

RATE RIDER EDI (ECONOMIC DEVELOPMENT INCENTIVE)



By order of the Alabama Public Service Commission dated November 7, 2017 in Docket # U-5017.

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AVAILABILITY

Available to qualifying Industrial and Commercial Customers who enter into a Contract for Electric Service ("Contract") and a Rate Rider EDI Incentive Agreement ("Rider Agreement") prior to January 1, 2021, for service within the interconnected system of the Company. Details for eligibility can be found in the Requirements, Conditions and Limitations section of this Rate Rider.

APPLICABILITY

Service will be governed by the terms and conditions of the Contract, the Rider Agreement and this Rate Rider. Rate Rider EDI shall not be combined with Rate Riders CRI, CTD, MA, or ML. The Company's Rules and Regulations for Electric Service will govern all line extensions and service connections required to serve Customer.

INCENTIVES

A qualifying Customer will be eligible to receive the following annual incentives over a period of five consecutive years (collectively, the "Incentive Period"), commencing with the completion of any Load Build-Up Period:

- (1) For the first, second and third years of the Incentive Period, Customer's base rate charge shall be discounted to an amount equivalent to one hundred five percent (105%) of the estimated marginal cost of serving Customer over the Incentive Period.
- (2) For the fourth and fifth years of the Incentive Period, Customer's base rate charge shall be discounted to an amount equivalent to one hundred ten percent (110%) of the estimated marginal cost of serving Customer over the Incentive Period.
- (3) The determination of Company's estimated marginal cost to serve Customer during the Incentive Period shall account for Customer's specific service characteristics (including, but not limited to, location, load and load shape).
- (4) As used in this Rate Rider, the term "base rate charge" means all charges on Customer's bill for electric service under the Contract, except charges pursuant to Rate ECR, Rate Rider NDR, adjustments under Rate T, applicable taxes and any applicable surcharges or reserves.

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- (5) Annual incentives as a percentage of base rate charges shall be capped as follows:
- Incentive Period Year 1 --- Forty-five percent (45%)
 - Incentive Period Year 2 --- Thirty-five percent (35%)
 - Incentive Period Year 3 --- Thirty percent (30%)
 - Incentive Period Year 4 --- Twenty-five percent (25%)
 - Incentive Period Year 5 --- Fifteen percent (15%)

In addition, no incentive shall result in a monthly bill to Customer that is less than the Minimum Bill required under the rate for electric service specified in the Contract.

REQUIREMENTS, CONDITIONS AND LIMITATIONS

Customer must be either an Industrial or Commercial Customer, as those classifications are described in the Company's Rules and Regulations for Electric Service.

The Contract must be for electric service to a new Customer load being served at a new premises. An existing load presently served by the Company may not be relocated to a new premises in order to qualify for this Rate Rider.

The Contract must reflect a demand of at least one thousand kilowatts (1,000 kW). A ninety percent (90%) power factor shall be used to determine Customer's satisfaction of the demand threshold for demands measured in kilovolt amperes (kVA). For Customers who take service under Rate Rider RGB, the minimum demand threshold must be met through Supplementary Power only.

The form of Rider Agreement is attached to this Rate Rider as Attachment A. Failure to abide by or otherwise satisfy any applicable requirements of the Rate Rider or the Contract may result in termination of service under this Rate Rider.

A Load Build-Up Period of no longer than twelve (12) months will be permitted for any Customer whose operations require the installation and testing of equipment and mechanical processes as part of an initial start-up phase.

At the end of year five, if Customer's energy usage is, on average across the Incentive Period, equal to or greater than one hundred ten percent (110%) of its average energy threshold (as specified in the Rider Agreement), Customer's base rate charge for the sixth year of the Contract shall be discounted to an amount equivalent to one hundred ten percent (110%) of the estimated marginal cost of serving Customer during that sixth year, provided the incentive as a percentage of the base rate charge shall not exceed fifteen percent (15%).



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During the five-year incentive period, if the customer's annual energy usage is less than seventy-five percent (75%) of its annual energy threshold for any two years, then service shall immediately terminate under this Rate Rider. For example, if the customer's annual energy usage is not at least seventy-five percent (75%) of its annual energy threshold during years 1 and 3 of the incentive period, then the Rider Agreement will terminate at the end of year 3 and the customer will forfeit eligibility for incentives in years 4 and 5. Notwithstanding any such termination of the Rider Agreement as provided here, the Contract shall continue unaffected through the end of its stated term.

TERM

Except as otherwise provided herein, service under this Rate Rider shall be for a period of five (5) years, and requires a Contract that is consistent with the provisions and includes a minimum ten (10) year term. Forfeiture of any incentive as provided above does not relieve Customer of its obligations under the Contract including, but not limited to, the commitment to a minimum ten (10) year term.

