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

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

Registrar
Trust Company Bank, Atlanta
All Preferred Stock

Transfer Agents
Office of the Company, Atlanta
Trust Company Bank, Atlanta
All Preferred Stock

Dividends Paid
It has been determined that all dividends paid on Georgia Power Company Preferred Stock (including Class A Preferred) for the year 1980, are 100% taxable.

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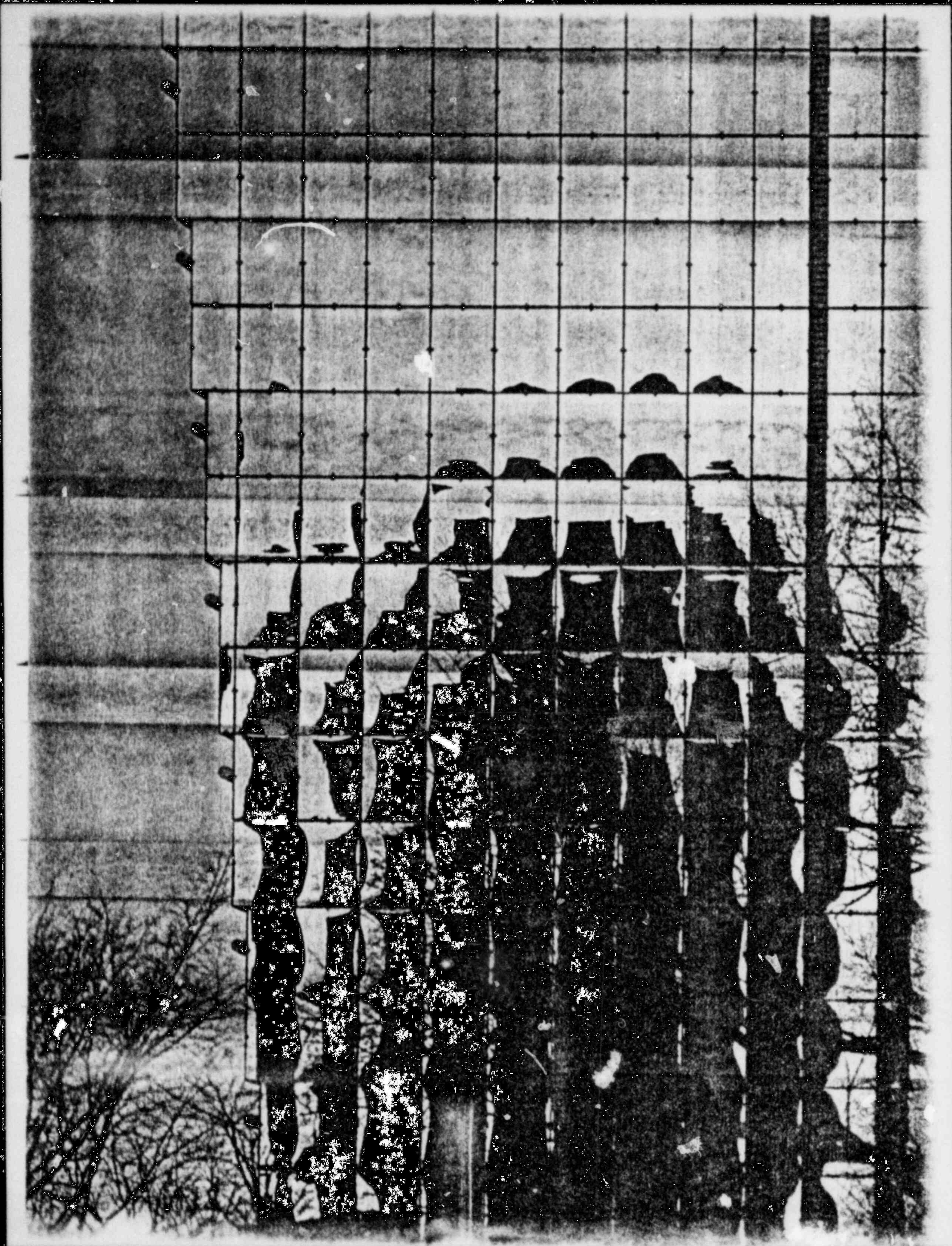


Highlights

	1980	1979	% Change
Financial (in thousands of dollars)			
Total Operating Revenues	**$1,808,408**	$1,519,942	19.0
Total Operating Expenses	**$1,492,120**	$1,255,258	18.9
Net Income After Dividends on Preferred Stock	**$195,345**	$145,512	34.2
Dividends on Common Stock	**$136,400**	$131,100	4.0
Gross Property Additions	**$690,959**	$607,616	13.7
Net Utility Plant (year-end)	**$4,434,683**	$4,301,454	3.1
Electric Operations			
Kilowatthour Sales (millions)	**46,306**	43,235	7.1
Customers Served (year-end)	**1,215,714**	1,192,770	1.9
Capital Structure Ratios (year-end)			
Long-Term Debt*	**57.42%**	57.08%	
Preferred Stock	**8.75%**	9.35%	
Preferred Stock Subject to Mandatory Redemption*	**1.71%**	1.95%	
Common Equity	**32.12%**	31.62%	
Coverage Ratios			
First Mortgage Bonds	**2.86**	2.34	
Preferred Stock	**1.81**	1.66	

*Includes amounts due within one year

Table of Contents

FOR GEORGIA POWER Company, 1980 was a year of overall progress. During the year we received additional revenues in both our retail and resale jurisdictions, brought the last unit of the Wallace Dam facility into service, pursued additional off-system power sales, completed certain sale and repurchase transactions involving the Scherer Electric Generating Plant, a four-unit coal fired facility, and continued negotiations concerning additional participation in our generating facilities.

Net income for the year totaled $195.3 million, compared with 1979 net income of $145.5 million, marking the third consecutive year of improvement. The increase in 1980 is primarily attributable to additional revenues resulting from higher rates and greater kilowatt-hour sales, off-system power sales and gains from the sales of assets.

The year began on a positive note with the conclusion in January of proceedings related to our November 1978 retail rate case filing. Approval was received in May 1980 from the Federal Energy Regulatory Commission (FERC) with respect to rate case settlement agreements reached in 1979 between the Company and its wholesale customers. We filed another wholesale rate increase application with FERC in April 1980 with new rates becoming effective in November, 1980. Also in November, settlement agreements were reached with respect to these rates. These settlement agreements have been submitted to FERC for approval. Based on these agreements, the Company will retain on an annual test year basis approximately $27.1 million in increased revenues.

During the 1980 session of the Georgia General Assembly, legislative proposals for improving the regulatory process were passed in both the House and Senate, but the session ended before a compromise measure could be considered. Similar legislation was passed by the 1981 Georgia General Assembly and was signed into law by the Governor. This legislation is intended to strengthen the staff of the Georgia Public Service Commission and more clearly define certain accounting treatments in rate cases.

Customers were encouraged to conserve energy whenever possible through continuing load management programs in 1980, spotlighted by such activities as the testing of load control devices, energy audits and Good Cents Home programs. Despite these efforts, electricity used during the summer heat wave reached an all time high. Even with the Governor issuing a call for conserving power, urging all Georgians to eliminate non-essential use of electricity and with industrial customers having been asked to cut consumption, our customers used almost 3 billion kilowatt hours from July 6 through July 20. This was almost 27 percent more than was used in the same period in 1979. The combined demands of the Company's customers, and the customers of Oglethorpe Power Corporation (OPC), the Municipal Electric Authority of Georgia (MEAG) and the City of Dalton (Dalton) reached a new peak of 11,154 megawatts on July 16th, surpassing by almost 1,000 megawatts the previous record set last year. The new peak demand was an increase of almost 10 percent over last year's peak. In addition, a new record winter peak demand of 9,203 megawatts was set in January, 1981. By having the generating capacity available and our plants in good operating condition, we were able to meet our customers' energy requirements. These increased sales were a significant factor in our improved earnings.

