



Moses H. Feagin
Executive Vice President
Chief Financial Officer & Treasurer

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December 1, 2023

Mr. Walter L. Thomas, Secretary
Alabama Public Service Commission
RSA Union Building
100 North Union Street, Suite 950
Montgomery, Alabama 36104



**Re: Filing of Rate CNP, Subpart A Plant Factors, Calculations and Supporting Materials
Docket Nos. 18117 and 18416**

Dear Mr. Thomas:

In accordance with the provisions of Rate CNP, Subpart A and the authorizations and directives of the August 14, 2020 order of this Commission in Docket No. 32953, we are submitting the factors, calculations and other supporting information associated with the Company's cost of developing Plant Barry Unit 8. The referenced plant factors will be effective beginning with January 2024 billings.

The Company has met with Commission Staff to discuss the enclosed materials and the manner by which the plant factors have been derived. If further information is needed, please contact Mr. Alex McCrary, the designated Company individual under Rule 10 of the Special Rules.

Sincerely,

Moses H. Feagin
Executive Vice President
Chief Financial Officer and Treasurer

Enclosures

cc: (with enclosures)
Commissioner Twinkle Andress Cavanaugh
Commissioner Jeremy H. Oden
Commissioner Chris "Chip" Beeker, Jr.

Secretary of the Alabama Public Service Commission
Mr. Walter L. Thomas, Jr. (11)

Executive Director and Chief Administrative Law Judge
The Honorable John A. Garner

Director, Electricity Policy Division
Mr. John D. Free

Office of the Attorney General
Ms. Olivia W. Martin

Alabama Power Company
Rate CNP Factor for Certificated Generating Facilities
Plant Barry Unit 8
Commercial Operation Date - November 1, 2023

- (1) Revenue requirement for the retail average net investment balance for certificated new plant for the period December 1, 2023 through November 30, 2024.

\$ 53,218,176 [See Appendix 1]

- (2) Retail operation and maintenance expense and depreciation expense attributable to certificated new plant for the period December 1, 2023 through November 30, 2024.

\$ 11,196,774	Operation and Maintenance Expense [See Appendix 2]
26,119,056	Depreciation Expense [See Appendix 3]
<u>\$ 37,315,830</u>	Total

- (3) The additional retail revenue requirement for certificated new plant for the period December 1, 2023 through November 30, 2024.

\$ 90,534,006 [Sum of Lines (1) and (2) above]

- (4) The retail revenue requirement for certificated new plant for the period December 1, 2023 through November 30, 2024 allocated to each of the respective rate schedules that are subject to Rate CNP and the CNP Plant factor for each such rate schedule.

[See Appendix 4]

Alabama Power Company
Rate CNP Factor for Certificated Generating Facilities
Plant Barry Unit 8
Commercial Operation Date - November 1, 2023

Net Investment

		<u>Plant In Service</u>	<u>Accumulated Depreciation</u>	<u>Accumulated Deferred Income Taxes</u>	<u>Third Party Offsets*</u>	<u>Net Investment</u>
December	2023	\$ 590,012,392	\$ 2,566,848	\$ 9,297,486	\$ -	\$ 578,148,058
January	2024	592,167,237	4,852,006	9,297,486	-	578,017,745
February	2024	593,726,528	7,145,802	9,297,486	30,596,012	546,687,228
March	2024	595,060,629	9,445,847	9,297,486	30,544,817	545,772,479
April	2024	595,298,337	11,751,240	9,297,486	30,435,229	543,814,382
May	2024	595,298,337	14,057,586	9,297,486	30,312,993	541,630,272
June	2024	595,298,337	16,363,932	9,297,486	30,190,757	539,446,162
July	2024	595,298,337	18,670,278	9,297,486	30,068,520	537,262,053
August	2024	595,298,337	20,976,624	9,297,486	29,946,284	535,077,943
September	2024	595,298,337	23,282,970	9,297,486	29,824,048	532,893,833
October	2024	595,298,337	25,589,316	9,297,486	29,701,811	530,709,724
November	2024	596,241,071	27,790,913	9,297,486	29,635,092	529,517,580
12 Month Average Net Investment						\$ 544,914,788

Average Net Plant Balance	\$ 544,914,788
Retail Electric Investment Factor [See Appendix 5]	96.22%
Retail Average Net Plant Balance	<u>\$ 524,317,009</u>
Retail Cost of Capital Rev. Requirement Rate [See Appendix 6]	10.1500%
Retail Revenue Requirement for Net Plant Investment	<u>\$ 53,218,176</u>

*Adjustment related to third party arrangement.

