



Philip C. Raymond
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Chief Financial Officer & Treasurer

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February 1, 2023

Alabama Public Service Commission
RSA Union Building
100 North Union Street, Suite 950
Montgomery, Alabama 36104

Attention: Mr. Walter L. Thomas, Jr.
Secretary

Re: Filing of Rate CNP, Subpart B Purchase Factors, Calculations
and Information for Purchase Factor Year 2023-2024
Docket Nos. 18117 and 18416



Dear Commissioners:

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, 2023 through March 31, 2024.

Although entitled under Rate CNP, Subpart B to recover the entire revenue requirement associated with power purchase arrangements, as certificated by the Commission, 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, 2023 through March 31, 2024), 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, 2023.

If further information is needed, please contact Mr. Richard Hutto, 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,

Philip C. Raymond
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, 2023 - March 31, 2024

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

\$ 11,627,433 [See Appendix 1]

(2) Item (1) multiplied by the retail electric service expense factor (96.18%) from the most recent cost of service study (Jurisdictional Allocation Study) filed with the Commission on April 29, 2022 (See Appendix 2).

\$ 11,183,265

(3) The projected amount of (over-recovery)/under-recovery balance as of March 31, 2023.

\$ 116,943,627 [See Appendix 3]

(4) The retail revenue requirement for certificated power purchase arrangements for the period April 1, 2023 through March 31, 2024.

\$ 128,126,892 [Item (2) plus Item (3)]

(5) The projected cost recovery for the period April 1, 2023 through March 31, 2024 under currently effective factors.

\$ 27,940,612 [See Appendix 4]

(6) The projected unrecovered retail revenue requirement for certificated power purchase arrangements for the period April 1, 2023 through March 31, 2024.

\$ 100,186,280 [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, 2023 through March 31, 2024.

**Alabama Power Company
Rate CNP Purchase Factor for Certificated Power Purchase Arrangements
April 1, 2023 - March 31, 2024**

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 2024*	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, 2023 - March 31, 2024

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	2023	223,500	\$ 224,935		\$ 224,935
May	2023	223,500	235,310		235,310
June	2023	223,500	761,335		761,335
July	2023	223,500	1,726,855		1,726,855
August	2023	223,500	1,726,855		1,726,855
September	2023	223,500	654,055		654,055
October	2023	223,500	224,935		224,935
November	2023	223,500	287,184		287,184
December	2023	223,500	1,157,140		1,157,140
January	2024	223,500	3,275,335		3,275,335
February	2024	211,655	1,116,470	59,173	1,057,297
March	2024	211,655	312,774	16,577	296,197
			<u>\$ 11,703,183</u>	<u>\$ 75,750</u>	<u>\$ 11,627,433</u>
Estimated PPA expense from April 1, 2023 through March 31, 2024					<u>\$ 11,627,433</u>

*Adjusted to reflect third party arrangement.

