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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: Submittal of Information and Calculations Required by Appendix B to Rate RSE and the Special Rules Governing Operation of Rates RSE and CNP Docket Nos. 18117 and 18416**

Dear Mr. Thomas:

In accordance with the provisions of Rate RSE (Rate Stabilization and Equalization Factor) and the Special Rules Governing Operation of Rates RSE and CNP, we are submitting the information and calculations required by Appendix B to Rate RSE. The calculations yield a weighted retail return on projected average common equity (WRRCE) of 5.90% for the 12-month period ending December 31, 2024. Consequently, there will be no operation of the rate for the upcoming year (rendering unnecessary the development and inclusion of Appendix A calculations).

By means of this letter, we are providing the enclosed information to the Commission Staff and the Office of the Attorney General. If further information is needed, please do not hesitate to contact the undersigned. The Company is available to meet with the Commission or its Staff to discuss the enclosed materials.

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

**Determination of Projected Average Retail Common Equity (RCE) as of December 31, 2024**  
(In Thousands of Dollars)

	Column 1 Total Amount	Column 2 Non-Electric
	(Projected 12-mo. avg. bal.)	(Projected 12-mo. avg. bal.)
<b>Investment</b>		
1 . Electric Plant in Service (Account 101)	\$ 35,475,160 (E)	\$ 277,632
2 . Electric Plant Held for Future Use (Account 105)	49,721	
3 . Construction Work in Progress-Electric (Account 107)	1,362,173	12,193
4 . Accumulated Provision for Depreciation and Amortization of Electric Utility Plant-Credit (Accounts 108 and 111)	(11,531,360) (E)	(31,618)
5 . Electric Plant Acquisition Adjustments-Net (Accounts 114 and 115)	256,507	
6 . Steam Heat Plant (Account 118)	80	80
7 . Accumulated Provision for Depreciation of Steam Heat Plant-Credit (Account 119)	(57)	(57)
8 . Nuclear Fuel-Net (Account 120)	271,483	
9 . Nonutility Property (Account 121)	90,883	90,883
10 . Accumulated Provision for Depreciation and Amortization of Nonutility Property-Credit (Account 122)	(9,832)	(9,832)
11 . Investment in Subsidiary Companies (Account 123)	121,391	77,796
12 . Other Investments (Account 124)	5,187	5,187
13 . Fuel Stock (Account 151)	329,383	-
14 . Materials and Supplies (Account 154)	628,022	7,430
15 . Merchandise (Account 155)	5,423	5,423
16 . Allowance Inventory (Account 158)	12,279	
17 . Total	<u>\$ 27,066,443</u>	<u>\$ 435,117</u>
18 . Electric Investment Percent (Line 17, [Col. 1 - Col. 2 less UPS Investment of \$0] + Col. 1)	<u>98.39%</u> (D)	
19 . Retail Electric Investment Factor	<u>96.22%</u>	
20 . Retail Investment Separation Factor (Line 18 X Line 19)	<u>94.67%</u> (C)	
<b>Common Equity Percentage of Capital Structure</b>		
21 . Common Equity (Accounts 201, 211, and 216)	\$ 12,774,444	
22 . Debt (Accounts 221-227, 231 and 243)	11,210,400 (F)	
23 . Preferred Stock (Accounts 204-207 and 214)	-	
24 . Total (Line 21 + Line 22 + Line 23)	<u>\$ 23,984,844</u>	
25 . Common Equity Percentage of Capital Structure (CEP) (Line 21 + Line 24)	<u>53.28%</u>	
<b>Retail Common Equity (RCE)</b>		
26 . Retail Common Equity (Line 20 x Line 21)	<u>\$ 12,093,566</u>	