Another factor which helped to improve

Robert W. Scherer

earnings for the year was off-system bulk-power sales to neighboring utilities. In 1980, the Company, along with other operating companies within the Southern electric system, have signed long-term bulk-power contracts with five southeastern utilities. These utilities are otherwise primarily dependent on oil as a fuel for generation of electricity. Certain provisions of these contracts allow us to interrupt these sales, if necessary, to serve our territorial load. These arrangements enable us to utilize certain capacity, if available, to meet the needs of these utilities. Not only are these transactions advantageous from a business viewpoint, we also believe that they are in the national interest since they reduce the country's dependence on oil.

Construction expenditures for the year amounted to $691 million. Work continued on the coal-fired units at Plant Scherer, the Vogtle Electric Generating Plant and the Rocky Mountain pumped storage hydro plant. During 1980, a combustion turbine was placed into service at the Wansley Electric Generating Plant. The remaining five units of Wallace Dam were also completed and placed in service this year. This facility increased our hydro generating capacity by 74 percent and is the first pumped storage hydro plant in the Southern electric system.

In late 1980, financing arrangements were completed for the Company's new corporate headquarters in downtown Atlanta. This new facility will bring together personnel from locations throughout the city. With its innovative design and energy-efficient features, it is anticipated that the building will use 55 percent less energy than required for similar structures, making it one of the most energy-efficient buildings of its kind in the nation.

To offset part of the financial burden of our construction program, property sales were consummated during the year. The Company sold a 60-percent interest in Plant Scherer Units 1 and 2 to OPC and an additional 15.1-percent interest in these units to MEAG. The Company received approximately $416 million from these transactions. In conjunction with these sales, we also repurchased the total ownership of MEAG and Dalton in Plant Scherer Units 3 and 4, thus restoring the Company's 100-percent ownership of these units. Discussions continued during the year with neighboring utilities on possible additional participation in Plant Vogtle and Units 3 and 4 of Plant Scherer. As a result of these discussions, Gulf Power Company, an affiliate of the Company, signed a contract effective as of February 19, 1981 for a 25 percent undivided interest in Plant Scherer Units 3 and 4.

Our continuing progress is a reflection of a coordinated management effort. As a result of continuous review of the Company's direction and implementation of positive courses of action, we have become a stronger Company, better prepared to meet the challenges of tomorrow.

Our progress in 1980 could not have been achieved without the dedicated efforts of our employees and the support of our investors. As we enter 1981, we continue our commitment to maintaining financial integrity while providing quality service to our customers.

RW Scherer

Robert W. Scherer
President and Chief Executive Officer
March 3, 1981

Georgia's Electric System

Generating Units Under Construction

Fossil	Name Plate Rating (Kilowatts)	Commercial Operation Date
Plant Scherer Unit No. 1	68,712(1)	1982
Plant Scherer Unit No. 2	68,712(1)	1984
Plant Scherer Unit No. 3	818,000(1)	1987
Plant Scherer Unit No. 4	818,000(1)	1989
Nuclear		
Alvin W. Vogtle Nuclear Plant Unit No. 1	588,120(1)	1985
Alvin W. Vogtle Nuclear Plant Unit No. 2	588,120(1)	1987
Hydro		
Bartletts Ferry Unit No. 5 and 6	100,000	1985
Goat Rock Unit No. 7 and 8	67,000	1988
Pumped Storage		
Rocky Mountain Unit No. 1, 2 and 3	675,000	1987

(1) GPC portion only, excluding joint participants

1980 Jointly Owned Plants

Plant	**Hatch**	**Vogtle**	**Scherer**		**Wansley**
Units	1-2	1-2	1-2	3-4	1-2
Megawatt Capacity	1,630	2,320	1,636	1,636	1,730
Owned					
Georgia	50.10	50.70	8.40	100.00	53.50
OPC	30.0	30.00	60.00	—	30.00
MEAG	17.70	17.70	30.20	—	15.10
Dalton	2.20	1.60	1.40	—	1.40

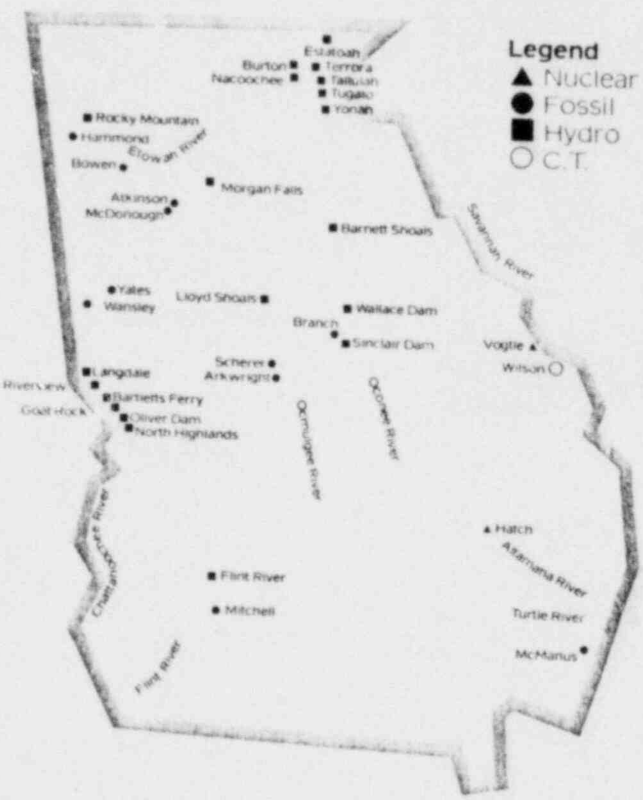
Proposed 1981 Ownership (1)

Plant	**Scherer**
Units	3-4
Megawatt Capacity	1,636
% Owned	
Georgia	75.00
Gulf	25.00

(1) Plant Vogtle
Certain Florida Utilities are reviewing the possibility of membership in Plant Vogtle.

Nameplate Generating Capacity

(Year-end 1980)	Megawatts
Steam	
Fossil	8,850
Nuclear	817
Gas Turbines	1,231
Hydro	754
Total Capacity	11,652



Selected Financial Data Dollars in thousands

Years Ended December 31	1980	1979	1978	1977	1976
Operating Revenues	**$1,808,408**	$1,519,942	$1,475,024	$1,301,237	$1,170,046
Net Income After Dividends on Preferred Stock	**$195,345**	$145,512	$136,014	$111,686	$121,118
Total Assets	**$5,288,504**	$4,847,197	$4,524,415	$4,166,788	$3,904,549
Long-Term Debt	**$2,326,627**	$2,168,272	$1,953,553	$1,880,798	$1,827,470
Preferred Stock Subject to Mandatory Redemption	**$67,500**	$71,250	$75,000	$75,000	$75,000
Cash Dividends Declared on Common Stock	**$136,400**	$131,100	$119,225	$109,400	$100,400
Gross Property Additions	**$690,959**	$607,616	$500,719	$534,153	$404,435
Kilowatthour Sales (in thousands)	**46,305,741**	43,234,692	44,145,118	43,818,826	41,329,966
Customers (year-end)	**1,215,714**	1,192,770	1,164,822	1,138,470	1,112,063
Average Revenues per Kilowatthour—Total Sales—(cents)	**3.87**	3.48	3.31	2.94	2.81
Average Cost of Fuel per Kilowatthour Generated —(cents)	**1.51**	1.42	1.37	1.27	1.12

Additional financial and statistical information for the period 1970-1980 is provided in the Company's Financial and Statistical Review Report. This report will be provided upon written request to the office of the Corporate Secretary.