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	\$32,878,738,838	\$16,487,300,546	\$15,258,056,660	\$31,745,357,206	\$1,133,382,732
2	PROVISION FOR ACCUM DEPR & AMORT	10,622,221,834	5,312,726,016	4,843,015,246	10,255,741,262	366,480,372
3	NET PLANT	\$22,256,518,304	\$11,174,574,530	\$10,315,041,414	\$21,489,615,944	\$766,902,360
ADD:						
4	PLANT HELD FOR FUTURE USE	49,722,096	22,813,384	24,753,915	47,567,299	2,154,797
5	MATERIALS AND SUPPLIES	708,612,944	313,609,019	365,865,598	679,474,617	30,138,327
6	UNAMORTIZED LEASEHOLD IMPROVEMENTS	0	0	0	0	0
7	CONSTRUCTION WORK IN PROGRESS	1,199,104,869	577,209,042	575,964,497	1,153,173,539	45,931,130
8	AVERAGE DAILY BANK BALANCES	105,049,040	43,299,147	57,147,613	100,446,780	4,602,280
9	ELECTRIC PLANT ACQUISITION ADJUSTMENT	249,636,310	107,497,172	129,856,431	237,355,603	12,280,707
10	NUCLEAR FUEL	246,862,353	79,764,336	153,263,695	233,028,031	13,634,322
DEDUCT:						
11	SESCO/AEC DEPOSIT	23,057,656	7,456,260	14,326,879	21,783,139	1,274,517
12	CUSTOMER ADVANCES FOR CONSTRUCTION	400,196	5,261	394,935	400,196	0
13	CUSTOMER DEPOSITS	105,989,835	49,016,277	56,873,558	105,989,835	0
14	TOTAL NET INVESTMENT	\$24,686,858,030	\$12,262,288,832	\$11,550,195,792	\$23,812,486,624	\$874,369,406
15	PERCENT OF TOTAL ELECTRIC SYSTEM	100.00%	49.67%	46.79%	96.46%	3.54%
16	RETAIL ELECTRIC INVESTMENT FACTOR				96.46%	
EXPENSES						
17	OPERATION AND MAINTENANCE EXPENSES	\$3,148,795,430	\$1,287,871,536	\$1,712,972,724	\$3,010,844,280	\$137,951,170
18	DEPRECIATION AND AMORTIZATION EXPENSE	811,663,830	405,332,717	378,629,434	783,962,151	27,701,679
19	OTHER AMORTIZATION AND ACCRETION	54,061,869	23,303,506	28,110,808	51,414,414	2,647,455
20	TAXES OTHER THAN INCOME TAXES	405,794,875	192,727,621	207,577,020	400,304,641	5,490,234
21	SALES TO NON-ASSOCIATED COMPANIES	(371,962,146)	(130,578,797)	(221,401,855)	(351,980,652)	(19,981,494)
22	OTHER ELECTRIC REVENUES	(215,888,668)	(115,406,105)	(92,975,353)	(208,381,456)	(7,507,210)
23	TOTAL EXPENSES	\$3,832,465,191	\$1,673,250,479	\$2,012,912,878	\$3,686,163,357	\$146,301,834
24	PERCENT OF TOTAL ELECTRIC SYSTEM	100.00%	43.66%	52.52%	96.18%	3.82%
25	RETAIL EXPENSE ALLOCATION FACTOR				96.18%	
ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION						
25	TOTAL AFUDC	\$67,537,723	\$32,369,880	\$32,591,136	\$64,961,016	\$2,576,707
26	PERCENT OF TOTAL ELECTRIC SYSTEM	100.00%	47.93%	48.26%	96.18%	3.82%
27	RETAIL ELECTRIC AFUDC ALLOCATION FACTOR				96.18%	

Alabama Power Company
Rate CNP Purchase Factor for Certificated Power Purchase Arrangements
April 1, 2023 - March 31, 2024

Summary of (Over)/Under Recovery of PPA Expense as of March 31, 2023

General Ledger Balance as of December 31, 2021				\$ 83,942,049
		<u>Actual 2022 Retail Expense Recovery</u>	<u>Actual 2022 PPA Expense</u>	
January	2022	\$ 2,364,721	\$ 4,092,238	
February	2022	2,517,402	2,386,505	
March	2022	2,065,978	939,422	
April	2022	1,879,312	945,418	
May	2022	2,098,899	1,624,028	
June	2022	2,599,947	12,807,783	
July	2022	2,915,867	14,413,294	
August	2022	2,775,906	13,348,679	
September	2022	2,626,559	11,865,423	
October	2022	2,105,694	174,936	
November	2022	1,832,071	133,415	
December	2022	2,148,926	931,752	
Total		<u>\$ 27,931,282 (A)</u>	<u>\$ 63,662,893 (B)</u>	<u>35,731,611 [(B) - (A)]</u>

