



*2022 Just Transition Report*

*Engaging with*  
***Transparency***



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# Southern Company emphasizes Just Transition as it seeks to reach net zero by 2050

## The importance of Just Transition

For more than a century, Southern Company<sup>1</sup> has operated knowing that our privilege to serve comes with a responsibility to make communities better because we are there. We know that how we do our work is just as important as what we do, and we are committed to the well-being of the millions of people and businesses who rely on us.

Southern Company is committed to reducing our greenhouse gas (GHG) emissions to net zero and providing the customers and communities we serve a clean energy future. We have established a GHG emissions reduction goal of net zero emissions by 2050, and an intermediate goal of a 50% reduction from our 2007 benchmark levels by 2030, which we expect to sustainably achieve no later than 2025.

*Southern Company is focused on supporting a Just Transition for our workforce, communities and customers. We believe that achieving this will require coordinated private and public efforts, and Southern Company is committed to playing a leadership role as we transition to a new energy economy.*

**As we transition to a clean energy future, we understand there will be potential opportunities and challenges for our workforce, communities and customers.** Southern Company is committed to a Just Transition for our stakeholders.

We have outlined a set of Just Transition Principles that foster:

- ▶ Strong governance
- ▶ Effective stakeholder engagement and transparent communication
- ▶ Employee support and coordination with labor unions
- ▶ Ongoing community and environmental commitment
- ▶ Continued safety, reliability, resilience and affordability

In recent years, we have seen in other regions and countries the unintended consequences and disruption caused by rapid or unstructured infrastructure transitions. Southern Company believes that our electric utilities' vertically integrated, state-regulated model with integrated system planning is optimal for advancing decarbonization of our operations while maintaining system integrity and affordability for customers. This structure, coupled with our long-standing commitment to be a "Citizen Wherever We Serve," provides a strong foundation for Southern Company and our operating companies to help facilitate a Just Transition.

<sup>1</sup>The terms we, us and our all refer to Southern Company. Southern Company is a holding company that conducts its business through its subsidiaries. Accordingly, unless the context otherwise requires, references in this report to Southern Company's operations, such as generating activities, greenhouse gas emissions and employment practices, refer to those operations conducted through its subsidiaries.

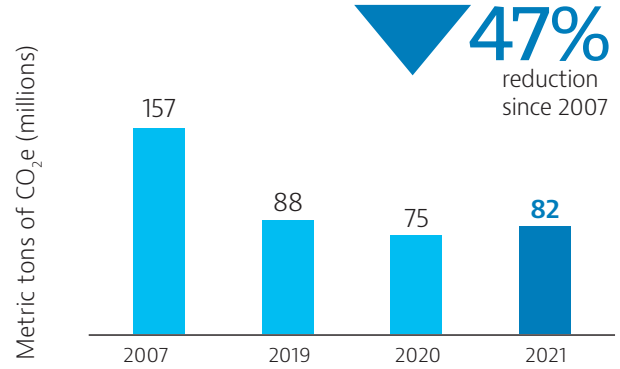
## Southern Company's net zero goal and fleet transition

Southern Company's net zero by 2050 goal encompasses direct GHG emissions from our electric and gas operations. The strategy for achieving Southern Company's emissions-reduction goals includes:

- ▶ Reduced reliance on coal-fired generating assets
- ▶ Use of natural gas to enable the low-carbon energy transition
- ▶ Further growth in our portfolio of zero-carbon resources
- ▶ Enhanced energy-efficiency initiatives
- ▶ Negative-carbon solutions and continued investment in research and development (R&D) of clean energy technologies
- ▶ Constructive energy policy engagement

### Chart of emissions reductions

**TOTAL GHG EMISSIONS\***  
(based on equity share)

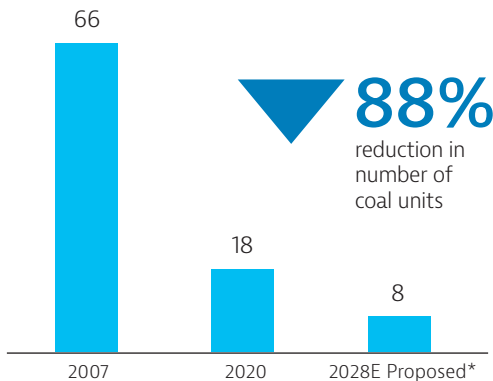


\*In 2020, the combination of the COVID-19 pandemic and relatively mild weather significantly reduced demand; we expect to consistently achieve a 50% reduction or greater by 2025.

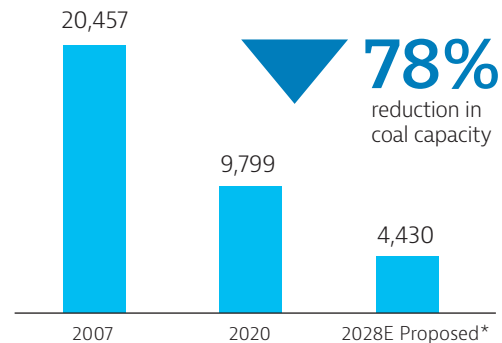
Across our electric operating companies, we have proposed a wide range of generation, transmission, distribution, storage and energy-efficiency solutions in alignment with our net zero by 2050 target. Large shifts such as these over a short period of time require a balanced approach as we seek to maintain reliability and affordability while also prioritizing the needs of our workforce and communities.