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

Results of Operations

GEORGIA POWER'S financial performance continued to improve despite the increasing cost of generating electricity. After two years of decline, the Company's earnings began to improve in 1978 and have shown steady improvement through 1980. Net income for 1980 totaled $195.3 million, an increase of 34.2 percent over 1979 and 43.6 percent over 1978.

Increases in operating revenues in each period are attributable principally to rate increases, recovery of increased fuel costs, and increased energy sales in 1980 and 1978. Retail revenues over the period 1978 to 1980 increased 22.7 percent. The most significant increase was in 1980 which reflected the first full year of new retail rates. Wholesale revenues decreased only 3.5 percent as compared with the 16.6 percent decrease in wholesale kilowatthour sales over the same period. This was primarily due to wholesale rate increases implemented in 1978, 1979 and 1980. On April 4, 1980, the Company filed an application for increased wholesale rates which became effective in November, 1980. Thus the full effect of these rates are not reflected in 1980 earnings. See Note 2 to the financial statements for further discussion of rate matters. During 1980, the Southern electric system entered into contracts to sell 700 megawatts of capacity to neighboring utilities. The contracts cover periods of up to six years. The Company's portion, in 1980, of these bulk-power sales amounted to 2.1 billion kilowatt-hours and revenues of $56 million.

Total Company kilowatthour sales have increased 5.0 percent from 44.1 billion in 1978 to 46.3 billion in 1980. The rate of increase in energy sales has been declining as a result of customer conservation and wholesale customers' increased ability to meet their own electrical demands. The increases in sales during 1980 were primarily due to the extended summer heat wave and increased sales to neighboring utilities. The combined demand of the Company's customers and the customers of Oglethorpe Power Corporation (OPC), the Municipal Electric Authority of Georgia (MEAG), and the City of Dalton (Dalton) reached a new peak of 11,154 megawatts on July 16th, surpassing the 1979 peak by almost 1,000 megawatts.

Expenses for generating electricity continued to rise due to increased energy production and inflation. Fuel cost showed the most substantial change increasing 29.8 percent from 1978 to 1980. However, under fuel cost recovery mechanisms, the Company recovers the actual cost of fuel burned. Net purchased power expenses have decreased $75.1 million from 1978 to 1980, reflecting the Company's improved plant availability and additional generating capacity.

Increases in depreciation and amortization each year are due principally to the continued growth in depreciable plant in service. The composite straight-line depreciation rate was approximately 3.6 percent in 1978, 3.7 percent in 1979, and 3.8 percent in 1980.

Fluctuations in income taxes resulted from changes in income before income taxes, and from the reduction of the federal income tax rate from 48 percent to 46 percent in 1979. Federal and state income tax provisions are detailed in Note 5 to the financial statements.

The allowance for funds used during construction represents the cost of capital applicable to utility plant under construction which is not included in the rate base. Although the equity portion of this credit represents non-cash income, a significant portion of current cash flow results from the allowance of a return on and recovery through depreciation of previously capitalized amounts. In addition, the income tax effect of the debt portion results in a non-cash charge. The allowance for funds used during construction, net of income taxes, as a percent of net income amounted to 29 percent in 1980, 41 percent in 1979 and 39 percent in 1978.

Interest expense has risen steadily since 1978, reflecting the higher cost of new debt. Bonds sold in 1980 carried an interest rate of 14½ percent, up substantially from the 10½ percent to 11 percent on bonds sold in 1979 and the 9⅜ percent to 9¾ percent on bonds sold in 1978.

Inflation has a significant effect on the Company due to regulatory constraints. See Note 13 to the financial statements for supplementary information concerning the approximate effects of inflation.

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

Financial Condition

FOR THE YEARS 1978 through 1980, gross plant additions were $1.8 billion. These additions reflect continuing investment in major generating projects and the constructuring and upgrading of transmission and distribution lines, substations and other facilities. Plant additions were financed primarily by the issuance of $322 million of long-term debt, $45 million of preferred stock and the sale of undivided interests in certain plant facilities ($447 million). The Company's new corporate headquarters building was financed through a sale-leaseback arrangement and was recorded in utility plant and other long-term debt in October, 1980. The effective cost to the Company of this financing arrangement is 8.2 percent, considerably less than the cost of first mortgage bond financing. The balance of funds was provided from common equity contributions from The Southern Company and internal sources. See Statements of Sources of Funds for Gross Property Additions for further details.

The Company's capitalization ratios have remained approximately the same in recent years but the composite interest rate on long-term debt has increased from 7.97 percent at December 31, 1977 to 8.44 percent at December 31, 1980 and the composite dividend rate on preferred stock has increased from 8.14 percent to 8.38 percent for the same period.

At December 31, 1980, the Company had $204.4 million of temporary cash investments to meet its short-term cash needs. To further provide financial flexibility, the Company currently has $450,750,000 in available lines of credit, $400,000,000 of which is available under revolving lines of credit agreements for a period of three years, and $50,750,000 of which is subject to annual renewal. No short-term bank loans were outstanding at year end.

The increase in other accounts and notes receivable is partially attributable to a note received in connection with the sale-leaseback of the Company's new corporate headquarters building. Payment of a major portion of this note was received by the Company in January, 1981. The remaining increase is primarily attributable to receivables from joint owners of generating facilities. Payment of these accounts was received in February, 1981.

The Company's construction expenditures are estimated to total approximately $2.5 billion for the three years 1981 through 1983. The construction program is subject to change and excludes amounts applicable to portions of facilities sold or to be sold as discussed in Notes 3 and 4 to the financial statements. At December 31, 1980, substantial purchase commitments were outstanding in connection with the construction program and for the purchase of coal and nuclear fuel under long-term contracts.

In addition to the funds required for the construction program, approximately $68.1 million will be required by the end of 1983 in connection with the sinking fund requirements and maturities of long-term debt and preferred stock subject to mandatory redemption.

It is anticipated that the funds required will be derived from sources similar to those used in the past. A Company goal is to generate internally a greater portion of the funds needed for total construction expenditures.

In order to issue additional long-term debt and preferred stock, the Company must comply with certain earnings coverage requirements contained in its mortgage indenture and corporate charter. Earnings coverage of two times annual interest charges on first mortgage bonds is required for the issuance of additional bonds and one and one-half times annual interest charges and preferred stock dividends is required for the issuance of additional preferred stock. The coverages for the years ended December 31, 1980 and 1979, were 2.86 and 2.34, respectively, for bonds and 1.81 and 1.66, respectively, for preferred stock.