General Ledger Balance as of December 31, 2022 **\$ 119,673,660**

		<u>Projected 2023 Retail Expense Recovery</u>	<u>Projected 2023 PPA Expense</u>	
January	2023	\$ 2,569,435	\$ 2,845,782	
February	2023	2,170,536	988,508	
March	2023	2,060,652	236,300	
		<u>\$ 6,800,623 (A)</u>	<u>\$ 4,070,590 (B)</u>	<u>(2,730,033) [(B) - (A)]</u>

Projected General Ledger Balance as of March 31, 2023 **\$ 116,943,627**

ALABAMA POWER COMPANY
Projected PPA Cost Recovery for April 2023 - March 2024
(under currently effective factors)

(A)	(B)	(C)	(D)
Rate Schedule	Currently Effective CNP (Subpart B) Factor \$/kWh	Forecasted kWh April '23 - March '24	Cost Recovery using Currently Effective Factor (B) X (C)
ASL	0.000608	27,577,469	16,767
BEVT	0.000897	6,362,552	5,707
BTA	0.000447	475,666,198	212,623
BTAL	0.000292	2,194,779,945	640,876
CCI	0.000181	291,463,501	52,755
CFTU	0.000349	25,577,377	8,927
FCR	0.000152	1,603,545,015	243,739
FD	0.000740	17,558,702,928	12,993,440
FDD	0.000740	1,706,233	1,263
XFDE	0.000585	171,092,107	100,089
XFDT	0.000577	3,270,571	1,887
FIRTU	0.000610	3,513,344	2,143
FMTU	0.000423	383,373,160	162,167
FPL	0.001395	295,637,209	412,414
XFSTU	0.000520	145,414,873	75,616
XGRTU	0.000440	175,316,767	77,139
HLF	0.000291	1,612,790,590	469,322
XHLTU	0.000432	27,474,235	11,869
XHMTU	0.000545	36,076,401	19,662
IE	0.000152	103,911,635	15,795
LAF	0.001263	18,991,223	23,986
LFS	0.000772	77,750,957	60,024
XLLTU	0.000495	8,502,315	4,209
XLMTU	0.000523	30,215,876	15,803
XLPLE	0.000355	693,295,714	246,120
XLPME	0.000616	1,745,808,108	1,075,418
XLPSE	0.000853	1,452,760,399	1,239,205
LPL	0.000357	2,563,161,519	915,049
LPLM	0.000310	6,716,920,926	2,082,245
LPM	0.000818	4,073,251,144	3,331,919
LPS	0.001437	401,120,236	576,410
XLPTL	0.000359	1,457,223,411	523,143
XLPTM	0.000651	64,934,168	42,272
XLPTS	0.000704	116,220,978	81,820
LSS	0.000181	4,230,995,309	765,810
LTU	0.000497	26,013,259	12,929
MTU	0.000294	356,720,109	104,876
ODL	0.000300	151,225,917	45,368
OFF	0.000446	15,055,022	6,715
PG	0.000812	7,023,285	5,703
PMTU	0.000342	656,735,595	224,604
PTU	0.000396	42,711,966	16,914
XRLTU	0.000437	14,794,078	6,465
XRMTU	0.000497	130,196,940	64,708
RTA	0.000737	1,427,519	1,052
RTAE	0.000695	30,376,944	21,112
RTP	0.000265	1,097,930,433	290,952
XRTPD	0.000173	318,605,606	55,119
SCGTU	0.000366	139,584,430	51,088
SCH	0.000646	410,605,739	265,251
SE	0.000120	190,000,000	22,800
SLM	0.000788	57,731,586	45,492
TOUI	0.000248	688,000,000	170,624
TS	0.000511	17,056,209	8,716
TSTU	0.000352	2,978,002	1,048
TXTU	0.000382	27,687,912	10,577
XTP	0.000593	754,706	448
XWP	0.000514	812,490	418
Total		<u>53,178,432,140</u>	<u>\$ 27,940,612</u>