000 in 1990, $228,000 in 1989 and $4,606,000 in 1988 were charged to operating expenses, and the balance was charged to construction and other accounts. Also, for the period 1988 through 1990, the company has offered early retirement plans. The expense related to these plans is amortized in accordance with rate-making treatment and amounted to $11,954,000, $11,202,000 and $5,529,000 for the years 1990, 1989 and 1988, respectively. In addition, $809,000 in 1990 and $2,033,000 in 1989 were charged to construction and other accounts. The company's liability related to the early retirement plans was $16,792,000 at December 31, 1990.

The company also provides certain health care and life insurance benefits for retired employees. Substantially all employees may become eligible for these benefits when they retire. The company has, since 1987, recognized the cost of these benefits on an accrual basis using the "aggregate cost" actuarial method, which spreads the expected cost of such benefits over the remaining periods of employees' service as a level percentage of payroll cost. Accrued costs for medical benefits are funded to the extent deductible under federal income tax regulations. Accrued costs of life insurance benefits, other than current cash payments for retirees, are not currently being funded. The cost of such benefits amounted to $14,394,000 in 1990, $14,396,000 in 1989 and $17,008,000 in 1988.

FASB Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", which must be implemented by 1993, will require that health care and life insurance benefits for retired employees be accounted for on an accrual basis using a single actuarial method, "benefit/years-of-service". This method spreads the expected cost of such benefits to each year of an employee's service until the employee becomes fully eligible to receive the benefits. Implementation of FASB Statement No. 106, which the company expects to adopt in 1993 on a prospective basis, is expected to result in the recognition of higher cost related to these retiree benefits.

Vacation Pay—

The company's employees earn their vacation in one year and take it in the subsequent year. However, for rate-making purposes, vacation pay is recognized as an allowable expense only when paid. Consistent with this rate-making treatment, the company accrues a current liability for earned vacation pay and records a current asset representing future recoverability of the cost. Such amounts were $22,845,000 and $22,021,000 at December 31, 1990 and 1989, respectively. In 1991, an estimated 68 percent of the 1990 deferred vacation cost will be expensed and the balance will be charged to construction and other accounts.

Income Taxes—

The company provides deferred income taxes for all income tax timing differences. Investment tax credits utilized are deferred and amortized to income over the average lives of the related property. Provisions for property-related deferred income taxes reflect consumption of part of the value of the plant and equipment to which the provisions relate. Accordingly, the related accumulated deferred income taxes are a valuation reserve that is deducted from plant investment in the Balance Sheets. FASB Statement No. 96, "Accounting for Income Taxes", which is currently scheduled to be implemented by 1992, would require among other things, conversion to the liability method of accounting for deferred income taxes and the use of before-income-tax AFUDC rates. Currently, the equity component of AFUDC is capitalized without a provision for deferred taxes, and the debt component is capitalized net of deferred income tax. This change would not affect net rate base, but could create additional property taxes. The change would also necessitate restating deferred income taxes at the rates at which they are expected to be settled. The statement also precludes the netting of deferred income tax liabilities against assets. The FASB has tentatively decided to supersede Statement No. 96 with a new accounting standard that would retain the liability method of accounting for deferred income taxes, but would require somewhat different implementation methods. If the new standard is adopted by the FASB, it would not have to be implemented before 1993. The company would implement the standard when required. Certain deferred income taxes have been recorded at rates higher than the rates specified in the Tax Reform Act of 1986. The amounts resulting from this change in tax rates will be used to reduce future tax expense for accounting and rate-making purposes. Tax law requires that amounts related to accelerated depreciation be used to reduce tax expense over the lives of the related assets. Amounts not related to accelerated depreciation are not covered by normalization requirements and will be reversed in accordance with rate-making treatment. See Note 5 for further information regarding income taxes.

The company is included in the consolidated federal income tax return of Southern.

2. REGULATORY MATTERS AND LITIGATION:

In November 1982, the APSC adopted rates that provide for periodic adjustments based upon the company's earned return on end-of-period retail common equity. The rates also provide for adjustments to recognize the placing of new generating facilities in retail service. B[illegible]h increases and decreases have been placed into effe[illegible] [illegible]nce the adoption of these rates. During 1989, an increase of [illegible] percent went into effect in January. In March 1990, the APSC voted to continue these rates in effect until November 1, 1994, by which time the APSC must review the procedure; however, the rates will remain in effect thereafter unless the APSC votes to modify or discontinue them. The order provided for several modifications to the rates, including a reduction in the allowed range of return on common equity to 13-14½ percent from 13½-15 percent, a moratorium on upward adjustments through June 30, 1991, and provisions which effectively limit increases or decreases to 4 percent in any calendar year. The order also requires that the APSC review the range of return by June 30, 1992 to determine if such range is appropriate in light of current economic conditions.

The company's rate schedules provide for adjustments in retail electric rates to reflect changes in both state and federal income tax rates. As a result of the decrease in the federal income tax rate by the Tax Reform Act of 1986, retail electric rates were reduced approximately 1 percent in January 1988.