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

Balance Sheets in thousands

December 31	1980	1979
ASSETS		
Utility Plant		
Plant in service, at original cost	$4,710,260	$4,415,038
Less—Accumulated provision for depreciation	1,141,263	1,006,439
	3,568,997	3,408,599
Nuclear fuel, at amortized cost	54,831	46,795
Construction work in progress (Note 3)	810,855	846,060
	4,434,683	4,301,454
Other Property and Investments		
Southern Electric Generating Company (Note 4)	16,400	16,400
Nonutility property, net	3,299	3,254
	19,699	19,654
Current Assets		
Cash	7,731	6,081
Temporary cash investments, at cost	204,400	51,690
Receivables—		
Customer accounts receivable	157,488	110,901
Other accounts and notes receivable	136,323	54,027
Intercompany	13,886	15,593
Accumulated provision for uncollectible accounts	(2,000)	(1,200)
Fossil fuel stock, at average cost	265,352	245,341
Materials and supplies, at average cost	30,375	27,700
Prepayments	4,744	2,388
	818,299	512,521
Deferred Charges		
Debt expense, being amortized	6,771	6,992
Miscellaneous	9,052	6,576
	15,823	13,568
	$5,288,504	$4,847,197

The accompanying notes are an integral part of these statements.

Balance Sheets in thousands

December 31	1980	1979
CAPITALIZATION AND LIABILITIES		
Capitalization (see accompanying statements)		
Common stock equity	**$1,314,315**	$1,210,868
Preferred stock	**357,844**	357,844
Preferred stock subject to mandatory redemption (Note 8)	**67,500**	71,250
Long-term debt	**2,326,627**	2,168,272
	4,066,286	3,808,234
Current Liabilities		
Preferred stock sinking fund requirement (Note 8)	**2,575**	3,520
Long-term debt due within one year (Note 7)	**22,796**	17,169
Accounts payable –		
Intercompany	**14,808**	12,203
Other	**165,045**	149,974
Revenues to be refunded (Note 2)	**1,569**	5,067
Customer deposits	**27,229**	26,282
Taxes accrued –		
Federal and state income	**74,330**	23,679
Other	**34,230**	28,791
Interest accrued	**54,855**	52,036
Miscellaneous	**14,197**	13,280
	41	332,001
Deferred Credits, etc.		
Accumulated deferred income taxes	**560,403**	501,009
Accumulated deferred investment tax credits	**229,639**	193,980
Miscellaneous	**20,542**	11,973
	810,584	706,962
Commitments and Contingent Matters (Notes 2, 3, 4 and 11)		
	$5,288,504	$4,847,197

The accompanying notes are an integral part of these statements.

Statements of Capitalization in thousands

December 31	1980	% of Total	1979	% of Total
Common Stock Equity				
Common stock (without par value) authorized 15,000,000 shares, outstanding 7,761,500 shares	$ 344,250		$ 344,250	
Other paid-in capital	696,800		652,800	
Premium on preferred stock (Note 8)	1,636		1,104	
Earnings retained in the business (Note 10)	271,629		212,714	
Total common stock equity	1,314,315	32.3%	1,210,868	31.8%
Cumulative Preferred Stock (without par value) authorized 14,000,000 shares, outstanding 6,578,439 shares				
Class				
$100 stated value-				
$4.60 to $6.60 Series	117,844		117,844	
$7.72 to $7.80 Series	105,000		105,000	
$8.20 to $9.08 Series	35,000		35,000	
$25 stated value-				
$2.52 Series	50,000		50,000	
$2.56 Series	50,000		50,000	
Total (annual dividend requirement $27,350,000)	357,844	8.8	357,844	9.4
Cumulative Preferred Stock (without par value), subject to mandatory redemption (Note 8) authorized 3,000,000 shares, outstanding 2,803,000 shares				
$25 stated value-$2.75 Series (annual dividend requirement $7,708,000)	70,075		74,770	
Less amount due within one year	2,575		3,520	
Total (excluding amount due within one year)	67,500	1.7	71,250	1.9
Long-Term Debt				
First mortgage bonds (Note 7)—				
Maturity — **Interest Rates**				
April 1, 1980 — 2-7/8%	—		15,000	
June 1, 1981 — 3-1/2%	20,000		20,000	
July 1, 1982 — 3-3/8%	20,000		20,000	
April 1, 1983 — 3-3/4%	8,073		8,073	
April 1, 1984 — 3-1/8%	11,000		11,000	
May 1, 1985 — 3-3/8%	11,988		11,988	
1986-1990 — 3-5/8% to 5-1/4%	56,978		56,978	
1991-1995 — 4-3/8% to 4-7/8%	127,500		127,500	
1996-2000 — 5-3/4% to 11-5/8%	423,107		428,107	
2001-2005 — 7-3/8% to 11-3/4%	825,968		825,968	
2006-2010 — 9-5/8% to 14-1/2%	549,500		474,500	
Total first mortgage bonds	2,054,114		1,999,114	
Other long-term debt (Note 6)	309,175		199,820	
Unamortized debt premium (discount)-net	(13,866)		(13,493)	
Total long-term debt (annual interest requirement $198,823,000)	2,349,423		2,185,441	
Less amount due within one year	22,796		17,169	
Long-term debt, excluding amount due within one year	2,326,627	57.2	2,168,272	56.9
Total capitalization	$4,066,286	100.0%	$3,808,234	100.0%

The accompanying notes are an integral part of these statements.

Statements of Income in thousands

Years Ended December 31	1980	1979	1978
Operating Revenues	**$1,808,408**	$1,519,942	$1,475,024
Operating Expenses			
Operation—			
Fuel	**716,566**	598,254	551,971
Purchased and interchanged power, net	**4,324**	28,519	79,470
Other	**222,155**	182,386	168,761
Maintenance	**144,344**	126,051	121,263
Depreciation and amortization	**153,245**	133,888	118,208
Taxes other than income taxes	**73,454**	67,736	65,364
Federal and state income taxes (Note 5)	**178,032**	118,424	126,953
Total operating expenses	**1,492,120**	1,255,258	1,231,990
Operating Income	**316,288**	264,684	243,034
Other Income			
Allowance for equity funds used during construction	**35,663**	40,224	36,774
Gain on sales of facilities (Note 4)	**29,282**	3,323	4,421
Interest income	**25,552**	34,472	18,336
Other, net	**4,047**	3,415	2,473
Income taxes applicable to other income (Note 5)	**(22,570)**	(14,315)	(9,494)
Income before interest charges	**388,262**	331,803	295,544
Interest Charges			
Interest on long-term debt	**186,210**	185,029	158,460
Allowance for debt funds used during construction	**(40,063)**	(38,082)	(32,067)
Other interest charges	**10,741**	3,579	1,660
Amortization of debt discount, premium and expense, net	**805**	979	997
Net interest charges	**157,693**	151,505	129,050
Net Income	**230,569**	180,298	166,494
Dividends on Preferred Stock	**35,224**	34,786	30,480
Net Income after Dividends on Preferred Stock	**$ 195,345**	$ 145,512	$ 136,014

Statements of Earnings Retained in the Business in thousands

Years Ended December 31	1980	1979	1978
Balance, beginning of period	**$ 212,714**	$ 200,097	$ 183,308
Add (deduct):			
Net income after dividends on preferred stock	**195,345**	145,512	136,014
Cash dividends paid on common stock	**(136,400)**	(131,100)	(119,225)
Preferred stock issuance expense	**(30)**	(1,795)	—
Balance, end of period (Note 10)	**$ 271,629**	$ 212,714	$ 200,097

Statements of Other Paid-In Capital in thousands

Years Ended December 31	1980	1979	1978
Balance, beginning of period	**$ 652,800**	$ 627,800	$ 557,800
Cash contribution to capital by parent company	**44,000**	25,000	70,000
Balance, end of period	**$ 696,800**	$ 652,800	$ 627,800

The accompanying notes are an integral part of these statements.