GENERAL

Service under this Rate Rider is subject to rules and regulations approved by the Alabama Public Service Commission, including the Company's Rules and Regulations for Electric Service. Customers taking service under the second revision to this Rate Rider, authorized by order of the Commission dated October 6, 2015, shall continue to receive service in accordance with the provisions of that revision to Rate Rider EDI. Company shall maintain a copy of that revision until service under it has completed in accordance with the provisions set forth therein.

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AVAILABILITY

Available in all areas served from the interconnected system of the Company. This Rate Rider will be available to qualifying Customers who enter into a Contract for Electric Service ("Contract") for service commencing prior to January 1, 2018.

APPLICABILITY

Applicable as a Rate Rider to the rates specified below. All terms and conditions of the base rate under which the Customer takes service remain applicable, except that the Customer's billing will be credited by the incentive specified below beginning with the commencement of service pursuant to the Contract.

Rate Rider EDI shall not be combined with Rate Riders CRI, XLTC, CTD, MA, ML, VFD, and/or RGB. The Company's Customer Service Guidelines will apply with respect to any new capital investment required to serve the Customer.

INCENTIVES

Subject to compliance with the terms and conditions hereof and the execution of an associated Contract, the Customer will be eligible to receive the incentives specified below:

- Structure and Determination
 - (1) The following incentives will be reflected on monthly bills to the Customer for service to the subject location, beginning with the commencement of service pursuant to the Contract:
 - For the first year: ten percent (10%) of the estimated base rate charges related to the incremental load addition.
 - For the second year: five percent (5%) of the estimated base rate charges related to the incremental load addition.
 - (2) The Company will develop estimates of the base rate charges attributable to the Customer's new or additional (incremental) load addition, which estimates shall govern for purposes of calculating the incentive amounts hereunder. As used herein, "base rate charges" means all charges on the bill for electric service except those pursuant to Rate ECR, adjustments under Rate T, and the Utility Gross Receipts Tax.



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- Requirements, Conditions and Limitations

- (1) New or additional load must be at least 1,000 kVA, as determined by the Company, with the incentive being applicable only to such new or additional (incremental) load;
- (2) Economic evaluation supporting the incentive relative to such new or additional load;
- (3) Service to commence prior to January 1, 2018; and
- (4) Applicable only to a single metered premises served under Rates BTAL, LPL, LPLE, LPLM, FMTU, PMTU, SCGTU, and TXTU (or their successors in function, as determined by the Company)

During the term of the Contract, the Customer's billing will be credited the specified incentive so long as the Customer is meeting the terms of Rate Rider EDI and the associated Contract, including a demonstration that the projected incremental load addition has been achieved and is accompanied by energy consumption that is commensurate with such load addition. In transient situations where the incremental load addition cannot be demonstrated or the energy consumption is not commensurate, the Company has the discretion to provide the full incentive or apply a prorated incentive; however, continued inability to achieve the projected incremental load addition and/or energy consumption for three (3) consecutive billing months will result in termination of the incentive (and related Contract) for failure to fulfill the terms thereof.

TERM

Service under this Rate Rider requires a Contract for Electric Service that is consistent with the provisions hereof, including a minimum two-year term.

If during the term of the Contract a rate for which the Customer qualifies should become available that is more cost effective for the Customer and to which this Rate Rider does not apply, the Customer may elect to change to the more cost effective rate with no penalty under this Rate Rider except that the incentive hereunder shall cease when the change is made effective.

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GENERAL

This Rate Rider is not available to a new Customer that results from a change in ownership of an existing establishment or the relocation of an existing establishment with no projected load addition. However, if a change in ownership occurs after the Customer enters into a Contract under this Rate Rider; the successor Customer may fulfill the balance of the Contract with an appropriate assignment. This Rate Rider is also not available for renewal of service following interruptions for reasons such as equipment failure, temporary plant shutdown, strike, economic conditions or an acceptable Force Majeure event. Service under this Rate Rider is subject to rules and regulations approved by the Alabama Public Service Commission. During the term of the Contract, the incentive is waived and will not apply in any month in which the Customer is charged the Minimum Billing under the applicable rate.

**ATTACHMENT A
RATE RIDER EDI INCENTIVE AGREEMENT**

This **RATE RIDER EDI INCENTIVE AGREEMENT** ("Rider Agreement") is entered into this _____ day of _____, _____, ("Effective Date") between **ALABAMA POWER COMPANY**, an Alabama corporation with offices at 600 18th Street North, Birmingham, Alabama 35203 ("Company") and _____, a _____ corporation ("Customer"). Company and Customer are collectively referred to herein as the "Parties," and individually referred to herein as a "Party."

