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Chief Financial Officer & Treasurer

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February 1, 2024

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



Re: Filing of Rate CNP, Subpart B Purchase Factors, Calculations
and Information for Purchase Factor Year 2024-2025
Docket Nos. 18117 and 18416

Dear Mr. Thomas:

In accordance with the provisions of Rate CNP, Subpart B, we are submitting the factors, calculations and related information associated with the Company's certificated power purchase arrangements, applicable to billings for the Purchase Factor Year of April 1, 2024 through March 31, 2025.

Although entitled under Rate CNP, Subpart B to recover the entire revenue requirement associated with this power purchase arrangements, the Company has considered, at the request of the Commission acting through its Staff, whether the current CNP Purchase Factors could remain in effect for the upcoming cost year (*i.e.*, April 1, 2024 through March 31, 2025), subject to the entry of an appropriate consent order. The Company has determined that the current CNP Purchase Factors can be left in place for the upcoming cost year, and this submission has been tailored accordingly. In the event an appropriate consent order is not entered, the Company reserves the right to file revised CNP Purchase Factors for application beginning April 1, 2024.

If further information is needed, please contact Mr. Alex McCrary, who is the designated Company individual under Rule 10 of the Special Rules Governing Operation of Rates RSE and CNP. The Company is available to meet with the Commission or its Staff to discuss the enclosed materials.

Sincerely,

Moses Feagin
Executive Vice President,
Chief Financial Officer and Treasurer

Enclosures

Alabama Public Service Commission
February 1, 2023
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cc: 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 (5)

Office of the Attorney General
Ms. Olivia W. Martin

Alabama Power Company
Rate CNP Purchase Factor for Certificated Power Purchase Arrangements
April 1, 2024 - March 31, 2025

(1) Estimated cost of certificated power purchase arrangement: Mobile Energy, LLC (Docket No. 32953).

\$ 11,611,218 [See Appendix 1]

(2) Item (1) multiplied by the retail electric service expense factor (95.95%) from the most recent cost of service study (Jurisdictional Allocation Study) filed with the Commission on April 28, 2023 (See Appendix 2).

\$ 11,140,964

(3) The projected amount of (over-recovery)/under-recovery balance as of March 31, 2024.

\$ 100,141,882 [See Appendix 3]

(4) The retail revenue requirement for certificated power purchase arrangements for the period April 1, 2024 through March 31, 2025.

\$ 111,282,846 [Item (2) plus Item (3)]

(5) The projected cost recovery for the period April 1, 2024 through March 31, 2025 under currently effective factors.

\$ 27,944,825 [See Appendix 4]

(6) The projected unrecovered retail revenue requirement for certificated power purchase arrangements for the period April 1, 2024 through March 31, 2025.

\$ 83,338,021 [Item (4) less Item (5) above]

(7) Per the transmittal letter, the CNP Purchase Factors are anticipated to remain in effect for the period April 1, 2024 through March 31, 2025.

Alabama Power Company
Rate CNP Purchase Factor for Certificated Power Purchase Arrangements
April 1, 2024 - March 31, 2025

Summary of Initial and Replacement CNP Purchase Factors

	<u>Initial Purchase Factor</u>	<u>Replacement Purchase Factor</u>
April 2003 - June 2003	\$0.000000	
July 2003 - March 2004		\$0.001506
April 2004 - June 2004	\$0.001500	
July 2004 - March 2005		\$0.001960
April 2005 - March 2006	\$0.001623	
April 2006 - March 2010	\$0.001960	
April 2010 - March 2011	\$0.000638	
April 2011 - March 2018	\$0.000541	
April 2018 - March 2025*	See Appendix 4	<i>Proposed</i>

* The development of these factors is in accordance with Rate CNP, Part B, and the March 9, 2017 order in Docket Nos. 18117 and 18416.

Alabama Power Company
April 1, 2024 - March 31, 2025

Rate CNP Purchase Factor for Certificated Power Purchase Arrangements
Summary of Estimated PPA Cost for Existing Capacity

		Purchased Capacity (Kilowatts)*	Estimated PPA Expense	Third Party Offsets	Total Company
April	2024	211,655	\$ 249,280	\$ 13,212	\$ 236,068
May	2024	211,655	270,445	14,334	256,111
June	2024	211,655	846,025	44,839	801,186
July	2024	211,655	1,920,166	101,769	1,818,397
August	2024	211,655	1,920,167	101,768	1,818,399
September	2024	211,655	726,676	38,514	688,162
October	2024	211,655	249,280	13,212	236,068
November	2024	211,655	259,863	13,773	246,090
December	2024	211,655	1,138,195	60,324	1,077,871
January	2025	211,655	3,298,390	174,815	3,123,575
February	2025	211,655	1,128,247	59,797	1,068,450
March	2025	211,655	254,320	13,479	240,841
			<u>\$ 12,261,054</u>	<u>\$ 649,836</u>	<u>\$ 11,611,218</u>
Estimated PPA expense from April 1, 2024 through March 31, 2025					<u>\$ 11,611,218</u>

*Adjusted to reflect third party arrangement.