Statements of Sources of Funds for Gross Property Additions in thousands

Years Ended December 31	1980	1979	1978
Sources of Funds for Gross Property Additions:			
Net income	**$230,569**	$180,298	$166,494
Add (deduct) principal noncash items-			
Depreciation and amortization	**184,401**	153,962	132,925
Deferred income taxes, net	**79,343**	80,286	77,909
Deferred investment tax credits	**40,823**	32,395	57,220
Allowance for equity funds used during construction	**(35,663)**	(40,224)	(36,774)
	499,473	406,717	397,774
Less-			
Dividends on common stock	**136,400**	131,100	119,225
Dividends on preferred stock	**35,224**	34,786	30,480
	327,849	240,831	248,069
Decrease (increase) in net current assets, excluding long-term debt and preferred stock due within one year-			
Cash and short-term investments	**(154,360)**	190,526	(21,752)
Receivables	**(126,376)**	(43,786)	(16,079)
Fossil fuel stock	**(20,011)**	(46,447)	12,602
Materials and supplies	**(2,675)**	(5,715)	(3,139)
Revenues to be refunded	**(3,498)**	(1,932)	(6,434)
Accounts payable	**17,676**	37,152	7,604
Taxes accrued	**56,090**	15,037	(41,663)
Interest accrued	**2,819**	2,351	4,337
Other, net	**(492)**	3,442	2,926
	(230,827)	150,628	(61,598)
Other, net, including allowance for equity funds used during construction	**3,256**	15,128	23,202
Total internal sources	**100,278**	406,587	209,673
External Sources—			
First mortgage bonds	**75,000**	225,000	200,000
Bonds retired or refunded at maturity	**(20,000)**	(144,395)	(14,049)
	55,000	80,605	185,951
Preferred stock	**—**	50,000	—
Preferred stock reacquired	**(4,695)**	(230)	—
Cash contributions by parent company	**44,000**	25,000	70,000
Pollution control obligations	**40,673**	13,455	26,550
Increase (decrease) in other long-term debt	**68,682**	4,692	(23,952)
Sales of facilities, net book value (Note 4)	**387,021**	27,507	32,497
Total external sources	**590,681**	201,029	291,046
Gross Property Additions	**$690,959**	$607,616	$500,719

The accompanying notes are an integral part of these statements.

Note 1. Summary of Significant Accounting Policies:

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

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

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

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

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

The cost of nuclear fuel, including a provision for the estimated cost of permanent storage of spent fuel, is amortized to fuel expense based on the quantity of heat produced for generation of electric energy. Such amortization was $20,756,000 in 1980, $11,153,000 in 1979 and $6,358,000 in 1978. Final disposition of the spent fuel may require adjustments to fuel expense. Pending ultimate disposition, sufficient storage capacity for spent fuel is available at Plant Hatch into 1985. The Company is currently expanding its storage facilities at Plant Hatch and upon completion there will be sufficient storage capacity into 1999.

PENSION COSTS. The Company has a trusteed and noncontributory pension plan which covers substantially all regular employees. The policy of the Company is to fund each year's accrued pension costs for the plan which amounted to $18,377,000 in 1980, $16,501,000 in 1979 and $13,486,000 in 1978. Of these amounts, $11,618,000 in 1980, $10,709,000 in 1979 and $8,519,000 in 1978 were charged to operating expenses and the balance was charged to construction and other accounts.

The actuarial present value of accumulated plan benefits at January 1, 1980, totaled $141,351,000 for vested benefits and $8,044,000 for nonvested benefits. These amounts were determined on the basis of accrued benefits as of January 1, 1980, whereas, the plan is funded based on the premise that the plan will continue in existence, which requires that future events be considered. The net assets available for benefits at January 1, 1980, amounted to $170,332,000. The annual rate of return assumed in determining the actuarial present value of accumulated plan benefits was [illegible] The unfunded prior service cost under the plan and supplemental contracts amounted to approximately $19,475,000 and $20,900,000 at December 31, 1980 and 1979, respectively, and is being amortized over a period of approximately 15 years.

DEPRECIATION. Depreciation is provided on the original cost of depreciable utility plant in service, principally on a straight-line basis over the estimated composite service life of the property. The depreciation provisions approximated 3.8%, 3.7% and 3.6% of the average cost of depreciable utility plant during 1980, 1979 and 1978, respectively. Such provisions include a factor to provide for the expected cost of decommissioning nuclear facilities. The Company's portion of the cost of decommissioning these jointly owned facilities, based on decommissioning promptly after the unit is taken out of service, is estimated at approximately $25,000,000 each for the two units at Plant Hatch. This estimate will be adjusted periodically to reflect changing price levels and technology. When property subject to depreciation is retired or otherwise disposed of, its cost, together with its cost of removal less salvage, is charged to the accumulated provision for depreciation.

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

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC). AFUDC represents the estimated debt and equity cost of capital funds which are applicable to utility plant while under construction. The composite rate used by the Company in 1979 and 1978 to capitalize the cost of funds devoted to construction was 7.5% (net of income tax) as directed by the GPSC. Beginning January 1, 1980, the Company was directed by the GPSC to calculate the rate in accordance with the formula prescribed by the FERC. The rate for 1980 was 7.87% (net of income tax). The Company accounts for the income tax effect of capitalized debt cost as a charge to income tax expense associated with operations with a corresponding credit to allowance for debt funds used during construction. The income tax effect of capitalized debt cost was $19,909,000, $18,344,000 and $16,393,000 in 1980, 1979 and 1978, respectively.

Note 2. Rate Proceedings:

On April 4, 1980, the Company filed an application for increased wholesale rates with the FERC. The new rates were placed into effect on November 1, 1980, subject to refund, and were designed to increase wholesale revenues by approximately $38.6 million annually. The Company has reached a settlement agreement concerning this rate proceeding with its wholesale customers, subject to final approval from the FERC. As a part of the settlement agreement, the Company would retain on an annual basis approximately $27.1 million in increased revenues, based on a test year ending July 31, 1981. The Company has excluded from income the wholesale revenues applicable to 1980 which are expected to be refunded in 1981.

Note 3. Construction Program, Financing and Fuel Commitments:

The Company is engaged in a continuous construction program and presently estimates construction additions to be $813,367,000 for 1981 and additional amounts of $781,746,000 for 1982 and $913,661,000 for 1983. These additions include capitalized allowance for funds used during construction and exclude amounts applicable to portions of facilities sold. Also, the 1981 through 1983 estimated additions reflect the proposed sale of a portion of Plant Scherer and the 1982 and 1983 additions reflect the proposed sale of portions of Plant Vogtle (see Note 4). The construction program is subject to periodic review and revision, and actual construction costs to be incurred may vary from such estimates because of various factors such as increased costs, revised load estimates, the availability and cost of capital, the granting of timely and adequate rate increases by appropriate commissions, and changes in the amount and timing of proposed asset sales.

The Company's construction additions are expected to be financed from the issuance of preferred stock and long-term debt, the receipt of common equity contributions from The Southern Company, notes payable, asset sales and internal sources. At the beginning of 1981, the Company had $450,750,000 of unused lines of credit, $400,000,000 of that amount in revolving credit for a period of three years under agreements with nine nonterritorial banks and $50,750,000 in lines of credit subject to annual renewal from one nonterritorial and various territorial banks. In connection with these lines of credit, the Company has agreed to pay certain fees and/or maintain compensating balances with the banks. These balances are not legally restricted as to withdrawal by the Company. Average compensating balances during 1980 were approximately $10,500,000. There were no compensating balances at December 31, 1980.