RECITALS

WHEREAS, Customer intends to commence new operations at Customer's Facility defined below; and

WHEREAS, Customer has agreed to take electric service from Company pursuant to a Contract for Electric Service dated _____, _____ ("Contract"); and

WHEREAS, in accordance with the terms of the Contract, Customer's planned operations and energy commitments associated therewith, Customer qualifies for the incentive in Rate Rider EDI (Economic Development Incentive) (hereinafter "Rate Rider"), as authorized by the Alabama Public Service Commission in Docket No. _____ and provided more fully in this Rider Agreement; and

WHEREAS, Customer agrees to accept this incentive, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the above recitals and the mutual promises of the Parties set forth below, the Parties agree as follows:

1. **Definitions.** All capitalized terms used herein and not otherwise defined, whether singular or plural, shall have the respective meanings set forth below.
 - a. **"APSC"** shall mean the Alabama Public Service Commission, its staff, or any governmental authority succeeding to the powers and functions thereof.
 - b. **"Base Rate Charge"** shall be all charges on Customer's bill for electric service under the Contract, except those pursuant to Rate ECR (Energy Cost Recovery), Rate Rider NDR (Natural Disaster Reserve), adjustments under Rate T (Tax Adjustment), applicable taxes and any applicable surcharges or reserves.
 - c. **"Commencement Date"** shall mean the first day of the first billing cycle following the end or suspension of the Load Build-Up Period.
 - d. **"Customer's Facility"** shall mean the premises at which Customer's operations are planned to be located, more specifically at _____ near the town of _____ in _____ County, Alabama.
 - e. **"Energy Threshold"** shall mean Customer's expected annual electric energy usage, in kWh, under the Contract during a specific year during the Incentive Period, as set forth in Appendix A and subject to modification only in accordance with Paragraph 9.
 - f. **"Energy Usage"** shall mean Customer's actual electric energy usage, in kWh, under the Contract during a specific Incentive Period.
 - g. **"Incentive"** shall mean the discount off the Base Rate Charge provided for in the Rate Rider and set forth in Appendix A of this Rider Agreement.
 - h. **"Incentive Period"** shall mean a consecutive period of sixty (60) billing cycles under the Contract beginning with the Commencement Date.

- i. **"Load Build-Up Period"** shall have the meaning set forth in Paragraph 6 of this Rider Agreement.
 - j. **"Premises"** shall have the meaning set forth in the Paragraph 4.a. of the Contract.
2. **Term.** This Rider Agreement shall be effective commencing on the Effective Date and shall continue thereafter for a period of sixty (60) consecutive billing cycles from the Commencement Date (the **"Term"**); provided, however, that the Term may be extended one year if Customer qualifies for an Incentive in the sixth year, as provided in the Rate Rider. The Customer's eligibility to receive an Incentive under this Rider Agreement shall cease contemporaneously with the end of the Term or any termination of the Rider Agreement prior to such time. During the five-year incentive period, if the customer's annual energy usage is less than seventy-five percent (75%) of its annual energy threshold for any two years, then service shall immediately terminate under this Rate Rider. For example, if the customer's annual energy usage is not at least seventy-five percent (75%) of its annual energy threshold during years 1 and 3 of the incentive period, then the Rider Agreement will terminate at the end of year 3 and the customer will forfeit eligibility for incentives in years 4 and 5. Notwithstanding any such termination of the Rider Agreement as provided here, the Contract shall continue unaffected through the end of its stated term.
3. **Contract.** Contemporaneously with the execution of this Rider Agreement, the Parties are entering into the Contract, which includes a term of at least ten (10) years in duration beyond any Load Build-Up Period. The term of the Contract shall include, and not be in addition to, the Term of this Rider Agreement and the Incentive eligibility afforded Customer thereunder. Should there be any conflict or inconsistency between this Rider Agreement and the Contract, the Contract terms and conditions shall govern.
4. **Applied Base Rate Incentive.** For each year during the Incentive Period, Company agrees to apply the Incentive to the Base Rate Charge, subject to the provisions of the Rate Rider. If Customer's Energy Usage is, on average across the Incentive Period, equal to or greater than one hundred ten percent (110%) of its average Energy Threshold, Customer shall receive an incentive for the sixth year of the Contract so as to render the Base Rate Charge equivalent to one hundred ten percent (110%) of the estimated marginal cost of serving Customer, provided the Incentive for the sixth year as a percentage of the Base Rate Charge shall not exceed fifteen percent (15%).
5. **Rate or Rate Rider Modification.** During the Term, and prior to the commencement of an Incentive Period Year, Customer may change the electric service rate or add or change the electric service rate rider(s) under the Contract in accordance with the Company's Rules and Regulations for Electric Service and the provisions of such rates and rate riders, as applicable. In such a case, the Incentive shall be updated for the subsequent Incentive Period (s) to reflect any corresponding change.
6. **Load Build-Up Period.** In the event Customer's operations require the installation and testing of its equipment and mechanical processes as part of an initial start-up phase, Customer's electric service charges shall be calculated in accordance with Rate FMTU for a period not to exceed the first twelve (12) monthly billing cycles under the Contract (the "Load Build-Up Period"). Upon thirty (30) days' written notice to Company, Customer may request that Company end billing under this Paragraph 6 and commence billing under Paragraph 4 of the Contract.
7. **Confidentiality.** Any Confidential Information disclosed by one Party to the other shall not be disclosed to any third party without the prior written consent of the disclosing Party for a period ending three (3) years following termination of this Rider Agreement. "Confidential Information" includes this Rider Agreement and the appendices to it, written information that is clearly marked "Confidential", and oral information, identified in writing within fifteen (15) days of disclosure, by the disclosing Party as being Confidential Information. This nondisclosure obligation does not apply to information which: (a) was already possessed by the third party prior to the date hereof with no obligation of secrecy with respect thereto; (b) is independently developed by the receiving Party; (c) is or becomes generally available to the public other than as a result of the breach of this Contract; (d) is required to be disclosed by operation of law or by a