A settlement agreement with Gulf States Utilities Company (Gulf States) related to unit power and other long-term power sales contracts with the S[illegible]ern electric system has been signed. See Note 11 for add[illegible]al information concerning this matter.

In May 1990, Southern and its operating subsidiaries (including the company) were informed by the federal government that a criminal investigation of the operating subsidiaries' (other than Savannah Electric and Power Company) tax accounting practices for spare parts had been concluded, and that no criminal charges relating to such practices will be filed against Southern, the subsidiaries or any individual. Management understands that the investigation is continuing with respect to other matters, including political contributions and certain pension fund transactions. The joint investigation with the Internal Revenue Service (IRS) centered on the tax accounting for emergency spare parts for generating plants and related to the proper timing for deducting the cost of such parts. In management's opinion, the outcome will not have a material effect on the company's financial statements.

In March 1989, the SEC ordered a private investigation to determine whether Southern, its operating subsidiaries (except Savannah Electric and Power Company) and Southern Electric Generating Company (SEGCO) may have violated federal securities laws and the Holding Company Act in connection with certain disclosures in or omissions from securities offering materials, proxy statements, reports, and documents filed with the SEC — which were also provided to investors and others — relating to certain tax and financial accounting practices, spare parts accounting, tax deductions and liabilities, contingent liabilities, and other matters affecting the net income and financial condition of Southern and its subsidiaries, maintenance of books and records, internal accounting controls, and political contributions. Management believes that this investigation is related to the investigations discussed above.

The final outcome of this matter cannot now be determined; however, in management's opinion, the outcome will not have a material effect on the company's financial statements.

In July 1989, two customers of the company filed a civil complaint in Federal District Court in Montgomery, Alabama, against the company, Southern, SCS and Arthur Andersen & Co. seeking to represent all ratepayers of the company and claiming $10 million actual damages relating to the financial accounting treatment of spare parts at the company's generating plants, plus treble and punitive damages for alleged violations of the federal Racketeer Influenced and Corrupt Organizations Act (RICO), federal and state antitrust laws, other federal and state statutes and common law fraud. The defendant's motions to dismiss this complaint were granted in January 1990, and the plaintiffs have appealed that order. The company is also named as a defendant in similar Mississippi and Florida suits.

This litigation involves matters currently under federal investigation as discussed above. In management's opinion, the company's accounting practices are appropriate and the outcome of this litigation will not have a material effect on the company's financial statements.

In September 1990, two customers of the company filed a civil complaint in the Circuit Court of Shelby County, Alabama, against the company seeking to represent all persons who, prior to June 23, 1989, entered into agreements with the company for the financing of heat pumps and other merchandise purchased from vendors other than the company. The plaintiffs contend that the company was required to obtain a license under the Alabama Consumer Finance Act to engage in the business of making consumer loans. The plaintiffs are seeking an order declaring these agreements null and void and requiring the company to refund all payments, principal and interest made under these agreements. The aggregate amount under these agreements, together with interest paid, currently is estimated to be $40 million. While the final outcome of this matter cannot now be determined, in management's opinion, the final outcome will not have a material effect on the company's financial statements.

A claim by a coal supplier of the company for reimbursement of health care benefits for its employees has been submitted to binding arbitration, and the initial decision of the arbitrator holds that the company is liable for these benefits for a period of time, which period remains in dispute. While the ultimate outcome of this matter cannot now be determined, in management's opinion, the outcome will not have a material effect on the company's financial statements.

3. CAPITAL BUDGET, FINANCING AND FUEL COMMITMENTS:

Capital Budget—

The company's capital expenditures are currently estimated to total $432 million in 1991, $362 million in 1992 and $407 million in 1993. The estimates include AFUDC of $22 million in 1991, $10 million in 1992 and $10 million in 1993. The capital budget is subject to periodic review and revision, and actual capital cost incurred may vary from estimates because of several factors including new cost estimates, revised load estimates, the cost of capital, and changing environmental requirements.

Financing—

The ability of the company to finance its capital budget depends on the amount of funds generated internally and the funds it can raise by external financing. The company's primary sources of external financing are sales of first mortgage bonds and preferred stock to the public, receipt of additional paid-in capital from Southern, and leasing of nuclear material.

In order 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. The most restrictive of these provisions requires, for the issuance of additional first mortgage bonds, that before-income-tax earnings, as defined, cover pro forma annual interest charges on outstanding first mortgage bonds at least twice; and for the issuance of additional preferred stock, that gross income available for interest cover pro forma annual interest charges and preferred stock dividends at least one and one-half times. These coverages, for first mortgage bonds and for preferred stock for the year ended December 31, 1990, were 4.54 and 2.17, respectively.

Fuel Commitments—

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, these contracts contain provisions for price escalations, minimum production levels and other financial commitments. In addition, contracts with a certain coal contractor require reimbursement or purchase, at net book value, of the investments in mines or equipment upon termination of the contract. At December 31, 1990, such net book value was approximately $36 million. Additional commitments for coal and for nuclear fuel will be required in the future to supply the company's fuel needs.