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

Note 4. Facility Sales and Joint Ownership Agreements:

Through December 31, 1980, the Company has sold undivided interests in Plants Hatch, Wansley, Vogtle and Scherer in varying amounts, together with transmission facilities, to Oglethorpe Power Corporation (An Electric Membership Generation & Transmission Corporation) (OPC), the Municipal Electric Authority of Georgia, a public corporation and an instrumentality of the State of Georgia (MEAG) and to the City of Dalton, Georgia (Dalton). These sales resulted in gains, after income taxes, of $7,425,000 in 1980, $1,503,000 in 1979 and $375,000 in 1978. In addition to these sales, the Company has signed a contract to sell a 25% interest in Plant Scherer Units 3 and 4 to Gulf Power Company, an affiliate of the Company, and is negotiating to sell approximately 16.5% interest in Plant Vogtle to certain Florida utilities. The consummation of any future sales is subject to all requisite governmental approvals and, except with respect to such proposed sale to Gulf Power, the completion of agreements satisfactory to the respective parties, and completion of satisfactory financial arrangements by the proposed purchasers. At December 31, 1980, the Company's percentage ownership and investment in these jointly owned facilities were as follows:

	Total Megawatt Capacity	Percent Ownership	Plant In Service	Construction Work in Progress
			(in thousands)	
E. I. Hatch Nuclear Plant	1.6[illegible]	50.1%	$479.494	$ 5.139
A. W. Vogtle Nuclear Plant	2.320	50.7	–	453.878
Plant Scherer				
Units No. 1 & 2	1.636	8.4	739	49.822
Common Facilities	–	23.5	–	43.593
Plant Wansley	1,730	53.5	277.510	27

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

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

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

The Company and one of its affiliates, Alabama Power Company, own equally all of the outstanding capital stock of Southern Electric Generating Company (SEGCO), which owns electric generating units with a total rated capacity of 1,019,680 kilowatts, together with associated transmission facilities. The capacity of the units has been sold equally to the Company and Alabama Power Company under a contract expiring in 1994 which, in substance, requires payments sufficient to provide for the operating expenses, taxes and debt service, including a return on investment, whether or not SEGCO has any capacity and energy available. The Company's share of such amounts totaled $70,067,000, $65,948,000 and $51,210,000 in 1980, 1979 and 1978, respectively, and are included in purchased power in the Statements of Income.

At December 31, 1980, the capitalization of SEGCO consisted of $32,800,000 of equity and $47,215,000 of long-term debt on which the annual interest requirement is $3,037,000. Through December 31, 1980, SEGCO has paid dividends equal to its net income.

Note 5. Income Taxes:

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

	1980	1979	1978
Federal –			
Currently payable	$ 64.387	$ 13.884	$ (5.674)
Deferred	90.089	78.361	83.022
Deferred in prior years (credit)	(20.586)	(7.997)	(14.311)
Deferred investment tax credits	40.823	32.395	57.220
	174.713	116.643	120.257
State –			
Currently payable	16,049	6.174	6.992
Deferred	12.485	10.872	11.040
Deferred in prior years (credit)	(2.645)	(950)	(1.842)
	25.889	16.096	16.190
Total	200.602	132.739	136.447
Deduct income taxes included in other income	(22.570)	(14.315)	(9.494)
Federal and state income taxes charged to operations	$178.032	$118.424	$126.953

Deferred investment tax credits are amortized over the life of the property which gave rise to the credits. Such amortization is applied as a credit to reduce depreciation in the Statements of Income and amounted to $5,163,000 in 1980, $4,197,000 in 1979 and $4,610,000 in 1978.

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

The total provision for federal income tax as a percent of income before income tax amounted to 43.1%, 39.3% and 41.9% for 1980, 1979 and 1978, respectively. The primary reasons for the difference between the rates for 1980 were (1) the exclusion from taxable income of the allowance for equity funds used during construction (4.9%), (2) the lower capital gains tax rate on asset sales (2.6%), and (3) the excess of the tax gain on asset sales over the book gain (negative 4.2%). The difference between these rates and the federal statutory rate of 46% in 1979 and 48% in 1978 was due primarily to the exclusion from taxable income of the allowance for equity funds used during construction (6.2% for 1979 and 1978).

Note 6. Other Long-Term Debt:

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

	1980	1979
Obligations incurred in connection with the sale by public authorities of tax exempt pollution control and industrial development revenue bonds—		
5.95% due November 1, 2003	$ 41,000	$ 41,000
9.00% due September 1, 2005	30,000	30,000
6.75% due November 1, 2006	40,800	40,800
6.40% due June 1, 2007	24,100	24,100
6.375% due April 1, 2008	21,600	21,600
7.10% due December 1, 2008	75,000	75,000
	232,500	232,500
Less funds on deposit with Trustee	24,007	64,680
	208,493	167,820
Capitalized lease obligations—		
Railcars	20,990	22,634
Corporate headquarters building	70,64	—
Other office buildings	5,981	6,420
	97,616	29,054
Note Payable—6% due through 1986	3,066	2,946
	$309,175	$199,820

The Company has authenticated and delivered to the trustees, with respect to such pollution control and industrial development revenue bonds, an aggregate of $232,500,000 of its first mortgage bonds which are pledged as security for its obligations under pollution control and industrial development contracts. No interest on these first mortgage bonds is payable unless and until a default occurs on the installment purchase or loan agreements. No principal payments are due on the contracts prior to 1988.

Assets acquired under capital leases are recorded in the Company's Balance Sheets as utility plant in service and the related obligation is classified as other long-term debt. The net book value of capitalized leases included in utility plant in service was $94,850,000 and $28,414,000 at December 31, 1980 and 1979, respectively. At December 31, 1980, the composite interest rate for the leased railcars was 9.54%, the interest rate for the corporate headquarters lease was 8.23%, and the composite interest rate for the other leased buildings was 5.42%.

The current portion of the capitalized lease obligations and the note payable for each year through 1985 is as follows: $2,796,000 in 1981; $2,524,000 in 1982, $2,767,000 in 1983; $3,383,000 in 1984; and $3,662,000 in 1985.

Note 7. Sinking Fund Requirements of First Mortgage Bonds:

The annual first mortgage bond sinking fund requirement (1% of the bonds authenticated prior to January 1 of each year) amounts to $25,226,000 and is due on or before June 1, 1981. This requirement may be satisfied by use of bonds specifically authenticated for such purpose against unfunded property additions equal to 166⅔% of such requirement. The 11⅝% series due August 1, 2000, is subject to a mandatory cash sinking fund requirement of $5 million annually, commencing August 1, 1981.

During 1980, the Company reacquired $5,000,000 of its 11⅝% series first mortgage bonds which can be used to totally satisfy the 1981 cash sinking fund requirement and to satisfy $5,000,000 of the $25,226,000 1981 first mortgage bond sinking fund requirement. The gain on the reacquisition is included in miscellaneous deferred credits in the Balance Sheets and is being amortized over the remaining life of the original issue.

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

The $2.75 Class A Preferred Stock has a cumulative sinking fund provision requiring the redemption of 150,000 shares annually at the stated value of $25.00 per share, commencing November 1, 1980, and continuing until all shares are redeemed. During 1980 and 1979, 140,800 and 9,200 shares, respectively, were reacquired to satisfy the 1980 sinking fund requirement and an additional 47,000 shares were reacquired in 1980 to partially satisfy the 1981 requirement. The gains on these reacquisitions of $532,000 and $15,000 for the years 1980 and 1979 respectively, are included with premium on preferred stock in the Statements of Capitalization.

Note 9. Assets Subject to Lien:

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

Note 10. Common Stock Dividend Restrictions:

The Company's first mortgage bond indenture contains various common dividend restrictions which remain in effect so long as the bonds are outstanding. At December 31, 1980, $80,854,000 of retained earnings were restricted against the payment of cash common dividends under terms of the mortgage indenture.