### Coal repowerings and retirements since 2007 demonstrate significant fleet transition

#### NUMBER OF COAL UNITS



#### COAL CAPACITY MEGAWATTS



Recently announced 6,370 MWs of potential coal capacity retirements or repowerings through 2028\*

\*Reflects Effluent Limitation Guideline (ELG) compliance filings made by Southern Company's traditional electric operating companies, as well as the 2021 Integrated Resource Plan (IRP) for Mississippi Power and Georgia Power's 2022 IRP. The retirements and repowerings planned through recent ELG filings are subject to state regulatory approval. Of the remaining eight coal-fired generating units, Georgia Power is the minority owner of a total of 137 megawatts in Plant Scherer Units 1 & 2 and retirement and/or repowering decisions will be made by majority owners. Repowering means retrofitting existing steam plants to burn natural gas during peak loads.

## Global background and perspectives on Just Transition



*At COP26, AFL-CIO President Liz Shuler said, “The Paris Agreement calls for a Just Transition because worker voices demanded it through our unions.” The union leader called the declaration “a welcome step that we now need to make real with actions on the ground, not just words on paper.”*

The International Labour Organization (ILO) is a United Nations agency that brings together governments, employers and workers’ representatives of 187 member states, including the United States, to set labor standards, develop policies and devise programs promoting decent work for all women and men. In 2015, the ILO adopted a Just Transition policy framework concerning sustainable development, decent work and green jobs.

In November 2021 at the COP26 U.N. climate change conference held in Glasgow, Scotland, more than 30 countries, including the United States, signed the Just Transition Declaration. The declaration recognized the need to ensure that no one is left behind in the transition to net zero economies – particularly those working in sectors, cities and regions reliant on carbon-intensive industries and production.

In addition, labor organizations such as the International Brotherhood of Electrical Workers (IBEW) have testified before Congress about the role IBEW and other unions can play in meeting the nation’s increased demand for workers in the evolving energy industry.

### In the declaration, countries commit to



Support workers, communities and regions that are particularly vulnerable to the effects of the move away from carbon-intensive economies



Promote social dialogue and engagement between governments, employers and workers representatives, and other groups affected by the transition to green economies



Implement economic strategies that support clean energy, foster resource-efficient economic growth, create income and decent jobs, and reduce poverty and inequality



Create decent jobs for people in their local areas, coupled with re-skilling and training, and social protection for those in need



Ensure that existing and new supply chains create decent work for all, including the most marginalized, with respect for human rights

## Southern Company's approach to Just Transition

Southern Company and our subsidiaries have been serving our communities for more than 100 years. We recognize that millions of customers and businesses rely on us every day, and we operate our business accordingly. Our belief that we must be a citizen wherever we serve is woven into the fabric of our company. Our commitment to serve as civic leaders and good partners in our communities can be seen every day – from the hundreds of thousands of hours our employees dedicate to community service to our philanthropic giving programs, environmental stewardship initiatives and work to foster economically vibrant communities.

Southern Company subsidiaries have employees at our existing coal units, and additional valued external contractors and suppliers who perform auxiliary services. Secondary economic effects exist around our generating facilities as employees and contractors spend money at local supermarkets, gas stations and other businesses in the vicinity. In addition, the assets owned by our subsidiaries often represent a sizable tax base in the communities where the assets are located. As a result of these and other factors,

we must remain mindful of the interests of a wide range of stakeholders. The well-being of those we are privileged to serve and work alongside is foundational to Southern Company's [values](#).

When working with stakeholders to implement previous coal-fired generating facility retirements, we have been guided by overarching principles that help us meet the distinct needs of specific generating plants and communities. As we plan for and complete additional retirements and repowerings in the years ahead, we expect to utilize a similar individualized approach to help ensure a Just Transition.

In this report, we outline our Just Transition Principles and provide examples, based on prior coal-fired generating asset retirements, of our work with employees, labor partners, communities and local governments to effect a smooth transition. We believe that our principles and historical examples align with the spirit and intentions outlined in the ILO's Just Transition guidelines and the Just Transition Declaration put in place at COP26.

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*Our belief that we must be a citizen wherever we serve is woven into the fabric of our company.*



*In recent requests for proposals for solar resources, we have asked bidders to describe their efforts to use unionized labor along with relevant requirements associated with project labor agreements, including during construction phases and operations of any other facility. Bidders also were asked to describe relevant requirements imposed by any project labor agreements.*



## Southern Company's Just Transition Principles

### Effective governance



- ▶ Southern Company's Board of Directors and the Boards of Directors of our operating companies oversee climate-related risks, including our fleet transition and issues such as impact to employees, communities and customers. Southern Company's executive vice president of Operations and the CEOs of each of our electric operating companies have primary executive oversight of our fleet transition, including regular reporting to the Board of Directors. In addition, the senior production officers for each electric utility have direct responsibility to uphold our Just Transition Principles. This includes working closely within their operating companies in areas like economic development, finance, human resources and labor relations.