4. BANK LINES OF CREDIT:

Effective January 1990, the company, along with Southern and Georgia Power Company (Georgia), entered into agreements with several banks outside the service area to provide $500 million of revolving credit to the companies, individually or in any combination, up to the total credit amount of $500 million through May 1, 1993. Mississippi Power Company (Mississippi) is a party to one of the agreements, which provides Mississippi with $3 million of available credit. The companies have the option of converting the short-term borrowings into term loans, payable in 12 equal quarterly installments, with the first installment due at the end of the first calendar quarter after the applicable termination date or at an earlier date at the companies' option. In addition, these agreements provide for payment of commitment fees based on the unused portions of the commitments or for compensating balances to be maintained at the banks.

Additionally, the company maintains committed lines of credit within its service area in the amount of $141 million

which expire at various times during 1991 and, in certain cases, provide for average annual compensating balances. Because the arrangements are based on an average balance, the company does not consider any of its cash balances to be restricted as of any specific date.

At December 31, 1990, the company had regulatory approval to have outstanding up to $330 million of short-term borrowings. The company has requested that its APSC and SEC authorizations for short-term unsecured indebtedness be increased to $450 million.

5. INCOME TAXES:

A detail of the federal and state income tax provisions is shown below:

	1990	1989	1988
	(In Thousands)		
Total provision for income taxes:			
Federal—			
Currently payable	$101,375	$124,438	$ 73,644
Deferred—			
Current year	34,604	38,298	74,142
Reversal of prior years	21,390	(12,207)	(42,627)
Deferred investment tax credits	132	6,917	15,019
	157,501	157,446	120,178
State—			
Currently payable	8,886	11,808	8,965
Deferred—			
Current year	5,489	5,041	4,927
Reversal of prior years	2,997	583	1,510
	17,372	17,432	15,402
Total	174,873	174,878	135,580
Less income taxes charged (credited) to other income	(11,081)	(13,629)	(8,034)
Federal and state income taxes charged to operations	$185,954	$188,507	$143,614

For the year ended December 31, 1990, estimated federal and state income tax payments exceeded the accrued federal and state income taxes resulting in an estimated refund of $27,083,000.

Deferred income taxes result primarily from the use of accelerated methods of depreciation and other write-offs of property cost, as provided for by the income tax laws, being greater than the book depreciation of such property. Other deferred income taxes are provided for certain costs or revenues that are recognized for income tax purposes in periods different from those used for book purposes. Income taxes deferred in prior years are reversed and charged or credited to income when the book depreciation of property cost exceeds the related tax deductions or when other timing differences reverse. As explained in Note 1, certain amounts resulting from the change in tax rates will be reversed in accordance with regulatory rate-making treatment. See Note 1 for proposed rules on accounting for income taxes.

Deferred investment tax credits are amortized over the life of the related property with such amortization applied as a credit to reduce depreciation in the Statements of Income. Credits amortized in this manner amounted to $19,238,000 in 1990, $20,592,000 in 1989 and $20,618,000 in 1988. At December 31, 1990, all investment tax credits available to reduce federal income taxes payable had been utilized.

The provision for income taxes currently payable includes the tax effects of the reversal of prior years' timing differences for which deferred income taxes were not provided. At December 31, 1990, the remaining balance of such timing differences was approximately $80 million, for which deferred income taxes of approximately $29 million have not been provided.

The total provision for federal income taxes as a percentage of income before federal income tax amounted to 31.0 percent for 1990 and 1989, and 27.3 percent for 1988. The difference between these rates and the federal statutory rate of 34 percent was due primarily to the exclusion from taxable income of the allowance for equity funds used during construction (1.7 percent in 1990, 2.0 percent in 1989 and 3.0 percent in 1988), the reduction in federal income tax expense related primarily to depletion for tax years audited and settled (2.5 percent in 1988) and differences in depreciation basis and rates (a negative 1.2 percent in 1990 and 1989, and a negative 1.9 percent in 1988).

6. OTHER LONG-TERM DEBT:

Details of other long-term debt are as follows:

	December 31, 1990	December 31, 1989
	(In Thousands)	
Obligations incurred in connection with the sale of tax-exempt pollution control revenue bonds by public authorities-		
2003-2013 6% to 9 3/8%	$ 162,950	$ 163,200
2014-2016 7.20% to 10 7/8%	306,200	306,200
Less funds on deposit with trustees	1,546	1,546
	467,604	467,854
Capitalized lease obligations and other long-term debt—		
Nuclear fuel	142,418	144,042
Office buildings	8,699	8,971
Street light and other	6,461	6,629
	157,578	159,642
	$ 625,182	$ 627,496

Pollution control obligations represent installment purchases of pollution control facilities financed by funds derived from sales by public authorities of revenue bonds. The company is required to make payments sufficient for the authorities to meet principal and interest requirements of such bonds. With respect to $32,000,000 of such pollution control obligations, the company has authenticated and delivered to the trustees a like principal amount of first mortgage bonds as security for its obligations under the installment purchase agreements. No principal or interest on these first mortgage bonds is

payable unless and until a default occurs on the installment purchase agreements.