**Determination of Projected Retail Net Income for the 12 Months Ending December 31, 2024**  
(In Thousands of Dollars)

	<u>Total Electric</u> (Projected 12 mos. total)	<u>Retail Electric</u> (Projected 12 mos. total)
<b>Electric Operating Revenue</b>		
1 . Sale of Electricity (Accounts 440-448)	\$ 6,912,783	\$ 6,692,781 (A)
2 . Other Operating Revenues (Accounts 450-456)	<u>32,230</u>	<u>32,230 (B)</u>
3 . Total Operating Revenues (Line 1 + Line 2)	<u>6,945,013</u>	<u>6,725,011</u>
<b>Electric Expenses</b>		
4 . Electric Operation and Maintenance Expenses (Accounts 401 and 402)	3,375,350	
5 . Electric Depreciation and Amortization Expenses (Accounts 403-407)	1,480,732	
6 . Taxes Other Than Income Taxes (Account 408.1)	490,174	
7 . Other Revenue Credits (Accounts 447-02xxx, 447-04xxx, 454 except 454-00904, and 456 except 456-00953)	<u>482,752 (A), (B)</u>	
8 . Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7)	<u>4,863,504</u>	
9 . Operating Income Before Income Taxes (Line 3 - Line 8)	<u>2,081,509</u>	
10 . Income Taxes (Accounts 409-411)	348,176	
11 . Retail Expense Allocation Factor	<u>95.95%</u>	
12 . Retail Expenses Other Than Income Taxes (Line 8 - UPS Expenses of \$0) x Line 11		<u>4,666,532 (D)</u>
13 . Retail Operating Income Before Income Taxes (Line 3 - Line 12)		2,058,479
14 . Retail Income Taxes (Line 13 + Line 9) x Line 10		<u>344,324</u>
15 . Net Retail Electric Operating Income (Line 13 - Line 14)		<u>1,714,155</u>
<b>Allowance for Funds Used During Construction</b>		
16 . Electric Allowance for Funds Used During Construction (AFUDC) - Gross	68,856	
17 . Retail Electric Allocation Factor	<u>95.52%</u>	
18 . Retail Electric AFUDC (Line 16 - UPS Investment AFUDC of \$0) x Line 17		65,771 (D)
<b>Interest Income</b>		
19 . Interest Revenue (Accounts 419-00001, 419-00304, 419-00038 and 419-00066 through 419-00068) (net of tax)	9,855	
20 . Retail Interest Income (Line 19 x Retail Investment Separation Factor)	<u>94.67% (C)</u>	9,140
<b>Interest Expense and Preferred Dividends</b>		
21 . Interest Expense (Accounts 427-431)	475,226	
22 . Preferred Dividends (Account 437)	-	
23 . Total Interest Expense and Preferred Dividends [(Line 21 + Line 22) x Retail Investment Separation Factor]	<u>94.67% (C)</u>	449,896
<b>Commission-Required Adjustments</b>		
24 . Commission-Required Adjustments (net of tax)	1,106	
25 . Retail Commission-Required Adjustments (Line 24 x Retail Expense Allocation Factor)	<u>95.95%</u>	1,061
<b>Retail Net Income Available for Common Equity (RNI)</b>		
26 . Retail Net Income Available for Common Equity (Line 15 + Line 18 + Line 20 - Line 23 + Line 25)		<u>\$ 1,340,231</u>
<b>Weighted Retail Return on Average Common Equity</b>		
RNI x CEP = WRRCE		
RCE		<u>5.90%</u>

Notes:

- Note (A): To conform with cost-of-service procedures, amounts included in Account 447 (Sales for Resale) associated with Non-Territorial Sales for Resale (subaccounts 447-02xxx and 447-04xxx) are excluded from Line 1 and included in Line 7.
- Note (B): To conform with cost-of-service procedures, the total of Accounts 450 (Forfeited Discounts), 451 (Miscellaneous Service Revenues), 453 (Sales of Water and Water Power), subaccount 454-00904 (Rent from Leased Property on Customers' Premises-Other), and subaccount 456-00953 (Miscellaneous Electric Revenues-Return Check Charge) is included on Line 2. The remaining subaccounts for Accounts 454 (Rent from Electric Property) and 456 (Other Electric Revenues) are included in Line 7.
- Note (C): Developed on Line 20 of retail common equity computation.
- Note (D): To conform with cost-of-service procedures and to afford proper recognition of investment and associated allowance for funds and expenses associated with Unit Power Sales to Nonassociated Utilities, the investment and associated allowance for funds and expenses associated with such sales have been accounted for on Line 18 of RCE calculation and on Lines 12 and 18 of RNI calculation.
- Note (E): For purposes of Rate RSE, the capitalization of asset retirement costs shall be excluded from Account 101 (Electric Plant in Service) and the associated depreciation shall be excluded from Account 108 (Accumulated Provision for Depreciation of Electric Utility Plant) pursuant to Accounting for Asset Retirement Obligations.
- Note (F): To the extent that rating agencies (Standard & Poor's, Moody's or Fitch, or any successor(s) in function) deem liabilities related to leases, as recorded in Accounts 227 and 243 (or other account(s) established by FERC for such purposes), to be debt in the Company's capital structure, such amounts will be included in line 22 of the RCE calculation.