### Stakeholder engagement and transparent communication



- ▶ We place great importance on consistent, proactive dialogue with all our stakeholders. We are receptive to stakeholder concerns, and we are committed to timely and transparent communications regarding generation retirements and our pathway to decarbonization.
- ▶ We seek to balance the interests of a wide range of stakeholders and our business realities to help ensure our ability to provide the clean, safe, reliable and affordable energy that powers millions of homes and businesses and our local economies.
- ▶ We provide rigor in our asset evaluations and decisions through our scenario planning process and filings with state and federal regulators. In concert with our recommendations and decisions, we consistently communicate with potentially affected stakeholders, including employees, internal and external labor, policymakers, local leaders, communities and investors throughout the process.
- ▶ We are committed to working with leaders at all levels of government to enact policies that support training, workforce development and job-creation opportunities for workers that have been impacted by our fleet transition.

### Employee support and coordination with labor unions



- ▶ We are dedicated to providing job opportunities, training and education assistance to enable both our union and nonunion employees to thrive over the long term. We also work in concert with labor representatives, contractors and suppliers on numerous new and emerging job opportunities and training initiatives.



## Community and environmental commitment



- ▶ We are committed to helping our local communities remain economically vibrant and healthy. This may include working with state and local authorities to mitigate potential economic impacts of retirements through, for example, property tax agreements, economic development and site redevelopment.
- ▶ We embrace the importance of preserving and protecting our world as we transition our fleet in an environmentally responsible way. Southern Company's policy is to conduct business, including the transition of generation sites, in ways that are protective of the environment and community. The fair treatment and involvement of our neighbors and customers, including those who are minority or low-income, is essential to support sustainable communities and minimize adverse impacts.

## Safety, reliability, resilience and affordability



- ▶ A safe, reliable, resilient and affordable energy system is central not only to our company and mission, but also to the future of energy. As we seek to decarbonize, Southern Company is dedicated to planning for a new energy future that can deliver clean energy while also maintaining safety, reliability, resiliency and affordability.



Plant McDonough

## Effective governance

Southern Company's Board of Directors is engaged in overseeing our business strategies and related risks and opportunities, which include environmental, social and governance (ESG) topics such as Just Transition. For example, the Operations, Environment and Safety Committee has primary oversight of strategies to reduce carbon emissions and for fleet transition, system reliability and safety. In addition, each of our operating companies maintains a Board of Directors comprised of the CEO of the operating company and independent leaders who possess knowledge and experience specific to the geographic location of each company. These subsidiary Board members are keenly aware of state

and local issues and priorities and play an instrumental role in guiding our fleet-transition efforts.

From a management perspective, Southern Company's executive vice president of Operations and the senior production officers for each electric operating company hold primary responsibility for implementing our Just Transition Principles. These officers work closely with their executive peers and leaders at our operating companies in areas such as economic development, finance and human resources, along with those in local regions to oversee the implementation of our Just Transition Principles.

## Retail Electric Service Territory



## Stakeholder engagement and transparent communication

We always have prioritized the interests of our communities and employees. We know we must partner with the full range of stakeholders – from labor partners to community and local business leaders – to successfully achieve a Just Transition. We remain committed to considering the interests of these groups as we make decisions that help ensure we improve the millions of lives we touch. Importantly, our state regulators also oversee our fleet transition and future resource planning.

### Illustrative plant retirement planning steps

As part of our robust system planning process (see below), we continually evaluate our mix of generation resources and fuel types to help ensure we are providing our customers with clean, safe, reliable and affordable power.

Along with this system planning, illustrative steps related to proposed retirements typically include:

- ▶ Notifying regulatory bodies like our Public Service Commissions of our intentions as soon as possible and adhering to appropriate state processes such those related to Integrated Resource Plan (IRP) filings
- ▶ Engaging employees and union leadership to help them understand our plans and prepare
- ▶ Holding dialogue with local, county and state leaders to help communities prepare for the future
- ▶ Evaluating, in concert with a variety of development partners and stakeholders, potential future uses of former power plant sites in ways that can support economic vibrancy and community well-being

A core element underpinning Southern Company's decarbonization strategy for our electric utilities is our scenario-based integrated resource planning process and related regulatory reviews. At varying frequencies and under a variety of circumstances, our electric operating companies file with their respective Public Service Commissions economic analyses of recommendations or decisions using the scenario planning process. This process helps to ensure that the right resources are deployed at the right time to maintain safety, reliability and affordability for customers. Stakeholder inputs are considered as part of our assessments, and public comments are typically accepted in the regulatory review process for integrated resource filings made by our electric utilities. Through public filings, communications with employees and local community leaders and, where appropriate, state regulators, we typically indicate potential challenges with various generating plants well in advance of making retirement decisions or recommendations to our state commissions.