The company has capitalized leased nuclear material and recorded the related lease obligations. The arrangement provides for the payment of interest at varying rates and times dependent on options selected by the company from types of loans available under the arrangement. The principal amount outstanding at the end of 1990 was $142,418,000 with an effective rate, including applicable fees, of 8.36 percent. Principal payments are required under the arrangement based on the cost of fuel burned.

The company has also capitalized certain office building leases and a street light lease. Monthly principal payments plus interest are required, and at December 31, 1990, the interest rate was 9.5 percent for office buildings and 13.0 percent for street lights.

The net book value of capitalized leases included in utility plant in service was $142,069,000 and $142,255,000 at December 31, 1990 and 1989, respectively. The estimated aggregate annual maturities of other long-term debt through 1995 are as follows: $50,669,000 in 1991, $48,773,000 in 1992, $31,564,000 in 1993, $15,154,000 in 1994 and $8,083,000 in 1995.

7. LONG-TERM DEBT DUE OR TO BE REDEEMED WITHIN ONE YEAR:

The annual first mortgage bond improvement fund requirement is one percent of the aggregate principal amount of bonds of each series authenticated, so long as a portion of that series is outstanding, and may be satisfied by the deposit of cash and/or reacquired bonds, the certification of unfunded property additions or a combination thereof. The 1991 requirement amounting to $20,320,000 was satisfied in January 1991 by the deposit of cash, all of which was used for the redemption of outstanding bonds ($15,558,000 of the 12⅝% series and $4,762,000 of the 10⅞% series).

First mortgage bonds maturing in 1991 amount to $13,000,000, and other long-term debt of $50,669,000 maturing in 1991 consists primarily of capitalized nuclear fuel lease obligations.

8. PREFERRED STOCK:

The 11 percent series of preferred stock is subject to a cumulative sinking fund requiring the redemption of 25,000 shares ($2,500,000) of such stock on January 1 each year. The company has the non-cumulative option to double the number of shares redeemed in any one year. The stock is redeemable for sinking fund purposes at $100 per share plus accrued dividends to the date of redemption. The redemption requirement may be offset each year in whole or in part by shares purchased and canceled. The January 1, 1991 sinking fund requirement was satisfied through the redemption of 25,000 shares. The company exercised its option to redeem 25,000 additional shares.

The company issued 2,000,000 shares of Adjustable Rate Class A Preferred Stock in September 1983, with a stated capital of $25 per share. In February 1988, the company issued an additional 2,000,000 shares of Adjustable Rate Class A Preferred Stock with a stated capital of $25 per share. The dividend rate on each of these series is adjusted quarterly using a formula based upon certain U.S. Treasury security rates. However, the applicable dividend rate for any dividend period shall in no event be, for the 1983 series, less than 7.20 percent per annum or greater than 13.[illegible] percent per annum and, for the 1988 series, less than 5.92 percent per annum or greater than 11.04 percent per annum. The per annum dividend rates are shown below:

	1983 Series	1988 Series
First quarter 1990	7.52%	6.40%
Second quarter 1990	8.32	7.04
Third quarter 1990	8.00	6.88
Fourth quarter 1990	8.64	7.36
First quarter 1991	7.84	6.72

The company issued 500,000 shares of Auction Class A Preferred Stock in November 1988, with a stated capital of $100 per share. The dividend rates are determined on the basis of orders placed in an auction conducted generally every 49 days. During 1990, the per annum dividend rate ranged from 6.27 percent to 7.43 percent per annum. The rate for the dividend period beginning January 23, 1991 is 5.60 percent per annum.

9. INVESTMENT IN JOINTLY OWNED FACILITIES:

The company and Georgia own equally all of the outstanding capital stock of SEGCO, which owns electric generating units with a total rated capacity of 1,019,680 kilowatts, together with associated transmission facilities. The capacity of these units is sold equally to the company and Georgia under a contract expiring in 1994 which, in substance, requires payments sufficient to provide for the operating expenses, taxes, interest expense and a return on equity, whether or not SEGCO has any capacity and energy available. The company's share of such amounts totaled $81,901,000 in 1990, $81,166,000 in 1989 and $76,174,000 in 1988 and is included in "Purchased and interchanged power, net" in the Statements of Income.

In addition, the company has guaranteed unconditionally the obligation of SEGCO under an installment sale agreement for the purchase of certain pollution control facilities at SEGCO's generating units, pursuant to which $24.5 million principal amount of pollution control revenue bonds are outstanding. Georgia has agreed to reimburse the company for the pro rata portion of such obligation corresponding to its then proportionate ownership of stock of SEGCO if the company is called upon to make such payment under its guaranty.

