America’s premier wholesale energy partner
Today’s Overview

- Who is Southern Power?

- Business Model

- Portfolio

- U.S. Renewable Outlook

- Southern Power Growth Strategy
Approximately 44,000 mw of Generating Capacity

Nearly 200,000 Miles of Power Lines

More than 80,000 Miles of Natural Gas Pipelines

190 Bcf of Natural Gas Storage Capacity

Service Territory

Operations in 19 States

11 Electric & Natural Gas Utilities

32,500 Total Employees

9 Million Utility Customers

More than 1 Million Retail Customers

Major Subsidiaries

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern Company Gas</td>
<td>4.5 million natural gas distribution customers in 7 states, wholesale and retail energy businesses and gas storage facilities across the U.S.</td>
</tr>
<tr>
<td>Alabama Power</td>
<td>1.4 million electric utility customers</td>
</tr>
<tr>
<td>Georgia Power</td>
<td>2.4 million electric utility customers</td>
</tr>
<tr>
<td>Gulf Power</td>
<td>447,000 electric utility customers</td>
</tr>
<tr>
<td>Mississippi Power</td>
<td>186,000 electric utility customers</td>
</tr>
<tr>
<td>PowerSecure</td>
<td>A national leader in distributed infrastructure technologies</td>
</tr>
<tr>
<td>Southern Power</td>
<td>Over 12,000 MW of wholesale solar, wind, biomass and natural gas in 11 states</td>
</tr>
<tr>
<td>Southern Natural Gas</td>
<td>50% Ownership</td>
</tr>
</tbody>
</table>

Natural Gas Utilities

- Atlanta Gas Light (GA)
- Chattanooga Gas (TN)
- Elizabethtown Gas (NJ)
- Elkton Gas (MD)
- Florida City Gas (FL)
- Nicor Gas (IL)
- Virginia Natural Gas (VA)
Who is Southern Power?

Southern Power is a leading U.S. wholesale energy provider meeting the electricity needs of municipalities, electric cooperatives, investor-owned utilities and other energy customers.

We help build the future of energy as America’s premier wholesale energy partner by investing in clean energy solutions for the customers we serve.

Surpassing 12,600 MW* of generation capacity, we represent the largest renewable and gas-fired fleet in the Southern Company system.

Southern Power is the third largest electric operating company by generation capacity, net income and total assets.

*Includes all announced projects through Bethel
By the Numbers

12,610 total MW*
3,290 MW renewable energy*
Operations in 11 states
Over 460 employees

*Includes all announced projects through Bethel
Southern Power Generating Facilities

Combined Cycle Plant  Peaking Plant  Biomass Plant  Solar Plant  Wind Plant  Under Development*
Business Model
Southern Power Business Model

Southern Company’s unregulated wholesale provider of electricity

• Build or buy assets covered by long-term contracts with creditworthy counterparties
• Minimize fuel and transmission risks using pass-through contract provisions
• Target long term partnerships that leverage our superior performance
• Maintain BBB+ credit rating

Contract Coverage Profile

AAA to A- counterparty credit profile for 74% of contract coverage
5-year coverage: 91%
10-year coverage: 90%
Average contract length: 16 years

2016 Financials

Operating Revenue: $1.6 billion
Net Income: $338 million
Total Assets: $15.2 billion

(1) As of December 31, 2016
(2) Investment based on the respective generation facilities’ net book value (or expected in-service value for facilities under construction or being acquired) as the investment amount
SPC Hurdle Rates

Primary Risk Factors Considered
- Technology: Gas (CT, CC), Solar, Wind
- PPA Contract Length
- PPA Counter Party Credit Risk
- New build vs. Acquisition

Potential Project Specific Risk Factors
- Fuels / Resource
- Reliability / Design
- EPC
- Environmental
- O & M
- Transmission
- External affairs
- Change in law
- PPA Provisions

Illustrative Hurdle Rate Range

Hurdle rate at a given contract length depends on risk factors listed above
Superior Operational Performance

Delivering on key operating performance metrics illustrates our commitment to operational excellence and helps to ensure contractual commitments to customers are met.

Gas CC Peak Season EFOR (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>EFOR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.29</td>
</tr>
<tr>
<td>2012</td>
<td>0.18</td>
</tr>
<tr>
<td>2013</td>
<td>0.63</td>
</tr>
<tr>
<td>2014</td>
<td>0.36</td>
</tr>
<tr>
<td>2015</td>
<td>0.56</td>
</tr>
<tr>
<td>2016</td>
<td>0.11</td>
</tr>
</tbody>
</table>

2012-2015 Industry Average: 3.19%

Renewable Availability

<table>
<thead>
<tr>
<th>Type</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar</td>
<td>98.5%</td>
</tr>
<tr>
<td>Wind</td>
<td>97.7%</td>
</tr>
</tbody>
</table>
Southern Power Portfolio
Southern Power’s contracts-based business model

• Sell capacity and energy covered by long-term contracts
  – Contracted revenues are not linked to market power prices

• Minimize fuel and transmission risks using pass-through contract provisions

• Execute contracts with strong credit support

Invested $3.2B in almost 8,000 MW of natural gas assets across four states in the Southeast
Southern Power Growth: 2010 to 2015