### Transparency in communications on retiring and repowering recommendations

In 2020 and 2021, the company's planning processes were used to evaluate the U.S. Environmental Protection Agency's Effluent Limitations Guidelines (ELG) Reconsideration rule related to national standards for water discharges from new and existing steam electric-generating units. As a result of the evaluation, we determined that the rule and a range of additional factors would likely impact most of the coal-fired generating units in the Southern Company system. In Southern Company's subsequent filings with the Securities and Exchange Commission, we indicated that coal units would likely require additional capital expenditures and increased operational cost. These increases in cost could further

economically challenge coal units. Notifications were filed with state environmental agencies in October 2021 indicating our intent to repower two coal units with natural gas and retire 10 coal-fired generating units on or before Dec. 31, 2028, in accordance with compliance alternatives provided in the ELG Reconsideration rule. Formal requests for retirement or natural-gas repowering related to these plans are under review by state utility regulators. As final decisions are made, our senior production officers will carry out the process of developing transition plans tailored to meet the needs of stakeholders at each impacted unit.

## Employee support and coordination with labor unions

### Employee support

Talent is our most valuable asset. We are committed to working with employees on options to manage their careers. As we make decisions about our generating fleet and related infrastructure, we maintain a constant focus on our people. Southern Company works diligently to plan and organize so that we are well-prepared for the future.

Our goal for any employee affected by our fleet transition is to provide opportunities that support them in actively managing their careers – whether that involves reassignment to a similar role at another company facility, receiving training to gain new skills or helping them transfer to other parts of the company. While we may not always be able to achieve the same outcome, we take pride in the fact that since 2007 none of the retirements or fuel conversions of our coal-fired generating units has resulted in involuntary employee separations at our plants. It remains our intention to strive for similar outcomes as we continue to transition our generating fleet.

We support continued education for our employees through on-the-job and classroom training as well as tuition reimbursement. Further, we have robust internal and external training programs that enhance both technical skills and professional development. In an average year, Southern Company employees participate in more than 1 million hours of training (excluding nuclear-specific training), and we provide approximately \$2 million of tuition reimbursement.

We also supplement our workforce development activities through partnerships with organizations like the Edison Electric Institute (EEI), the American Clean Power Association and the American Gas Association, as well as workforce development organizations such as the Center for Energy Workforce Development (CEWD). Southern Company is a founding member of CEWD, a nonprofit consortium of electric, natural gas and nuclear utilities and their associations. More than 120 utilities, organizations and unions are working through this consortium to recruit and retain the best and brightest talent through partnerships with education institutions and government entities.

Included in [CEWD's 2022 workplan](#) are: Re-skilling, Upskilling and Redefining Training; Decarbonization and the Future of the Energy Workforce; Infrastructure Reform; and Transitioning Workers.

We aim to provide a wide array of opportunities to our workforce to adapt to our transitioning fleet and to benefit from the future of energy.

### Providing employees with resources during our transition

We work to support employees during times of transition, bringing together experts from a range of disciplines to help employees take an active role in managing their careers and future. While the circumstances of each situation are unique, resources to support employees may include:

- ▶ **One-on-one informational meetings** to better understand employees' career goals, interests, skills and potential training needs
- ▶ **Skill-building workshops** to support employees in writing resumes, navigating the job application process and enhancing interviewing skills for positions elsewhere in the system
- ▶ **Internal job fairs at plants** to help employees learn about job opportunities in other areas of Southern Company
- ▶ **Tuition reimbursement** to provide financial support that helps employees achieve their educational goals
- ▶ **On-site retirement seminars** to support employees who are considering retirement

## Alabama Power employee successfully forges new path after plant retirement

Wyatt Williams served as maintenance manager at Plant Gorgas, a coal-fired generating plant in Alabama that was retired in 2019. At the time of the plant's retirement, Williams's experience in the Company allowed him to successfully continue his career beyond that facility's retirement.

While Williams had not initially considered a career at a hydro generating facility, he was inspired by Southern Company's work in modernizing the system's hydro fleet. Prior leadership development opportunities and expertise developed in several manager roles made Williams a good candidate for a management role in hydropower.

"I had a fundamental background in plant maintenance and understood managing people," said Williams, who joined the hydro team as a river manager on the Coosa River. "The company gave me great support that enabled me to quickly gain the knowledge I needed to succeed and was there for me throughout my transition."

After three years as a river manager, Williams was promoted to operations and maintenance manager for Alabama Power's hydro fleet.



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*"The company gave me great support that enabled me to quickly gain the knowledge I needed to succeed and was there for me throughout my transition."*

*- Wyatt Williams, Alabama Power*

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## Employee support and coordination with labor

### Coordination with labor unions

Constructive coordination with union leaders is critical to our business. Approximately one-third of Southern Company employees are IBEW members, and many of our contractors employ labor union members from nearly every craft within the North Americas Building Trades Unions (NABTU). Across the Southern Company system, we utilize an average of 61 million work hours annually of craft labor (both internal and external resources), and 71% of those hours are completed by members of organized unions.

Transparent and continuing communication with union leadership and members is an important element of running our business and successfully navigating a Just Transition. Openly engaging with union representatives helps ensure they are involved and clearly informed throughout the process about regulations governing our business, coal-unit retirement timetables, what staffing numbers look like as we approach facility closure, and how the company plans to coordinate with unions through decommissioning and beyond.

In addition, as our company looks to transition our generating fleet and diversify our generating resources (some of which occurs through power purchase agreements, or PPAs, with third parties), we expect to consistently leverage organized labor for major projects.