At December 31, 1990, the capitalization of SEGCO consisted of $59,516,000 of equity and $96,601,000 of long-term debt on which the annual interest requirement is $8,376,000. In 1990 and 1989, SEGCO did not pay any dividends. In 1988, SEGCO paid dividends totaling $5,422,000. SEGCO's net income was $8,364,000, $7,500,000 and $6,604,000 for 1990, 1989 and 1988, respectively.

The company and Mississippi own as tenants in common in the proportions of 60 percent and 40 percent, respectively, a 500,000 kilowatt steam-electric generating plant in Greene County, Alabama. The plant was placed in service in 1965 and the company's gross investment at December 31, 1990, amounted to $79,102,000. The company's share of expenses is included in the corresponding operating expense accounts in the Statements of Income.

10. PROPOSED SALE OF INTEREST IN PLANT:

The company proposes to sell an 8.16 percent undivided ownership interest in units 1 and 2 of Plant Miller and related facilities to Alabama Electric Cooperative, Inc. (AEC). AEC's ownership interest would represent about 108 megawatts of the two units' capacity of 1,320 megawatts.

This purchase by AEC will be in lieu of a purchase of an interest in Plant Farley in accordance with conditions imposed by the NRC on the operating licenses for Plant Farley in an antitrust review. The agreement for sale of the ownership interest in Plant Miller units 1 and 2 has received the requisite regulatory approvals. The proposed sale is to be closed no later than June 1, 1992. The purchase price will be established by a formula under which a calculation will be made at the time of sale. If computed currently, the formula would yield approximately $45 million.

11. NONTERRITORIAL REVENUES:

The operating subsidiaries of the Southern electric system, including the company, have entered into long-term and short-term contractual agreements for the sale of capacity and energy to certain non-affiliated utilities located outside the system's service territory. Certain of these agreements are non-firm and are based on capacity of the system in general. Other agreements are firm and pertain to capacity related to specific generating units. Because the energy is generally sold at cost under these agreements, revenues from capacity sales primarily affect profitability. The company's portion of off-system capacity revenues has been as follows:

Year	Unit Power	Other Long-Term Non-firm	Other Short-Term Non-firm	Total
		(In Thousands)		
1990	$155,737	$7,178	$1,165	$164,080
1989	137,024	1,290	758	139,072
1988	121,008	4,695	—	125,703

Long-term non-firm power was sold to the City of Tallahassee, Florida (Tallahassee), under a contract that expires in the year 2000. However, in December 1990, this contract was canceled and replaced with a contr[illegible] for the purchase of unit power. Also, beginning in 1990, non-firm power is being sold to Florida Power Corporation (FPC), and these sales will continue through 1993. In 1990, short-term non-firm power was sold to Jacksonville Electric Authority (JEA), FPC and Tallahassee.

Unit power from Plant Miller is being sold to Florida Power & Light Company, JEA and Tallahassee. In 1994, FPC will also purchase unit power from Plant Miller. Under these agreements, approximately 1,000 megawatts of capacity is scheduled to be sold during the period 1991 through 1994. Thereafter, these sales will increase to approximately 1,200 megawatts by mid-1995 and remain at that level, unless reduced by the customers after 1999, until the expiration of the contracts in 2010. These megawatts of capacity sales do not include any amounts under contracts to Gulf States, which were suspended in 1988 as discussed below.

In July 1986, Gulf States filed suit in the U.S. District Court for the Eastern District of Texas (Court) against Southern, its operating subsidiaries (the company, Georgia, Gulf Power Company and Mississippi) and SCS (collectively, the Southern Companies). The complaint sought a judgment declaring that Gulf States was excused from further obligation under its unit power and other long-term power sales contracts with the Southern Companies and an award to Gulf States for unspecified damages. Gulf States alleged that the Southern Companies failed to negotiate and renegotiate in good faith to reduce the amount of capacity purchases under the contracts and engaged in fraudulent conduct in entering into the contracts. In December 1988, the Southern Companies filed a counterclaim against Gulf States seeking recovery of all past due payments and damages for breach of the contracts. The case is pending before the Court.

Revenues recorded after July 1, 1988, do not include any amounts for sales to Gulf States under these power sales contracts. Prior to that date, revenues included the full amount due under these contracts. Some of these revenues have been withheld by Gulf States since 1986. Because of disclosure in reports filed with the SEC by Gulf States concerning its financial condition, most of these revenues, after taxes, have been excluded from net income through charges to the provision for uncollectible accounts as shown below:

	Cumulative 1986-1988	1988
	(In Thousands)	
Disposition of Gulf States Revenue:		
Total revenues	$148,883	$25,442
Revenues withheld or deposited	91,746	20,113
Charged to provision for uncollectible accounts	73,324	20,113
Excluded from after-tax income	43,250	12,829

Certain immaterial adjustments were recorded in 1989 and 1990 reflecting true-up provisions of the contract and are included in the cumulative amounts.