court or regulatory agency having jurisdiction over the subject matter hereof; or (e) in the case of oral information, is disclosed prior to receipt of notice that the information is confidential.

8. Force Majeure. In the event Customer experiences an event of Force Majeure during the Incentive Period that impacts its Energy Usage, the Energy Threshold shall be adjusted so that the reduction in annual energy usage corresponding to the event of Force Majeure is excluded from the determination of Customer's performance relative to the Energy Threshold; provided, however, that no more than ninety (90) days of reduced energy usage shall be excluded from a single year during the Incentive Period on the basis of Force Majeure. For purposes of this Rider Agreement, Force Majeure includes any set of circumstances directly affecting Customer's premises that is beyond the reasonable control of Customer and is not caused by Customer's negligence or lack of due diligence, including flood, drought, ice, earthquake, windstorm or eruption; fire; explosion; invasion, civil war, commotion or insurrection; sabotage or vandalism; military or usurped power; or act of God or of a public enemy. Force Majeure does not include economic hardship, the loss of Customer's market(s) or inability by Customer to sell its products or services, unless such hardship, loss or inability itself results from an event of Force Majeure.

9. Remedies. In the event of default by Customer, Company may pursue any and all judicial and administrative remedies and relief available; provided, however, that except for a breach of the conditions set forth in Paragraph 7, any monetary remedy shall not exceed an amount equal to (i) any Incentive received by Customer, and (ii) all verifiable costs and obligations incurred by Company in order to provide service to Customer, including but not limited to all investment and procurement costs associated with the generation, transmission, and distribution of electricity to Customer, with interest calculated from the Commencement Date and all expenses (including any reasonable attorney's fees) incurred by Company to enforce the rights provided by this Paragraph 9. For purposes of this Rider Agreement, an event of default occurs when Customer (i) makes an assignment or any general arrangement for the benefit of creditors; (ii) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or has such petition filed or proceeding commenced against it; (iii) otherwise becomes bankrupt or insolvent (however evidenced); (iv) becomes unable to pay its debts as they fall due; (v) has a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) has not paid any amount due Company in accordance with the Rules and Regulations for Electric Service; or (vii) has otherwise breached a term or condition of this Rider Agreement and has not cured or is unable to cure same within ten (10) days written notice from Company.

10. Notices. The written notices in Paragraph 4 shall be deemed to have been given: (i) when delivered by hand; (ii) when received by the addressee if sent by a nationally recognized overnight courier; (iii) upon receipt when mailed, by certified or registered mail, return receipt requested, postage prepaid; or (iv) by email along with verbal confirmation of such email. Such communications shall be sent to the respective Parties at the following addresses (or at such other address for a Party as may later be specified in a notice given in accordance with this Rider Agreement):

To Customer: _____

To Company: _____

11. Assignment. Customer shall not assign this Rider Agreement without written consent of Company.

12. Governing Law. This Rider Agreement shall be governed by, subject to, and construed in all respects in accordance with the laws of the State of Alabama, without giving effect to choice of laws or conflict of laws principles of any jurisdiction.

13. Electronic Copies; Counterparts. This Rider Agreement may be executed by facsimile or PDF (electronic copy) and in counterparts, all of which for all purposes shall be deemed to be an original and all of which, taken together, constitute one and the same instrument.

IN WITNESS WHEREOF, each of the Parties hereto has caused this Rider Agreement to be executed by its duly authorized representative, as of the effective date hereof.

ALABAMA POWER COMPANY

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

**RATE RIDER EDI INCENTIVE AGREEMENT
APPENDIX A**

Incentive Period Year	Energy Threshold (kWh)	Incentive
1	TBD	TBD
2	TBD	TBD
3	TBD	TBD
4	TBD	TBD
5	TBD	TBD