For major facilities that are constructed and owned by Southern Company subsidiaries, many requests for proposal (RFPs) include requirements related to union labor. For major RFPs where we do not expect to own the facility but rather contract via PPAs, we also typically ask bidders for information about their planned use of unionized workers.

Indicative of Southern Company's long-standing coordination with labor partners, in March 2022 Alabama Power and IBEW System Council U-19 received the Edwin D. Hill award from EEI and IBEW. This distinguished award recognizes efforts to advance state and local initiatives on behalf of EEI's member electric companies and IBEW members. Under the leadership of former IBEW International President Edwin D. Hill, the IBEW and EEI created the National Labor and Management Public Affairs Committee (National LAMPAC). National LAMPAC strives to foster collaboration and partnership among electric company executives and IBEW leaders to address the nation's energy challenges and to achieve the common goals of running a well-managed, efficient business with a safe and highly skilled workforce.

*“NABTU’s successful apprenticeship readiness programs throughout the U.S. are changing thousands of lives, and these programs could not happen without the support of partners like Southern Company. We know the power of investing in local workers to strengthen our highly skilled construction workforce pipeline, and we are grateful for the longstanding commitment by Southern Company to do it with us.”*

*– North America’s Building Trades Unions  
President Sean McGarvey*



## Mississippi Power employee proactively plans for future



Mark Wicks is a former coal-unit operator at Mississippi Power who has actively managed his career to broaden his experience and now serves to help ensure Safety First, the system's No. 1 value.

After serving at Plant Daniel, where the company generates electricity using two natural gas-fueled generating units along with two coal-fired units that it plans to retire in 2027, Wicks set out to broaden his experience and career options.

Wicks joined the plant safety team and later became its safety advocate. In this role, he was able to flourish, taking advantage of training and networking opportunities to build leadership and other skills. Those skills and his past experience ultimately supported Wicks' transition to a safety specialist role at Mississippi Power's natural gas-fueled Chevron Cogenerating Plant.

"I've enjoyed my Southern Company career path tremendously," said Wicks. "Having the support of my leaders and teammates as I managed my own career path during the transition away from coal was very empowering."

Mike Smith, plant manager at Plant Daniel, said Wicks worked hard to achieve the goals he set for himself as he planned for his career beyond coal.

"As his leader, I was proud to support him and see him thrive," Smith said.

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*"Having the support of my leaders and teammates as I managed my own career path during the transition away from coal was very empowering."*

*– Mark Wicks, Mississippi Power*

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## Community and environmental commitment

Southern Company and our operating companies are at the heart of our communities and have long been strong community leaders and drivers of local economic development as part of our commitment to being a citizen wherever we serve. Our people live, work, play and thrive around the facilities that generate power for their homes and the homes of their neighbors. We are sensitive to the potential economic impacts that decommissioning or repowering a long-lived facility could have on lives.

A unique strength of Southern Company and our operating companies is economic development. By focusing on economic development, particularly in areas that may be impacted by plant retirements or repowerings, we are doing our part to strengthen our communities as we decarbonize. In 2021 alone, the relationships of our electric utilities – Alabama Power, Georgia Power and Mississippi Power – with state and community partners resulted in the creation or retention of more than 23,000 jobs and over \$9.5 billion in capital investment. Alabama Power and Georgia Power have been repeatedly recognized as “Top U.S. Utilities for Economic Development” by Site Selection Magazine.



### Economic development

Each retirement and transition in the fleet presents unique opportunities. While some sites continue their useful life by converting to new fuel sources, others take on innovative and sometimes unexpected purposes.

As part of our aim to benefit and improve local communities, we hope to attract new business, redevelop or repurpose sites that are no longer part of our fleet. Southern Company teams work closely with state and local agencies as well as private partners to consider a wide array of options when it comes to repurposing our sites.

Plant Kraft in Chatham County, Georgia, is one such example. Following its retirement in 2015, a portion of the property was donated to the Georgia Ports Authority for continued expansion of their facility. The Georgia Ports Authority operates as a vital storage and supply chain facility that is one of the leading economic drivers in the state and the fourth busiest port in the United States.





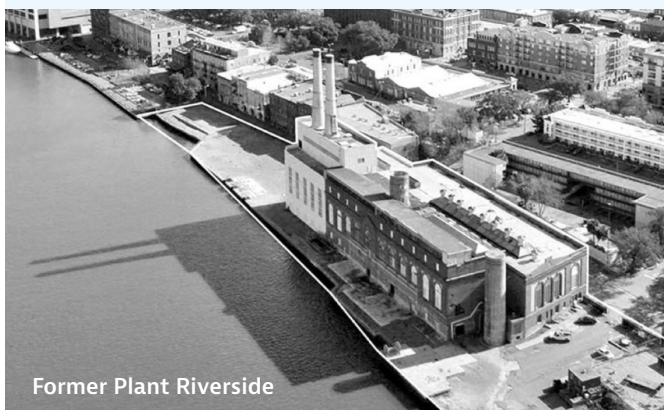
Plant Riverside Entertainment District, Savannah, Georgia

### Plant Riverside: A plant's new life along the river

Ideally, the next life of a facility includes an economically viable and vibrant purpose that benefits the communities the plant has served for generations. We want to leave a site better than before, mitigating environmental impacts and laying the groundwork for the infrastructure that moves communities forward.

