

Southern Company Transmission Business Practices

Distribution of Operational Penalties for Late Studies

In Order No. 890, the Federal Energy Regulatory Commission (FERC) required transmission providers to develop a mechanism for distributing penalties for failure to meet study deadlines as defined per sections 19.3, 19.4, 32.3 and 32.4 of the Tariff.

Any operational penalty for late studies will be calculated and distributed to eligible transmission customers on an annual basis on or before the deadline for submitting FERC Form-1. A transmission customer eligible for penalty distribution is any customer not affiliated with the transmission provider having a valid Tariff transmission delivery service agreement that is in effect at any time during the calendar year for the following Tariff services:

- Firm point-to-point transmission service (short-term, long-term)
- Non-firm point-to-point transmission service
- Network integration transmission service

The total dollar value of study penalties incurred by Southern during the calendar year will be divided by the total count of eligible customers in the calendar year and distributed equally to those transmission customers.

Study penalties that are the subject of a notification filing by Southern seeking to have FERC waive the study penalties will be excluded from the penalty distribution calculations and adjusted for in a subsequent calendar year depending upon the date of resolution (including any judicial appeals).