In December 1990, the Southern Companies entered into a settlement agreement with Gulf States setting forth the terms and conditions of the settlement that will resolve this pending litigation. The proposed settlement is subject to numerous conditions, including approvals by the boards of directors of the Southern Companies and Gulf States, the FERC, the SEC and the Court. The respective boards of directors of the Southern Companies and Gulf States have approved the settlement, and applications for approval have been filed with the FERC and the SEC. There is no assurance, however, that all requisite approvals will be obtained by April 30, 1991, and, if not, the parties will have no further obligation related to the settlement agreement unless that date is extended by mutual agreement.

The settlement agreement provides that, subject to the satisfaction of the conditions referred to above, the Southern Companies would receive:

(1) approximately $75 million in cash, including all funds deposited by Gulf States in the registry of the Court — approximately $68 million — in lieu of certain payments to the Southern Companies under the power sales contracts;

(2) promissory notes of Gulf States in the aggregate principal amount of $160 million payable — without interest — on January 1, 1993, subject to Gulf States having "adequate cash" at that time as discussed below; and
(3) six million shares of common stock of Gulf States, which the Southern Companies would have the right to vote only in the event that bankruptcy or similar proceedings shall be pending by or against Gulf States or any other event of default shall have occurred and be continuing.

In addition, the settlement agreement provides that on January 1, 1993, Gulf States would pay to the Southern Companies, for each of the six million shares of common stock, an amount equal to the difference between (i) $18.25, and (ii) the highest average of the highest prices at which Gulf States' common stock trades for five consecutive days during the period between the date the shares are delivered to the Southern Companies and January 1, 1993. However, if Gulf States does not have "adequate cash" on January 1, 1993, all unpaid amounts pursuant to the preceding sentence and under the promissory notes would begin to accrue interest at the prime rate plus 1 percent and would be payable on the earlier of the January 1st as of which Gulf States has "adequate cash" or January 1, 1999. Pursuant to the settlement agreement, Gulf States would be deemed to have "adequate cash" at the time it begins to pay cash dividends on its outstanding common stock or to the extent its projected available cash balance exceeds $35 million. The net present value of the proposed settlement is estimated to be up to $300 million.

Gulf States' obligations under the settlement agreement will be secured by a first mortgage lien on the Lewis Creek Generating Plant, a 520-megawatt gas-fired facility owned by a subsidiary of Gulf States, and a pledge of the common stock of such subsidiary.

There can be no assurance that the settlement contemplated by the settlement agreement will be completed.

The company will not recognize any income related to the proposed settlement until it becomes probable that the conditions required for settlement will be satisfied. However, the effect on the company's net income of the proposed settlement, if completed, cannot be determined at this time because the amount will be affected by: the value of the securities as of the date the settlement is recognized; the ability to estimate the amount to be realized, if any, from the common stock price differential; and the regulatory treatment of the payments to be received by the company. Of the funds distributed from the registry of the Court, 37.18 percent will be distributed to the company. It is currently anticipated that of all other payments received from Gulf States, 34.50 percent will be apportioned to the company.

12. DIVIDEND RESTRICTIONS:

The company's first mortgage bonds and preferred stock outstanding are entitled to the benefits of indenture covenants or charter provisions restricting the payment of cash dividends on common stock (except those paid concurrently with the receipt of a cash capital contribution in like amount). Under the most restrictive of these, a first mortgage bond indenture covenant, $273,455,000 of retained earnings were restricted against the payment of common dividends at December 31, 1990.

13. NUCLEAR INSURANCE:

Under the Price-Anderson Amendments Act of 1988 (Act), the company maintains agreements of indemnity with the NRC which, together with private insurance, cover third-party liability arising from any nuclear incident occurring at Plant Farley. The Act limits to $7.8 billion, public liability claims that could arise from a single nuclear incident. Plant Farley is insured against this liability to a maximum of $200 million by private insurance, with the remaining coverage provided by a mandatory program of deferred premiums which could be assessed, after a nuclear incident, against all owners of nuclear reactors. A company could be assessed up to $66 million per incident for each licensed reactor it operates but not more than an aggregate of $10 million per incident to be paid in a calendar year for each reactor. Such maximum assessment for the company is $132 million per incident but not more than an aggregate of $20 million to be paid for each incident in any one year.

The company is a member of Nuclear Mutual Limited (NML), a mutual insurer established to provide property damage insurance in an amount up to $500 million for members' nuclear generating facilities. The members are subject to a retrospective premium adjustment in the event that losses exceed accumulated reserve funds. The company's maximum assessment per incident is limited to $14 million under the current policy.

Additionally, the company has policies which currently provide decontamination, excess property insurance, and premature decommissioning coverage up to $1.8 billion for losses in excess of the $500 million NML coverage. This excess insurance is provided by Nuclear Electric Insurance Limited (NEIL), a mutual insurance company, and American Nuclear Insurers/Mutual Atomic Energy Liability Underwriters.