Savannah's Plant Riverside has found an exciting new life as the centerpiece development of a riverfront entertainment district for locals and tourists alike.

Situated alongside the Savannah River in the heart of downtown, Plant Riverside began its service in 1912 and was decommissioned in 2005.

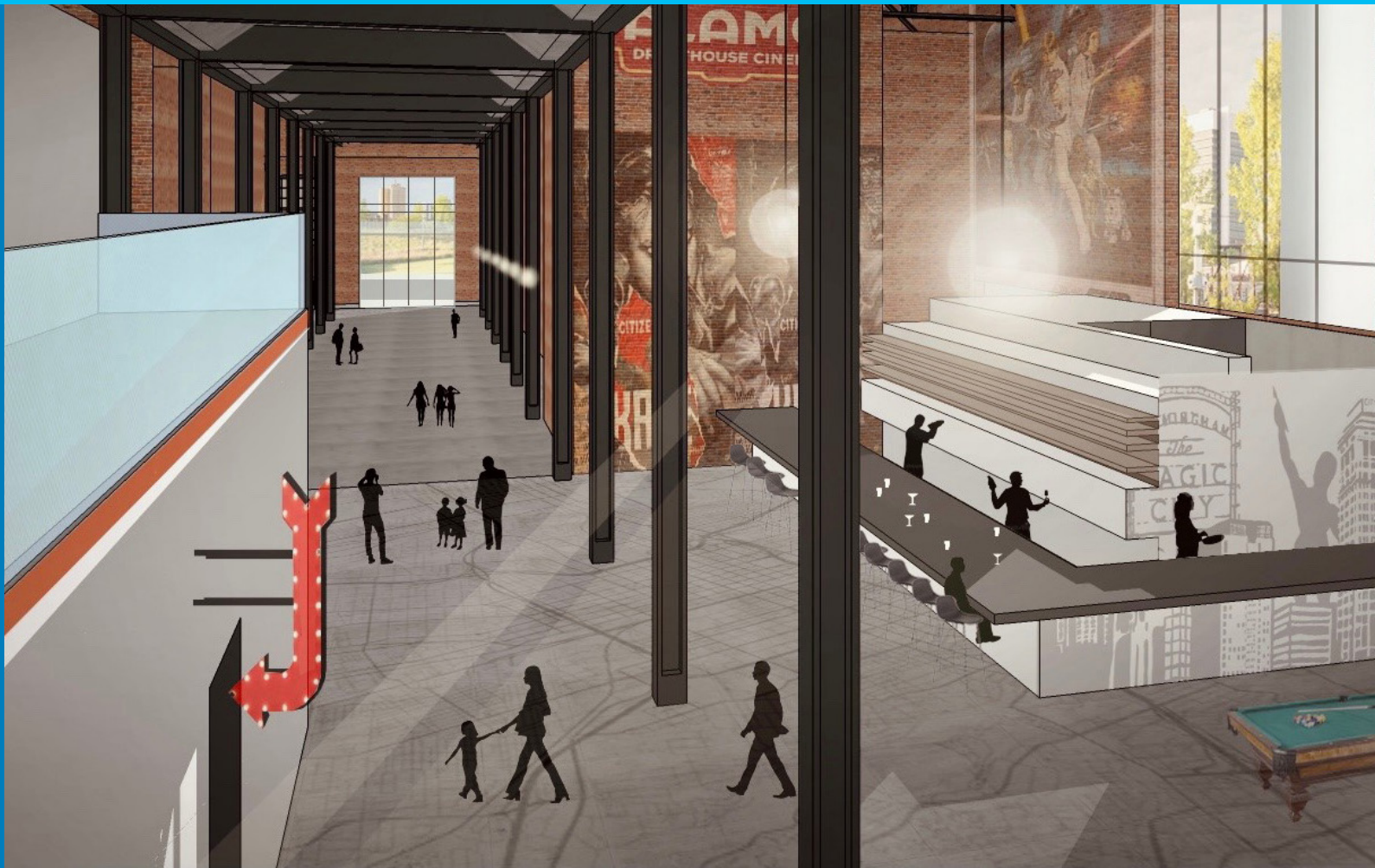


Former Plant Riverside

We sold the site in 2012 to the Kessler Collection and plans took shape for a mixed-use development including a hotel, restaurants and entertainment with the historic power plant as its centerpiece. The \$270 million project broke ground in 2016 and opened in the summer of 2020. Using sustainable building and site development practices, elements of the plant were repurposed for an exciting and historic reimagining of the facility. Designers took special care to save original materials, including preservation of the plant's iconic chimneys. Plant Riverside's former control room is now used for wine storage.

"Mr. Kessler and his team did a great job of trying to preserve the plant and repurpose as much as possible. We worked closely with him and with the developers, and we even had some longtime employees discuss the past uses and the specific equipment on the site," said William Mock, Georgia Power coastal plant manager.