ALABAMA POWER COMPANY
 RETAIL COST OF SERVICE
 TWELVE MONTHS ENDED DECEMBER 31, 2022

SCHEDULE 1.00

PAGE 1

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	SEGCO/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	\$24,992,335,986	\$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 Purchase Factor for Certificated Power Purchase Arrangements
 April 1, 2024 - March 31, 2025

Appendix 2

Alabama Power Company
Rate CNP Purchase Factor for Certificated Power Purchase Arrangements
April 1, 2024 - March 31, 2025

Summary of (Over)/Under Recovery of PPA Expense as of March 31, 2024

General Ledger Balance as of December 31, 2022				\$	119,673,660
		<u>Actual 2023 Retail Expense Recovery</u>		<u>Actual 2023 PPA Expense</u>	
January	2023	\$ 2,454,731		\$ 2,797,548	
February	2023	2,149,974		939,303	
March	2023	1,976,568		217,029	
April	2023	1,927,621		185,129	
May	2023	1,902,490		205,870	
June	2023	2,295,672		727,074	
July	2023	2,692,261		1,646,963	
August	2023	2,941,857		1,560,117	
September	2023	2,795,499		617,611	
October	2023	2,131,421		205,871	
November	2023	1,809,898		10,640	
December	2023	2,132,086		1,051,919	
Total		<u>\$ 27,210,078</u> (A)		<u>\$ 10,165,074</u> (B)	(17,045,004) [(B) - (A)]

General Ledger Balance as of December 31, 2023 \$ 102,628,656

		<u>Projected 2024 Retail Expense Recovery</u>		<u>Projected 2024 PPA Expense</u>	
January	2024	\$ 2,581,891		\$ 3,122,376	
February	2024	2,200,995		985,630	
March	2024	2,048,018		236,124	
		<u>\$ 6,830,904</u> (A)		<u>\$ 4,344,130</u> (B)	(2,486,774) [(B) - (A)]

Projected General Ledger Balance as of March 31, 2024 \$ 100,141,882

ALABAMA POWER COMPANY
Projected PPA Cost Recovery for April 2024 - March 2025
(under currently effective factors)

(A)	(B)	(C)	(D)
Rate Schedule	Currently Effective CNP (Subpart B) Factor \$/kWh	Forecasted kWh April '24 - March '25	Cost Recovery using Currently Effective Factor (B) X (C)
ASL	0.000608	26,777,717	16,281
BEVT	0.000897	10,538,974	9,453
BTA	0.000447	440,228,254	196,782
BTAL	0.000292	2,498,489,778	729,559
CCI	0.000181	305,066,936	55,217
CFTU	0.000349	25,778,261	8,997
FCR	0.000152	1,360,899,948	206,857
FD	0.000740	17,677,276,619	13,081,185
FDD	0.000740	1,873,477	1,386
XFDE	0.000585	148,247,327	86,725
XFDT	0.000577	3,041,294	1,755
FIRTU	0.000610	3,534,395	2,156
FMTU	0.000423	386,242,124	163,380
FPL	0.001395	280,039,564	390,655
XFSTU	0.000520	136,653,531	71,060
XGRTU	0.000440	170,385,468	74,970
HLF	0.000291	1,672,055,042	486,568
XHLTU	0.000432	25,747,758	11,123
XHMTU	0.000545	36,902,955	20,112
IE	0.000152	103,911,635	15,795
LAF	0.001263	19,315,412	24,395
LFS	0.000772	76,017,313	58,685
XLLTU	0.000495	8,619,816	4,267
XLMTU	0.000523	24,490,602	12,809
XLPLE	0.000355	638,590,524	226,700
XLPME	0.000616	2,032,524,847	1,252,035
XLPSE	0.000853	1,040,547,085	887,587
LPL	0.000357	2,559,258,203	913,655
LPLM	0.000310	6,718,532,606	2,082,745
LPM	0.000818	4,291,676,173	3,510,591
LPS	0.001437	402,709,350	578,693
XLPTL	0.000359	1,420,743,497	510,047
XLPTM	0.000651	55,052,530	35,839
XLPTS	0.000704	109,398,815	77,017
LSS	0.000181	4,264,856,465	771,939
LTU	0.000497	24,395,052	12,124
MTU	0.000294	346,533,872	101,881
ODL	0.000300	166,573,546	49,972
OFF	0.000446	15,966,568	7,121
PG	0.000812	6,352,750	5,158
PMTU	0.000342	627,888,734	214,738
PTU	0.000396	41,062,957	16,261
XRLTU	0.000437	14,202,144	6,206
XRMTU	0.000497	121,347,839	60,310
RTA	0.000737	1,188,739	876
RTAE	0.000695	29,078,830	20,210
RTP	0.000265	1,165,612,041	308,887
XRTPD	0.000173	97,930,819	16,942
SCGTU	0.000366	134,721,510	49,308
SCH	0.000646	412,711,694	266,612
SE	0.000120	1,876,017	225
SLM	0.000788	40,153,385	31,641
TOUI	0.000248	734,118,130	182,061
TS	0.000511	17,180,440	8,779
TSTU	0.000352	3,344,572	1,177
TXTU	0.000382	17,003,596	6,495
XTP	0.000593	716,176	425
XWP	0.000514	770,609	396
Total		<u>52,996,754,315</u>	<u>\$ 27,944,825</u>