NEIL also covers the additional cost which would be incurred in obtaining replacement power during a prolonged accidental outage at a member's nuclear plant. Members can be insured against increased cost of replacement power in an amount up to $3.5 million per week (starting 21 weeks after the outage) for one year and up to $2.3 million and $1.2 million per week for the second and third years, respectively.

Under each of the NEIL policies, members are subject to assessments if losses each year exceed the accumulated funds available to the insurer under that policy. The present maximum assessments per incident for the company would be $6.5 million each for excess property damage and for replacement power.

For all on-site property damage insurance policies for commercial nuclear power plants, the NRC has issued a final rule providing that for all policies issued or annually renewed on or after April 2, 1991, the proceeds of such policies shall be dedicated first for the sole purpose of placing the reactor in a safe and stable condition after an accident. Any remaining proceeds are next to be applied toward the cost of decontamination and debris removal operations ordered by the NRC, and then, any further remaining proceeds are to be paid either to the company or to its bond trustees as may be appropriate under applicable trust indentures.

14. ASSETS SUBJECT TO LIEN:

The company's mortgage, 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.

15. ALABAMA MUNICIPAL ELECTRIC AUTHORITY (AMEA) CAPACITY CONTRACT:

In August 1986, the company entered into a firm power purchase contract with AMEA entitling AMEA to scheduled amounts of capacity (to a maximum of 100 megawatts) for a period of 15 years commencing September 1, 1986. This power will be sold to AMEA for its member municipalities that previously were served directly by the company as wholesale customers. Under the terms of the contract, the company received a payment from AMEA representing the net present value of the revenue associated with this capacity entitlement discounted at an effective annual rate of 9.96 percent. This payment is being amortized to operating revenue and the discount is being amortized to other interest expense as scheduled capacity is made available over the term of the contract.

In order to secure AMEA's advance payment and the company's performance obligation under the contract, the company issued and delivered to an escrow agent $113.3 million of first mortgage bonds representing the maximum amount of liquidated damages payable by the company in the event of a default under the contract. No principal or interest is payable on such bonds unless and until a default by the company occurs. As the liquidated damages decline under the contract, a portion of the bonds equal to such decrease will be returned to the company. At December 31, 1990, $4 million of such bonds have been delivered to the company by the escrow agent.

16. QUARTERLY FINANCIAL DATA (UNAUDITED):

Summarized quarterly financial data for 1990 and 1989 are as follows:

	Operating Revenues	Operating Income	Net Income after Dividends on Preferred Stock
		(In Thousands)	
1990			
First	$537,585	$118,721	$ 61,457
Second	658,216	148,155	89,642
Third	790,954	194,894	137,905
Fourth	617,289	87,785	23,799
1989			
First	$559,393	$133,277	$ 83,222
Second	621,403	128,420	70,677
Third	717,850	179,704	112,735
Fourth	586,741	109,914	44,512

The company's business is influenced by seasonal weather conditions and the timing of rate adjustments.

General Officers

Elmer B. Harris, President and Chief Executive Officer

Travis J. Bowden, Executive Vice President and Chief Financial Officer

Bill M. Guthrie, Executive Vice President

William L. McDonough, Executive Vice President

R. P. McDonald, Executive Vice President

W. George Hairston III, Senior Vice President, Nuclear Operations

Charles D. McCrary, Senior Vice President, External Affairs [1]

Banks H. Farris, Vice President, Human Resources

Stephen E. Bradley, Vice President, Public Affairs [2]

Robert A. Buettner, Vice President and Counsel

Rayford F. Davis, Vice President, Power Delivery [3]

John E. Dorsett, Vice President, Power Generation Services

R. S. Hardigree, Vice President, Corporate Services

R. E. Huffman, Vice President, Operating Services

William B. Hutchins III, Vice President and Treasurer

T. H. Jones, Vice President, Fossil Generation

C. Alan Martin, Vice President, Marketing

Charlton B. McArthur, Vice President, Economic Development

Jackson W. Minor, Vice President and Comptroller

M. Euel Wade Jr., Vice President, Information Resources [4]

Jack D. Woodard, Vice President, Nuclear Generation

Art P. Beattie, Secretary

Charles M. Deason, Assistant Comptroller

Jerry L. Harris, Assistant Comptroller

E. Wayne Boston, Assistant Secretary and Assistant Treasurer

J. R. Harris, Assistant Secretary and Assistant Treasurer [5]

Frederick D. Kuester, Assistant Secretary and Assistant Treasurer [6]

Shirley A. Thomas, Assistant Secretary

John H. Snyder, Assistant Secretary

David L. Whitson, Assistant Treasurer

Division Officers

John B. Byars Jr., Vice President, Eufaula

Michael D. Garrett, Vice President, Tuscaloosa [7]

Robert H. Haubein Jr., Vice President, Tuscaloosa [8]