These days, tourists and locals alike enjoy luxury hotel rooms, three rooftop bars, more dining options, unique retail shops, cultural and science exhibits, and access to a quarter mile of new river walk. And the immediate area is now attracting additional investment with townhomes and other amenities planned.



## Birmingham's Powell Avenue Steam Plant to yet again fuel downtown growth

The Powell Avenue Steam Plant, built in 1895, provided steam and electricity for downtown Birmingham businesses, and was essential to the city's growth by powering its streetcar system.

Now the former plant – which Alabama Power acquired in the 1950s and operated until 2013 – is set to once again help fuel the city's growth.

Plans to redevelop the 85,000-square-foot historic Powell Avenue Steam Plant and surrounding Parkside District into a mixed-use entertainment venue and connectivity hub were announced by a major real estate development company in 2022.

Birmingham City Councilor Hunter Williams noted during a press conference that the former plant has been "an integral part of Birmingham's history for more than 125 years."

"Through public-private partnerships, redeveloping the steam plant will help bring more Birmingham residents downtown while also supporting tourism and economic development efforts to propel our city into the future. Adding yet another major neighborhood anchor in the heart of downtown will be a gamechanger for Birmingham," Williams said.

With the former plant's first new tenant slated to open for business in the fall of 2023, Powell Avenue Steam Plant is expected to serve as a catalyst for intentional, inclusive growth and to promote economic development that improves the quality of life for all residents and visitors to the city.

## Plant McIntosh land use leads to environmental benefit

In Effingham County, Georgia, after Plant McIntosh's coal unit was retired, combined cycle units powered by natural gas remain on-site at the 2,000-acre site, located on the Savannah River.

The Savannah River is heavily utilized by large container ships coming in and out of the Port of Savannah. To stay competitive and maintain its status as one of the largest ports in the U.S., the U.S. Army Corps of Engineers in collaboration with the Georgia Department of Transportation and Georgia Ports Authority initiated the Savannah Harbor Deepening project. This project, which is nearing completion, provides an additional 5-feet of channel capacity and enables the Port to attract newer, bigger container ships. Deepening the Harbor creates the potential for decreased dissolved oxygen levels when river flows from upstream are lower and the tide is flowing in. Since aquatic species and the fragile ecosystem in the Harbor depend on consistent levels of dissolved oxygen, the Corps and its partners are injecting oxygen into the river and Harbor from two sites to offset the effects of the deepening.

Using land acquired from the Plant McIntosh site, the Corps built its upstream oxygen injection on the Savannah River. The injected dissolved oxygen flows downstream toward the Port, providing a better environment for species in the river and highlighting another beneficial use of a retired generating plant that can benefit the environment.

## Commitment to Justice

Southern Company's Moving to Equity framework includes a commitment to energy justice, including a Just Transition and environmental justice. Southern Company has committed to contribute \$225 million through 2025 to advance racial equity and social justice in our communities. Included in this commitment – alongside education, criminal justice reform and economic empowerment – is \$25 million dedicated to energy justice which will be used for energy assistance as well as job training and economic support for communities, particularly as we seek to decarbonize and ultimately reach a net zero GHG emissions future. The fair treatment and involvement of our neighbors and customers, including minority and low-income communities, is essential to building and sustaining communities. Our formal work in this area is just beginning, and we look forward to sharing information on our progress.

## Tax considerations

Our Just Transition also has included working to help ensure local communities are not inappropriately impacted by an abrupt change in tax revenue. Within the communities we serve, our plants are often substantial taxpayers. While the counties in which each plant resides could see an impact to annual property and sales taxes when plants are retired, we remain committed to continuing to invest in communities across the states we serve, including the affected counties. Additionally, tax obligations may continue throughout the company’s decommissioning efforts and do not stop immediately upon a unit’s retirement date.

In some cases, the tax base associated with a coal-fired generating facility can represent as much as 25% to 30% of a county’s property tax base, especially in rural areas. Removing that revenue stream could present a hardship for the county and for businesses that our workers support. As our operating companies reach decisions to close plants, they typically work closely with regulators, taxing authorities and local communities to identify financial impacts.

For example, in the case of Plant Gorgas, prior to Alabama Power’s retirement decision, the facility had several years remaining in its expected lifespan. We worked with tax assessors to analyze the implications of retiring the facility and determined that Alabama Power’s ad valorem tax obligations to Walker County on the retired facility should continue over the remaining years of the plant’s original useful lifespan. While we may not always be able to achieve a similar outcome, we endeavor to effectuate a smooth transition for our communities.

## Environmental responsibility

Southern Company will follow its [Environmental Principles](#) in the transition of plant sites, including a commitment to environmental remediation, restoration or recycling and reuse, as appropriate. Readying the site of a former coal-fired generating facility for its next life requires extensive preparation and diligence for an environmentally responsible future. Preparing sites for a renewed purpose is often a multiyear process. That preparation includes accounting for building material and equipment removal, determining which assets can be repurposed for future energy production, and developing a plan for materials removal and remediation to help ensure a site is suited for redevelopment.

Removal, recycling and repurposing covers a host of materials and equipment – from recyclable metals to concrete. First steps include identifying and creating an inventory of remaining materials and equipment. Materials that no longer have a useful life are sent to landfills for proper disposal. Many materials such as remaining equipment, tools, copper, steel, brass, aluminum and other materials can safely be repurposed and recycled.