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

The Company's charter limits cash dividends on common stock to 50% of net income available for such stock during a prior period of twelve months if, calculated on a corporate basis, the ratio of common stock equity to total capitalization, including surplus, adjusted to reflect the payment of the proposed dividend, is below 20%, and to 75% of such net income if such ratio is 20% or more but less than 25%. At December 31, 1980, this ratio was 32.3%.

Note 11. Nuclear Insurance:

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

The Company is a member of Nuclear Mutual Limited, a mutual insurer established to provide insurance coverage against property damage to members' nuclear generating facilities. The Company is subject to a retrospective premium adjustment in the event that losses exceed accumulated funds. The Company's maximum assessment is limited to $17 million.

The Company is also a member of Nuclear Electric Insurance Limited, a mutual insurer established to insure member utilities against the extra expense incurred in obtaining replacement power during a prolonged outage at a member's nuclear generating facility. Members are insured against such increased costs in the amount of up to $2,000,000 per week (starting 26 weeks after the outage) for one year and $1,000,000 per week for the second year. The Company is subject to a retrospective premium adjustment in the event that losses exceed accumulated funds. The Company's maximum assessment is limited to $13 million.

Note 12. Quarterly Financial Data (Unaudited):

Summarized quarterly financial information for 1980 and 1979 is as follows (in thousands):

Quarter Ended	Operating Revenues	Operating Income	Net Income After Dividends On Preferred Stock
March 31, 1979	$364,296	$ 55,127	$26,315
June 30, 1979	353,820	54,529	23,239
September 30, 1979	436,755	83,563	54,845
December 31, 1979	365,071	71,465	41,113
March 31, 1980	398,980*	72,891	39,206
June 30, 1980	396,975*	65,258	42,206
September 30, 1980	563,003*	111,421	80,007
December 31, 1980	449,450	66,718	33,926

*Operating revenues for the first three quarters of 1980 have been restated to reflect bulk power sales made under long-term contracts initiated in 1980 with neighboring utilities which were previously recorded as a credit to purchased and interchanged power. Operating revenues were increased by $6,291,000, $9,133,000 and $21,536,000, respectively, with a corresponding increase in purchased and interchanged power.

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

The following supplementary information concerning the effects of changing prices is presented in accordance with the general concepts set forth in Financial Accounting Standards Board Statement No. 33, as modified to reflect the economic effects imposed on Georgia Power Company by regulatory authorities. It should be viewed as an estimate of the approximate effects of inflation, rather than a precise measure.

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

The accumulated provision for depreciation for current cost was developed by applying, for each major class of plant, the same percentage relationship that existed between gross plant and accumulated provision for depreciation on a historical basis to the adjusted plant data. Depreciation expense for both methods was determined by applying the current depreciation rates to the respective indexed plant amounts reduced by the amortization of investment tax credits which were first adjusted to average 1980 constant dollar amounts by year of addition.

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

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

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

Statement of Income Adjusted for Changing Prices

For the Year Ended December 31, 1980 (In Thousands of Average 1980 Dollars)	Constant Dollar	Current Cost
Income Applicable to Common Stockholder, as Reported	$195,345	$195,345
Erosion of Common Stockholder's Equity Because of Changing Prices:		
Cost in excess of the original cost of productive facilities not recoverable in rates as depreciation—		
Reportable as an additional provision for depreciation	148,432	183,324
Reportable as an adjustment to net recoverable cost	301,965	98,886
	$450,397	$282,210
Excess of the general level of prices ($913,802) in the current year over increase in specific price changes ($745,615)*		168,187
Offsetting effect of debt financing	(313,063)	(313,063)
Net erosion of common stockholder's equity	$137,334	$137,334
Income (Loss) Applicable to Common Stockholder, as Adjusted** (including the effect of debt financing)	$ 58,011	$ 58,011

*At December 31, 1980, current cost of property, plant and equipment, net of accumulated depreciation, was $9 billion, and historical cost or net cost recoverable through depreciation was $4 billion.

**Adjusted income (loss) applicable to common stockholder would be $47 million on a constant dollar basis and $12 million on a current cost basis if only the amount reportable as an additional provision for depreciation were deducted from the reported amount of such income.

Five-Year Comparison of Selected Supplementary Financial Data
Adjusted for Effects of Changing Prices

Dollars in Thousands	1980	1979	1978	1977	1976
Operating Revenues:					
Historical cost	$1,808,408	$1,519,942	$1,475,024	$1,301,237	$1,170,046
As adjusted*	1,808,408	1,732,734	1,858,530	1,769,682	1,696,567
Income (Loss) Applicable to Common Stockholder:					
Historical cost	$ 195,345	$ 145,512			
As adjusted for the net erosion of common stockholders' equity*	58,011	3,256			
Common Stockholder's Investment (Net Assets), at yearend					
Historical cost	$1,314,315	$1,210,868	$1,173,036	$1,086,246	$1,038,961
As adjusted*	1,261,742	1,295,629	1,431,104	1,444,707	1,475,325
Excess of the General Level of Prices Over Increase in Specific Price Changes*	$ 168,187	$ 324,397			
Effect of Debt Financing*	$ 313,063	$ 360,201			
Return of Average Common Equity:					
Historical	15.47%	12.21%			
As adjusted for the net erosion of common stockholder's equity*	4.59%	0.27%			
Cash Dividends Declared (Common):					
Historical cost	$ 136,400	$ 131,100	$ 119,225	$ 109,400	$ 100,400
As adjusted*	136,400	149,454	150,224	148,784	145,580
Average Consumer Price Index	246.8	217.4	195.4	181.5	170.5

*Adjusted amounts represent average 1980 dollars.

Auditors' Report

To the Board of Directors of
Georgia Power Company:

We have examined the balance sheets and statements of capitalization of Georgia Power Company (a Georgia corporation and a wholly owned subsidiary of The Southern Company) as of December 31, 1980 and 1979, and the related statements of income, earnings retained in the business, other paid-in capital and sources of funds for gross property additions for each of the three years in the period ended December 31, 1980. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Georgia Power Company as of December 31, 1980 and 1979, and the results of its operations and the sources of funds for gross property additions for the periods stated, in conformity with generally accepted accounting principles applied on a consistent basis.

ARTHUR ANDERSEN & CO.

Atlanta, Georgia,
February 19, 1981.