J. Bruce Jones, Vice President, Mobile

Jerry J. Thomley, Vice President, Anniston

Homer H. Turner Jr., Vice President, Birmingham

Clyde H. Wood, Vice President, Montgomery

1 Effective January 1, 1991
2 Resigned effective September 18, 1990
3 Retired effective March 1, 1991
4 Effective June 22, 1990
5 Transferred to Georgia Power Company effective May 25, 1990
6 Effective May 25, 1990
7 Effective August 7, 1990
8 Transferred to Georgia Power Company effective July 18, 1990

Transfer Agents

Southern Company Services, Inc.
64 Perimeter Center East
Atlanta, Georgia 30346
(All series except the 8.72% Depositary series and Auction Class A 1988 series)

Harris Trust Company of New York
77 Water Street
New York, New York 10005
(For the 8.72% Depositary series)

Bankers Trust Company
Four Albany Street
New York, New York 10015
(For the Auction Class A 1988 series)

Registrars

Southern Company Services, Inc.
64 Perimeter Center East
Atlanta, Georgia 30346
(All series except the 8.72% Depositary series and Auction Class A 1988 series)

Harris Trust Company of New York
77 Water Street
New York, New York 10005
(For the 8.72% Depositary series)

Bankers Trust Company
Four Albany Street
New York, New York 10015
(For the Auction Class A 1988 series)

Legal Counsel

Balch & Bingham
P.O. Box 306
Birmingham, Alabama 35201

Directors

Elmer B. Harris, Birmingham (1989)†
President and Chief Executive Officer

James C. Inzer Jr., Gadsden (1965)
Partner
Inzer, Suttle, Swann & Stivender, P.A.
(Attorneys)

Crawford T. Johnson III, Birmingham (1969)†
Chairman and Chief Executive Officer
Coca-Cola Bottling Company United, Inc.
(Bottlers of Soft Drinks)

S. Eason Balch, Birmingham (1970)[1]
Partner
Balch & Bingham
(Attorneys)

William J. Rushton III, Birmingham (1970)†
Chairman and Chief Executive Officer
Protective Life Corporation
(Life and Health Insurance)

John W. Woods, Birmingham (1973)†
Chairman and Chief Executive Officer
AmSouth Bancorporation
(Multibank Holding Company)

Fred Morgan Clark, Eufaula (1977)[1]
Retired

John C. Webb IV, Demopolis (1977)
President Webb Lumber Company, Inc.
(Wholesale Lumber)

William O. Whitt, Birmingham (1979)[2]
Executive Director, Association of Edison Illuminating Companies, Inc.
Retired Executive Vice President

Whit Armstrong, Enterprise (1982)
President, Chairman and Chief Executive Officer
The Citizens Bank

Edward L. Addison, Atlanta (1983)
President
The Southern Company
(Electric Utility Holding Company)

James H. Sanford, Prattville (1983)*
President
HOME Place Farms, Inc.
(Diversified Farmers and Ginners)

Louis J. Willie, Birmingham (1984)†
President, Chairman and Chief Executive Officer
Booker T. Washington Insurance Company
(Life Insurance)

William L. McDonough, Birmingham (1985)†[3]
Executive Vice President

Gerald H. Powell, Jacksonville (1986)**
President
Dixie Clay Company of Alabama, Inc.
(Mining and Processing Refractory Clay)

Winton M. Blount III, Montgomery (1986)*
Chairman and Chief Executive Officer
Winton M. Blount III and Associates
(Diversified Investments)

Dr. Joab L. Thomas, Tuscaloosa (1986)*[4]
The University of Alabama

Travis J. Bowden, Birmingham (1988)†
Executive Vice President and Chief Financial Officer

Carl E. Jones Jr., Mobile (1988)*
President, Chairman and Chief Executive Officer
First Alabama Bank of Mobile

Dr. John W. Rouse, Birmingham (1988)†
President and Chief Executive Officer
Southern Research Institute
(Science and Engineering Research)

Bill M. Guthrie, Birmingham (1988)†
Executive Vice President

Wallace D. Malone Jr., Birmingham (1990)[5]
Chairman and Chief Executive Officer
SouthTrust Corporation
(Multibank Holding Company)

Dr. Philip E. Austin, Tuscaloosa (1991)[6]
Chancellor
The University of Alabama System

* Audit Committee member
** Audit Committee alternate member
† Executive Committee member
[1] Retired effective April 27, 1990
[2] Resigned as Advisory Director effective January 7, 1991
[3] Resigned effective February 22, 1991
[4] Resigned effective September 12, 1990
[5] Effective June 22, 1990
[6] Elected January 25, 1991

Years in parentheses indicated date of election.

Management Changes

Changes in management included the election of (from left) Charles D. McCrary to Senior Vice President, External Affairs in January 1991, Michael D. Garrett to Vice President, Western Division in August 1990, Wallace D. Malone Jr. to the Board of Directors in June 1990, and M. Euel Wade Jr. to Vice President, Information Resources in June 1990. Dr. Philip E. Austin (not pictured) was elected to the Board of Directors in January 1991.

Alabama Power

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