When possible, we work with local and regional partners to remove, process and recycle materials – another way we can contribute to supporting local economies and jobs.

Readying former coal sites involves removing, repurposing and recycling significant amounts of building materials and equipment. This has included more than:

Concrete	Ferrous metal	Copper	Stainless & other alloys	Aluminum	Brass	Repurposed equipment
6,000 cubic yards	137 million pounds	2.4 million pounds	2.83 million pounds	2.85 million pounds	250,000 pounds	1.6 million pounds

\*Materials removed for repurposing and recycling from Plants Gorgas, Kemper & McIntosh through Q4 2021

## Keeping safety first and serving the community

Valerie Wade served as plant manager of Plant Gorgas and managed the facility's closure. Wade, who went on to become plant manager of the gas-fired Central Alabama Generating Station in Billingsley, emphasized the importance of keeping Safety First and serving the community.

"I'm proud that we kept people whole and safe during the decommissioning process," said Wade. "The community is such a big part of what we do and who we are – without the community, we're not there."

"From beginning to end, it was important that we took care of the community during retirement as well as we did while we were operating."



Former Plant Gorgas

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*"From beginning to end, it was important that we took care of the community during retirement as well as we did while we were operating."*  
– Valerie Wade, Alabama Power

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## Safety, reliability, resilience and affordability

Our work to help ensure a Just Transition does not stop at the gates of a plant or the borders of a community. Decarbonization, fleet transition and infrastructure decisions have far-reaching impacts. As our companies make transformative and often capital-intensive decisions, it is imperative that we continue to deliver safe, reliable, resilient and affordable energy to our customers.

Safety is a core value throughout our system. We believe the safety of our employees, customers and communities is paramount. We will perform and maintain every job, every day, safely. In the context of Just Transition, safety extends to employees and contractors tasked with decommissioning our plants, as well as working to ensure the safety of the communities surrounding our facilities for the long term.

We understand that having reliable energy is essential, which is why we are at the forefront of industry-leading innovation and are focused on making smart investments to provide reliable and resilient service to our customers. We do this by upgrading and enhancing our infrastructure, protecting electric and natural gas infrastructure from physical and cyberthreats, reducing our GHG emissions, and deploying distributed generation solutions, among other initiatives.

Affordability is also paramount for our customers, and Southern Company has endeavored to keep electricity price increases at or below the rate of inflation over the long term. Retail electricity prices at our electric operating companies are currently about 10% below the national average. In addition, we are focused on the topic of energy burden across all customers, especially those who are income-challenged. Maintaining affordability fosters high customer satisfaction, financial strength and constructive regulatory treatment. Effectively understanding and addressing the financial priorities of our customers, investors and regulators should help facilitate our transition toward a net zero future.

In addition to maintaining low rates, our operating companies provide millions of dollars in direct energy assistance annually to customers in need. We also offer a wide range of energy efficiency programs designed to make efficiency upgrades more affordable.



## Continued focus on ensuring a Just Transition

Consistent with our ongoing commitment to those we are privileged to serve and to making life better because we are there, Southern Company will remain focused on supporting a Just Transition for customers, employees and communities. We will continue to work with private and public entities for the betterment of our employees and communities and remain committed to a leadership role as we transition to a new energy economy.

A low-angle photograph of a modern, multi-story office building with a dark, textured facade and large glass windows. The word "Southern Company" is mounted on the building in large, silver, three-dimensional letters. The windows reflect the sky and other buildings. The sky is a clear, bright blue with a few wispy clouds. The overall image has a professional, corporate feel.

Southern Company

### Cautionary Note Regarding Forward-Looking Statements

Note: Certain information contained in this report is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning greenhouse gas emission reduction goals, future plant retirement and replacement decisions, and projected renewables growth. Southern Company cautions that there are certain factors that can cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Southern Company; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Southern Company's Annual Report on Form 10-K for the year ended December 31, 2021, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory changes, as well as changes in application of existing laws and regulations; the effects, extent, and timing of the entry of additional competition in the markets in which Southern Company's subsidiaries operate, including from the development and deployment of alternative energy sources; variations in demand for electricity and natural gas; available sources and costs of natural gas and other fuels; the ability to control costs and avoid cost and schedule overruns during the development, construction, and operation of facilities or other projects, to construct facilities in accordance with the requirements of permits and licenses, to satisfy any environmental performance standards and the requirements of tax credits and other incentives, and to integrate facilities into the Southern Company system upon completion of construction; advances in technology, including the pace and extent of development of low- to no-carbon energy technologies and negative carbon concepts; performance of counterparties under ongoing renewable energy partnerships and development agreements; state and federal rate regulations and the impact of pending and future rate cases and negotiations; the ability to successfully operate the electric utilities' generating, transmission, and distribution facilities, Southern Power's generation facilities, and Southern Company Gas' natural gas distribution and storage facilities and the successful performance of necessary corporate functions; and the ability of Southern Company's electric utilities to obtain additional generating capacity (or sell excess generating capacity) at competitive prices. Southern Company expressly disclaims any obligation to update any forward-looking information.