Report of Management

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

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

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

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

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

Board of Directors

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

H. G. Baker, Jr.
Senior Vice President
Georgia Power Company
Atlanta, 1980
(elected 5/15/80)

Bennett A. Brown
Chairman and Chief Executive Officer
The Citizens & Southern National Bank
(banking) Atlanta, 1980
(elected 5/15/80)

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

William E. Ehrensperger
Senior Vice President and Group Executive
Georgia Power Company
Atlanta, 1975

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

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

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

Richard L. Kattel
Kattel Enterprises, Inc.
(investments) Atlanta, 1973
(term expired 5/15/80)

Harold C. McKenzie, Jr.
Executive Vice President
Georgia Power Company
Atlanta, 1972

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

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

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

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

Robert W. Scherer
President & Chief Executive Officer
Georgia Power Company
Atlanta, 1969

Dr. Gloria M. Shatto
President
Berry College and Berry Academy
(education) Rome, 1980
(elected 2/20/80)

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

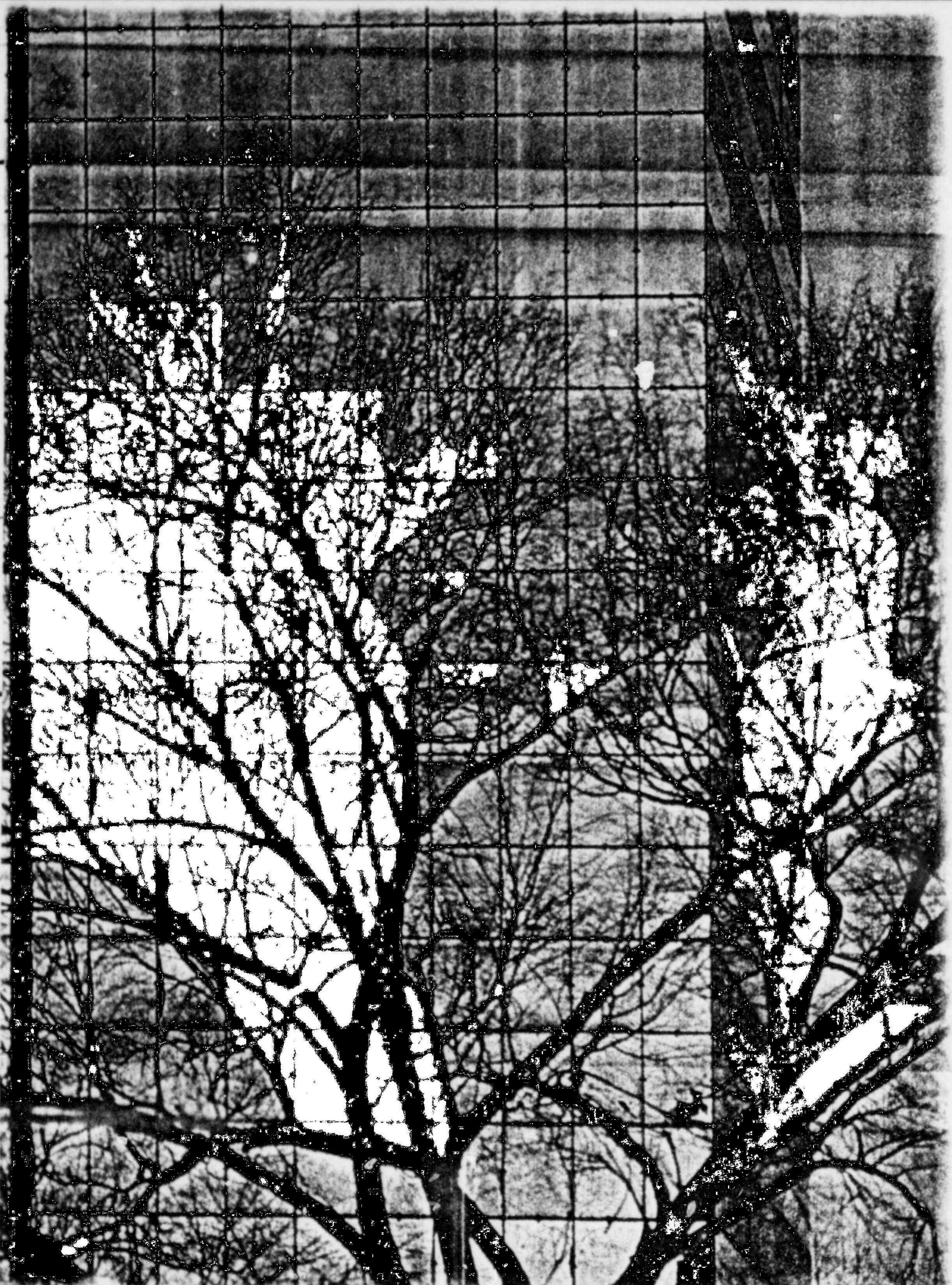
Robert Strickland
Chairman of Board
Trust Company Bank
(banking) Atlanta, 1979

William B. Turner
President
W. C. Bradley Company
(industrialists) Columbus, 1965

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

Carl Ware
Vice President
Coca-Cola, U.S.A.
(soft drink company)
Atlanta, 1980
(elected 2/20/80)

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



Board Committees

Executive Committee

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

Audit Committee

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

Compensation Committee

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

Honorary Directors

Joe B. Browder
Atlanta, 1976

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

General Officers

Robert W. Scherer
President and Chief Executive Officer
Age: 55
Years of Service: 34

Harold C. McKenzie, Jr.
Executive Vice President
External Affairs
Age: 49
Years of Service: 23

James H. Miller, Jr.
Executive Vice President
Operations
Age: 58
Years of Service: 34

Allen B. Wilson
Executive Vice President
Finance
Age: 63
Years of Service: 46

H. Grady Baker, Jr.
Senior Vice President
Customer Service
Age: 51
Years of Service: 30

George W. Edwards, Jr.
Senior Vice President
External Affairs
Age: 41
Years of Service: 11

William E. Ehrensperger
Senior Vice President and Group Executive Power Supply
Age: 58
Years of Service: 38

J. A. Gantt
Senior Vice President
Division Operations
Age: 58
Years of Service: 32

R. Pierce Head, Jr.
Senior Vice President
Administrative Services
Age: 53
Years of Service: 33

R. J. Kelly
Senior Vice President
Power Generation
Age: 58
Years of Service: 31
(elected 5/15/80)

James M. Piepmeier
Senior Vice President
Strategic Planning
Age: 37
Years of Service: 1
(elected 6/01/80)

Warren Y. Jobe
Vice President and Comptroller

I. S. Mitchell, III
Vice President and Secretary
(retired 4/01/80)

W. L. Westbrook
Vice President, Secretary and Treasurer
(elected 4/01/80)

R. E. Conway
Vice President
Generating Plant Projects

J. J. Cordova
Vice President
(elected 9/17/80)

A. W. Dahlberg
Vice President
Operations Planning and Control

George F. Head
Vice President
Gen. Mgr., Fossil & Hydro Generation
(elected 1/16/80)

Gerald T. Horton
Vice President
Public Affairs

C. C. Jones
Vice President
Procurement and Materials

J. Wyman Lamb
Vice President
Risk Management

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

Wade S. Manning
Vice President
Land

F. G. Mitchell, Jr.
Vice President
Generating Plant Construction

John A. Roberts
Vice President
Energy Services

Romney E. Scott
Vice President
Economic Services

Robert B. Symonette
Vice President and Assistant to President
(retired 2/01/80)

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

Alvin W. Vogtle, Jr.
Vice President

Charles F. Whitmer
Vice President
Engineering

Jack K. Widener, Jr.
Vice President
Regulatory Affairs

W. A. Widner
Vice President
Gen. Mgr. Nuclear Generation
(elected 1/16/80)

Charles R. Minors
Assistant Vice President
Consumer Affairs

W. D. DeBardeleben, Jr.
Assistant Comptroller

J. A. Parramore, Jr.
Assistant Comptroller

W. B. Poss
Assistant Comptroller
(elected 7/16/80)

H. M. Hughes
Assistant Secretary
(retired 12/31/80)

C. L. Ratterree
Assistant Secretary

Robert C. Ford
Asst. Secretary and Asst. Treasurer
(elected 1/01/80)

E. Ray Perry
Asst. Secretary and Asst. Treasurer

Division Officers

Ben H. Williams
Vice President
Athens Division

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

B. W. Rainwater
Vice President
Augusta Division

Andrew B. Speed
Vice President
Columbus Division

B. S. Moss
Vice President
Macon Division

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

L. T. Wansley
Vice President
Valdosta Division