Invested $4.5B in 18 projects totaling over 1,700MW; assets span across nine states

(1) MW numbers represent nameplate capacity and reflect Southern Power’s and its subsidiaries’ ownership interest.
(2) Reflects facilities owned, under construction or under contract for purchase as of December 31, 2015.
Southern Power Growth: 2016

Invested $4.4B in 19 projects totaling over 2,700MW; pivot towards wind

(1) MW numbers represent nameplate capacity and reflect Southern Power's and its subsidiaries' ownership interest.
(2) Reflects facilities owned, under construction or under contract for purchase as of September 30, 2016
A Nationwide Clean Energy Fleet

<table>
<thead>
<tr>
<th>Type</th>
<th>MW¹,²</th>
<th>%</th>
<th>Net Book Value²</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Gas</td>
<td>9,320</td>
<td>76%</td>
<td>$2.8B</td>
<td>23%</td>
</tr>
<tr>
<td>Solar</td>
<td>1,727</td>
<td>14%</td>
<td>$6.8B</td>
<td>57%</td>
</tr>
<tr>
<td>Wind</td>
<td>1,172</td>
<td>9%</td>
<td>$2.1B</td>
<td>17%</td>
</tr>
<tr>
<td>Biomass</td>
<td>115</td>
<td>1%</td>
<td>$0.4B</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,335</td>
<td>100%</td>
<td><strong>$12.1B</strong></td>
<td>100%</td>
</tr>
</tbody>
</table>

Southern Power has a diverse portfolio with strong contract coverage and high credit quality counterparties.

(1) MW numbers represent nameplate capacity and reflect Southern Power’s and its subsidiaries’ ownership interest.
(2) Reflects facilities owned, under construction or under contract for purchase as of September 30, 2016.
U.S Renewables Market
A view into C&I offtakers and declining PPA prices
Commercial and Industrial Offtakers

Corporate Renewable Deals
2012 – 2016

Publicly announced contracted capacity of corporate Power Purchase Agreements, Green Power Purchases, and Outright Project Ownership in the US and Mexico, 2012 – 2016. Excludes on-site generation (e.g., rooftop solar PV) and deals with operating plants. Last updated: September 26, 2016.

For more information, please visit [http://www.businessrenewables.org/](http://www.businessrenewables.org/) or contact [RRC@RMI.org](mailto:RRC@RMI.org)
Utility Scale Solar PPA Prices

![Diagram showing levelized PPA prices by region, contract size, and PPA execution date. The diagram includes data for California, Southwest, Texas, Southeast, and Midwest regions. It indicates that 4 out of 5 regions now have PPA prices <$50/MWh (Midwest <$60/MWh). The sample includes 136 contracts totaling 9.1 GW AC.]

Figure 18. Levelized PPA Prices by Region, Contract Size, and PPA Execution Date: Full Sample

Source: Lawrence Berkley National Laboratory
Growth Strategy
Growth is spread across our major businesses

Projected contribution to earnings growth\(^1\) through 2021

<table>
<thead>
<tr>
<th>Category</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Electric OpCos</td>
<td>26%</td>
</tr>
<tr>
<td>Southern Power</td>
<td>35%</td>
</tr>
<tr>
<td>GAS(^1)</td>
<td>30%</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
</tr>
</tbody>
</table>

Projected contribution to the dividend in 2021

<table>
<thead>
<tr>
<th>Category</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Electric OpCos</td>
<td>66%</td>
</tr>
<tr>
<td>Southern Power</td>
<td>14%</td>
</tr>
<tr>
<td>GAS</td>
<td>18%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

\(~95\% of the dividend supported by state regulated and long-term contracted business\)

\(^1\)Excludes projected merger-related expenses and earnings from Wholesale Gas Services
Southern Power Growth Capital

- **2016 growth investments currently projected to be $4.4B**
  - Fully committed
  - Expected to be the high-water mark for renewable investment
- **Targeting approximately $1.5B for growth capex annually and continuing pivot towards wind**
  - Approximately $1B annually for wind (~650MW per year)
  - Approximately $500M for wind, solar, or natural gas based on opportunities

*All growth capex will be subject to our rigorous investment criteria and disciplined approach to project investment*

*Excludes maintenance capex of ~$100M per year*
Southern Power Growth Outlook

We are positioned to grow as a clean energy provider in the near and long term

- Declining PPA prices, combined with corporate tax position, are making solar financial profiles less attractive
- Continuing to pursue select solar projects on a more limited basis

- Wind expected to be primary growth vehicle in the near term
  - Wind projects offer a more attractive financial profile given corporate tax position
  - Exploring partnerships with both turbine suppliers and project developers

- Gas acquisition opportunities may exist in the near term
  - New build gas projects forecasted in medium / long term
  - Environmental regulations and operational constraints will drive timing of new build opportunities

We are committed to maintaining a low-risk business model as we continue to grow and diversify the business
Market Focus

Southern Power is geographically agnostic while remaining business model dogmatic.
Safe Harbor Strategy

SPC & RES Joint Development Agreement*

Siemens & Vestas Turbine Supply Agreements*

Marketing/Origination Opportunities (CFDs*, and PPAs)

Competitive Turbine Pricing

3 GW (2017-2020)

100% PTC Qualification