Alabama Power Company
Rate CNP Factor for Certificated Generating Facilities
Plant Barry Unit 8
Commercial Operation Date - November 1, 2023

Operation and Maintenance Expense

		O&M (Including Labor Overhead)	Taxes Other Than Income Taxes	Third Party Offsets*	Total
December	2023	\$ 635,396	\$ 324,129	\$ -	\$ 959,525
January	2024	635,818	329,831	-	965,649
February	2024	635,818	325,627	50,957	910,488
March	2024	635,818	326,520	51,004	911,334
April	2024	1,070,318	326,051	74,008	1,322,361
May	2024	635,818	326,520	51,004	911,334
June	2024	635,818	326,051	50,979	910,890
July	2024	635,818	326,520	51,004	911,334
August	2024	635,818	326,910	51,025	911,703
September	2024	635,818	326,225	50,988	911,055
October	2024	1,070,318	326,300	74,021	1,322,597
November	2024	435,819	325,653	40,358	721,114
		<u>\$ 8,298,395</u>	<u>\$ 3,916,337</u>	<u>\$ 545,348</u>	<u>\$ 11,669,384</u>

Operation and Maintenance Expense	\$ 11,669,384
Retail Expense Allocation Factor [See Appendix 5]	95.95%
Retail Operation and Maintenance Expense	<u>\$ 11,196,774</u>

*Adjustment related to third party arrangement.

Alabama Power Company
Rate CNP Factor for Certificated Generating Facilities
Plant Barry Unit 8
Commercial Operation Date - November 1, 2023

Depreciation Expense

		<u>Depreciation Expense</u>	<u>Third Party Offsets*</u>	<u>Total Depreciation Expense</u>
December	2023	\$ 2,348,850	\$ -	\$ 2,348,850
January	2024	2,358,241	-	2,358,241
February	2024	2,366,879	125,445	2,241,434
March	2024	2,373,129	125,776	2,247,353
April	2024	2,378,476	126,059	2,252,417
May	2024	2,379,429	126,110	2,253,319
June	2024	2,379,429	126,110	2,253,319
July	2024	2,379,429	126,110	2,253,319
August	2024	2,379,429	126,110	2,253,319
September	2024	2,379,429	126,110	2,253,319
October	2024	2,379,429	126,110	2,253,319
November	2024	2,379,429	126,110	2,253,319
		<u>\$ 28,481,578</u>	<u>\$ 1,260,050</u>	<u>\$ 27,221,528</u>

Depreciation Expense	\$ 27,221,528
Retail Expense Allocation Factor [See Appendix 5]	95.95%
Retail Depreciation Expense	<u>\$ 26,119,056</u>

*Adjustment related to third party arrangement.

ALABAMA POWER COMPANY
Rate CNP Factor for Certificated Generating Facilities
(affected rate schedules)
Effective Beginning with January 2024 Billings

