WHEREAS: Coal, the most carbon intensive fossil fuel, is a key driver of climate change. Controlling climate change will require a dramatic reduction in coal use, which is likely to result in a significant amount of coal infrastructure being "stranded". The growing risk that fossil fuel infrastructure will be stranded, or devalued and written off at a loss, is termed "carbon asset risk." Coal infrastructure can be stranded for many reasons:

- Low carbon technology and alternative fuels are being deployed at scale in response to climate change, while out competing coal. Low carbon energy generation options are not burdened by coal's public health, environmental, and compliance liabilities.

- The costs of avoiding or addressing environmental and public health harm from coal use make coal less competitive. Coal waste, for example, is laced with heavy metals that can leach and spill from disposal sites, contaminating water supplies.

- Utility customers are moving to clean energy. As of November 2016, 83 major companies, including Apple, GM, and Walmart made commitments to achieve 100% renewable energy use, creating pressure on utilities to meet that demand or lose large customers. (RE100) Southern Company's subsidiary Alabama Power installed renewable energy in response to the renewable energy goals of its customers, including the Department of Defense and Walmart. (AL.com)

Across the U.S., climate change-driven market forces have already stranded coal assets. In 2016, FirstEnergy posted a $1.1 billion loss; AEP a $2.3 billion write down; and NRG reported a $6.4 billion dollar loss, all related to uneconomic coal plants.

Southern Company is already experiencing losses associated with coal investments. Its 582 megawatt coal-to-gas facility in Kemper, Mississippi is approximately three years behind schedule and $4.5 billion dollars over budget. (NYT) Its shareholders have endured 13 quarters of reduced earnings due to $2.5 billion in charges from the project, which also resulted in credit downgrades for Southern Company. (WSJ) In contrast, a peer of Southern Company, Dominion Resources, broke ground on its Greensville County Power Station, a 1,500 Megawatt gas plant estimated to cost $1.3 billion dollars -- a third of the cost of Kemper for a gas plant three times Kemper's size -- which is likely to yield similar or greater environmental benefits.

Shareholders require increased disclosure of Southern Company's stranded asset risk to be able to evaluate the prudence of management's investment decisions.

BE IT RESOLVED: Shareholders request that Southern Company prepare a report disclosing the financial risks to the Company of stranded assets related to climate change and associated coal demand reductions. The report should omit proprietary information and be prepared at reasonable cost.