Role of 2nd Best Trading Programs to Achieve Carbon Mitigations

Josh Hale
October 4th, 2011
Measures of Strength

Facts & Figures - 2010

<table>
<thead>
<tr>
<th>Financial Highlights (as of Dec 31, 2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
</tr>
<tr>
<td>Net Income</td>
</tr>
<tr>
<td>Earnings Per Share</td>
</tr>
<tr>
<td>Average Shares Outstanding</td>
</tr>
<tr>
<td>Return on Average Common Equity</td>
</tr>
<tr>
<td>Total Assets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Utility Customers and Sales</th>
<th>Customers</th>
<th>Energy sales (millions of kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>3,813,000</td>
<td>57,798</td>
</tr>
<tr>
<td>Commercial</td>
<td>580,000</td>
<td>55,492</td>
</tr>
<tr>
<td>Industrial</td>
<td>15,000</td>
<td>49,984</td>
</tr>
<tr>
<td>Other</td>
<td>9,000</td>
<td>943</td>
</tr>
<tr>
<td>Total Retail</td>
<td></td>
<td>164,217</td>
</tr>
<tr>
<td>Total Wholesale</td>
<td></td>
<td>32,590</td>
</tr>
<tr>
<td>Total</td>
<td>4,417,000</td>
<td>196,787</td>
</tr>
</tbody>
</table>
Emissions Profile

**SO₂**

![SO₂ Emissions Graph](image)

**NOₓ**

![NOₓ Emissions Graph](image)

**Hg**

![Hg Emissions Graph](image)

**CO₂**

![CO₂ Emissions Graph](image)
Strategic Priorities

Complete Vogtle & Ratcliffe

Support Building of National Energy Policy

Preserve and Enhance the Circle of Life

Constructive Regulation

Healthy Capital Spending

High Reliability
Low Prices
High Customer Satisfaction

Promote Smart Energy

Value and Develop People
Emissions Profile

SO₂ & NOₓ Reductions
- known policies
- proven technologies
- market tools
- capital investment
- drastic reductions

Hg Reductions
- emerging policies
- proven and trial technologies
- market tools
- capital investment needed
- reductions forthcoming

CO₂ Reductions
- unclear policies
- unproven and trial technologies
- market tools
- capital investment needed
- reductions uncertain
Alternative Market Mechanisms

• Patchwork of state Renewable Portfolio Standards (RPS)
  – PRO: tailored for state resources
  – CON: inefficient market mechanism

• Federal RPS
  – PRO: potential for efficient credit market
  – CON: state/regional differences

• Federal RPS + energy efficiency credits
  – PRO: slightly deeper market
  – PRO: creates demand-side dynamic from end users
  – CON: state/regional differences

Note: these statements are the opinion of the presenter and do not necessarily reflect those of Southern Company
Alternative Market Mechanisms

- Federal Clean Energy Standard (CES)
  - PRO: all options on the table
  - PRO: incentivizes base load generation decisions
  - PRO: potential for deep market
  - CON: defining “clean”

- Common challenges for all alternative mechanisms
  - Effectiveness of carbon reductions bound by policy goals
  - Market signals may not directly correlate with carbon reductions
  - Potential to force poor long-term economic decisions

Note: these statements are the opinion of the presenter and do not necessarily reflect those of Southern Company