(A)	(B)	(C)	(D)	(E)	(F)
Rate Schedule	Forecasted Base Rate Revenue Excluding Fuel & Tax Dec '23 - Nov '24	Ratio BRs/BRT (B)/Total (B)	Effective Base Rate Revenue Adjustment (C) X Total (D)	Forecasted kWh Dec '23 - Nov '24	CNP Plant Factor \$/kWh (D)/(E)
ASL	\$ 2,964,690	0.00058	\$ 52,510	26,819,369	0.001958
BEVT	1,271,528	0.00025	22,634	9,919,432	0.002282
BTA	48,830,599	0.00956	865,505	433,743,928	0.001995
BTAL	126,345,717	0.02473	2,238,906	2,325,015,160	0.000963
CFTU	1,595,576	0.00031	28,066	25,806,652	0.001088
FCR	200,234,897	0.03920	3,548,933	6,466,120,954	0.000549
FD	2,388,621,458	0.46763	42,336,417	17,741,297,142	0.002366
FDD	204,538	0.00004	3,621	1,613,024	0.002245
XFDE	17,546,127	0.00344	311,437	164,835,626	0.001889
XFDT	346,983	0.00007	6,337	3,336,380	0.001899
FIRTU	306,146	0.00006	5,432	3,538,207	0.001535
FMTU	28,476,259	0.00558	505,180	377,273,540	0.001339
FPL	73,472,206	0.01438	1,301,879	283,869,349	0.004586
XFSTU	13,519,758	0.00265	239,915	139,590,336	0.001719
XGRTU	13,827,588	0.00271	245,347	171,305,175	0.001432
HLF	78,579,924	0.01538	1,392,413	1,648,439,321	0.000845
XHLTU	2,096,657	0.00041	37,119	25,789,757	0.001439
XHMTU	3,654,814	0.00072	65,184	36,960,262	0.001764
LAF	4,456,504	0.00087	78,765	19,346,426	0.004071
LFS	10,641,047	0.00208	188,311	76,250,160	0.002470
XLTLU	716,958	0.00014	12,675	8,631,315	0.001468
XLMTU	2,494,003	0.00049	44,362	25,542,416	0.001737
XLPLE	44,258,864	0.00866	784,025	644,729,915	0.001216
XLPME	229,883,522	0.04500	4,074,030	2,069,191,155	0.001969
XLPSE	172,014,212	0.03368	3,049,185	1,099,940,986	0.002772
LPL	160,094,786	0.03134	2,837,336	2,496,227,985	0.001137
LPLM	374,224,970	0.07326	6,632,521	6,669,625,072	0.000994
LPM	634,027,897	0.12413	11,237,986	4,254,265,671	0.002642
LPS	109,692,610	0.02147	1,943,765	402,601,454	0.004828
XLPTL	91,887,325	0.01799	1,628,707	1,432,875,626	0.001137
XLPTM	6,662,667	0.00130	117,694	56,649,687	0.002078
XLPTS	13,964,854	0.00273	247,158	110,767,851	0.002231
LTU	2,439,699	0.00048	43,456	24,451,399	0.001777
MTU	19,170,617	0.00375	339,503	348,041,400	0.000975
ODL	7,510,445	0.00147	133,085	159,887,167	0.000832
OFF	1,365,019	0.00027	24,444	16,233,994	0.001506
PG	1,113,560	0.00022	19,917	6,388,259	0.003118
PMTU	36,563,607	0.00716	648,223	631,829,360	0.001026
PTU	2,779,095	0.00054	48,888	40,972,503	0.001193
XRLTU	1,229,853	0.00024	21,728	14,222,617	0.001528
XRMTU	11,700,521	0.00229	207,323	123,454,488	0.001679
RTA	179,250	0.00004	3,621	1,273,427	0.002844
RTAE	2,566,195	0.00050	45,287	19,974,678	0.002266
RTP	87,428,138	0.01712	1,549,942	1,162,755,440	0.001333
XRTPD	12,173,012	0.00238	215,471	205,702,195	0.001047
SCGTU	8,671,222	0.00170	153,908	135,874,648	0.001133
SCH	47,382,520	0.00928	840,156	413,416,013	0.002032
SLM	5,673,242	0.00111	100,493	41,634,444	0.002414
TS	1,339,813	0.00026	23,539	17,150,752	0.001372
TSTU	252,187	0.00005	4,527	3,357,154	0.001348
TXTU	1,373,268	0.00027	24,444	17,093,495	0.001430
XTP	93,935	0.00002	1,811	719,537	0.002516
XWP	62,315	0.00001	905	774,590	0.001169
Total	\$ 5,107,983,217		\$ 90,534,006	52,637,126,893	

Alabama Power Company
Rate CNP Factor for Certificated Generating Facilities
Central Alabama Generating Station
Commercial Operation Date - November 1, 2023

SCHEDULE 1.00--SUMMATION OF INVESTMENT AND EXPENSE ALLOCATIONS

LINE (1)	LINE DESCRIPTION (2)	TOTAL ELECTRIC SYSTEM (3)	RESIDENTIAL (4)	NON- RESIDENTIAL (5)	TOTAL DIRECT SERVICE (6)	TOTAL ALL OTHER SERVICE (7)
NET INVESTMENT						
1	ELECTRIC GROSS PLANT	\$34,050,866,995	\$18,069,679,992	\$14,728,856,139	\$32,798,536,131	\$1,252,330,865
2	PROVISION FOR ACCUM DEPR & AMORT	10,868,646,182	5,766,035,552	4,699,141,354	10,465,176,906	403,469,276
3	NET PLANT	\$23,182,220,814	\$12,303,644,440	\$10,029,714,785	\$22,333,359,225	\$848,861,588
ADD:						
4	PLANT HELD FOR FUTURE USE	49,721,405	24,303,570	23,097,512	47,401,082	2,320,323
5	MATERIALS AND SUPPLIES	705,281,918	331,664,879	342,566,303	674,231,181	31,050,737
6	UNAMORTIZED LEASEHOLD IMPROVEMENTS	0	0	0	0	0
7	CONSTRUCTION WORK IN PROGRESS	1,531,806,325	765,124,891	699,373,236	1,464,498,127	67,308,198
8	AVERAGE DAILY BANK BALANCES	107,972,476	44,980,667	58,041,969	103,022,636	4,949,840
9	ELECTRIC PLANT ACQUISITION ADJUSTMENT	287,766,147	132,845,606	139,626,260	272,471,866	15,294,281
10	NUCLEAR FUEL	239,206,927	79,562,205	146,497,029	226,059,234	13,147,693
DEDUCT:						
11	SESCO/AEC DEPOSIT	23,149,546	7,699,732	14,177,430	21,877,162	1,272,384
12	CUSTOMER ADVANCES FOR CONSTRUCTION	496,261	6,018	490,243	496,261	0
13	CUSTOMER DEPOSITS	106,333,943	46,945,427	59,388,516	106,333,943	0
14	TOTAL NET INVESTMENT	\$25,973,996,262	\$13,627,475,081	\$11,364,860,905	\$24,997,335,986	\$981,660,276
15	PERCENT OF TOTAL ELECTRIC SYSTEM	100.00%	52.47%	43.75%	96.22%	3.78%
16	RETAIL ELECTRIC INVESTMENT FACTOR				96.22%	
EXPENSES						
17	OPERATION AND MAINTENANCE EXPENSES	\$4,366,232,967	\$1,818,945,715	\$2,347,123,716	\$4,166,069,430	\$200,163,537
18	DEPRECIATION AND AMORTIZATION EXPENSE	859,370,480	455,321,015	372,645,775	827,966,790	31,403,690
19	OTHER AMORTIZATION AND ACCRETION	30,285,179	14,584,586	14,243,250	28,827,836	1,457,343
20	TAXES OTHER THAN INCOME TAXES	419,282,357	203,267,273	209,997,900	413,265,173	6,017,184
21	SALES TO NON-ASSOCIATED COMPANIES	(692,073,794)	(247,142,726)	(407,130,659)	(654,273,385)	(37,800,409)
22	OTHER ELECTRIC REVENUES	(264,033,975)	(147,669,887)	(106,471,877)	(254,141,764)	(9,892,211)
23	TOTAL EXPENSES	\$4,719,063,215	\$2,097,305,976	\$2,430,408,105	\$4,527,714,081	\$191,349,134
24	PERCENT OF TOTAL ELECTRIC SYSTEM	100.00%	44.44%	51.50%	95.95%	4.05%
25	RETAIL EXPENSE ALLOCATION FACTOR				95.95%	
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION						
25	TOTAL AFUDC	\$90,215,263	\$44,374,684	\$41,795,049	\$86,169,733	\$4,045,530
26	PERCENT OF TOTAL ELECTRIC SYSTEM	100.00%	49.19%	46.33%	95.52%	4.48%
27	RETAIL ELECTRIC AFUDC ALLOCATION FACTOR				95.52%	

Alabama Power Company
Rate CNP Factor for Certificated Generating Facilities
Plant Barry Unit 8
Commercial Operation Date - November 1, 2023

Retail Cost of Capital Revenue Requirement Rate

Overall Cost of Capital Estimated as of October 31, 2023

Description	Amount of Capital	Weight in Capital Structure	Cost	Weighted Cost	Income Tax Requirement (see below)	Revenue Requirement
Debt	\$ 251,793,890	48.0232%	4.0800%	1.9594%	0.0000%	1.9594%
Common Equity	272,523,119	51.9768%		6.0500%	2.1406%	8.1906%
TOTAL	\$ 524,317,009	100.0000%		8.0094%		10.1500%

Combined Tax Rate =
$$\frac{F + S - 2FS}{1 - FS}$$

F = Effective Federal Income Tax Rate 22.1367%

S = Effective State Income Tax Rate 6.5000%

$$\frac{(0.221367 + 0.065000) - 2 * (0.221367 * 0.065000)}{1 - (0.221367 * 0.065000)} = 26.1350\%$$

Income Tax Requirement =
$$\frac{0.261350}{1 - 0.261350} = 35.3821\%$$