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December 1, 2022

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 C Compliance Factors, Calculations
and Information for Compliance Cost Year 2023
Docket Nos. 18117 and 18416

Dear Commissioners:

In accordance with the provisions of Rate CNP, Subpart C, we are submitting the factors, calculations and related information associated with the Company's cost of complying with governmental mandates for cost year 2023. The enclosed filing reflects a projected under-recovery of such costs in 2023, as reflected in the overall revenue requirement determined pursuant to the rate. The factors developed on these attachments are applicable to billings under the Company's rate schedules for the period of January 2023 through December 2023, and thereafter absent further action in accordance with the rate.

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,

Enclosures

Alabama Public Service Commission

December 1, 2022

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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 Factor for Compliance with Governmental Mandates
Cost Year 2023

- (1) Revenue requirement for the retail average net investment balance for compliance with governmental mandates for the year 2023.

\$ 395,815,451 [See Appendix 1 (2 of 2)]

- (2) Retail operation and maintenance expense and depreciation and amortization expense attributable to governmental mandates for the cost year 2023.

\$ 263,765,233	Operation & Maintenance Expense [See Appendix 2]
<u>389,008,362</u>	Depreciation & Amortization Expense [See Appendix 3]
<u>\$ 652,773,595</u>	Total

- (3) The amount of (over-recovery)/under-recovery of Items (1) and (2) for prior years.

\$ 27,571,092 [See Appendix 4 (1 of 15)]

- (4) The retail revenue requirement for compliance with governmental mandates for the year 2023.

\$ 1,076,160,138 [Sum of Items (1), (2) and (3) above]

- (5) The projected compliance cost recovery for the year 2023 under currently effective factors.

\$ 821,406,221 [See Appendix 5 (1 of 2)]

- (6) The projected under-recovered retail revenue requirement for compliance with governmental mandates for the year 2023.

\$ 254,753,917 [Item (4) less Item (5) above]

- (7) The retail revenue requirement for compliance with governmental mandates for the year 2023 allocated to each of the respective rate schedules that is subject to Rate CNP and the CNP Compliance Factor for each such rate schedule.

[See Appendix 5 (2 of 2)]

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

Net Investment - Environmental¹

		Plant in Service²	Accumulated Depreciation & Amortization (Appendix 8)²	Accumulated Deferred Income Taxes	Net Unrecovered Investment (Appendix 9)	Net Investment
January	2023	\$ 4,998,178,406	\$ 1,020,284,171	\$ 899,096,492	\$ 563,801,336	\$ 3,642,599,079
February	2023	4,998,178,406	1,036,935,231	899,096,492	578,826,693	3,640,973,376
March	2023	5,002,290,237	1,053,065,076	899,096,492	593,852,049	3,643,980,718
April	2023	5,002,535,178	1,069,703,731	899,096,492	608,877,673	3,642,612,628
May	2023	5,003,117,266	1,086,305,656	899,096,492	623,903,297	3,641,618,415
June	2023	5,009,781,101	1,102,169,238	899,096,492	638,928,921	3,647,444,292
July	2023	5,010,103,115	1,118,824,167	899,096,492	653,954,813	3,646,137,269
August	2023	5,011,007,217	1,135,415,372	899,096,492	668,980,704	3,645,476,057
September	2023	5,015,441,063	1,151,552,690	899,096,492	684,006,596	3,648,798,477
October	2023	5,015,763,077	1,168,226,987	899,096,492	699,032,756	3,647,472,354
November	2023	5,031,085,091	1,184,647,238	899,096,492	714,058,915	3,661,400,276
December	2023	5,038,220,222	1,200,394,721	899,096,492	729,085,075	3,667,814,084
12 Months Average Net Investment - Environmental						\$ 3,648,027,252

Central Alabama¹

		Plant in Service³	Accumulated Depreciation & Amortization³	Accumulated Deferred Income Taxes	Net Investment	
January	2023	\$ 15,748,542	\$ 5,266,803	\$ 265,402	\$ 10,216,337	
February	2023	15,748,542	5,314,452	265,402	10,168,688	
March	2023	15,748,542	5,362,101	265,402	10,121,039	
April	2023	15,748,542	5,409,750	265,402	10,073,390	
May	2023	15,748,542	5,457,399	265,402	10,025,741	
June	2023	-	-	-	-	
July	2023	-	-	-	-	
August	2023	-	-	-	-	
September	2023	-	-	-	-	
October	2023	-	-	-	-	
November	2023	-	-	-	-	
December	2023	-	-	-	-	
12 Months Average Net Investment - Environmental						\$ 4,217,100

Total Company Average Net Plant Investment - Environmental	\$ 3,648,027,252
Less Central Alabama Average Net Plant Investment - Environmental	4,217,100
Average Net Plant Balance - Environmental	\$ 3,643,810,152
Retail Electric Investment Factor [See Appendix 6]	96.46%
Retail Average Net Environmental Plant Balance	\$ 3,514,819,273
Retail Cost of Capital Rev. Requirement Rate [See Appendix 7, pg 3 of 3]	9.9985%
Retail Revenue Requirement for Net Investment - Environmental	\$ 351,429,205

¹In accordance with the Order dated August 14, 2020 in Docket No. 32953, costs associated with Central Alabama will be recovered through Rate CNP-C beginning June 1, 2023. Prior to June 2023, costs associated with Central Alabama have been removed from the amounts presented herein.

²Includes acquisition adjustments for Central Alabama and Calhoun Generating Station that are being amortized through May 2043 and December 2043, respectively.

³Includes acquisition adjustment for Central Alabama that is being amortized through May 2043.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

Net Investment - Other¹

		Plant in Service	Accumulated Depreciation & Amortization	Accumulated Deferred Income Taxes	Net Investment
January	2023	\$ 702,910,264	\$ 123,681,088	\$ 122,306,804	\$ 456,922,372
February	2023	703,480,447	125,852,294	122,306,804	455,321,349
March	2023	704,149,911	128,025,375	122,306,804	453,817,732
April	2023	706,628,313	130,208,116	122,306,804	454,113,393
May	2023	707,022,056	132,404,363	122,306,804	452,310,889
June	2023	707,603,300	134,605,445	122,306,804	450,691,051
July	2023	708,173,484	136,286,223	122,306,804	449,580,457
August	2023	708,567,227	138,484,440	122,306,804	447,775,983
September	2023	715,047,258	140,877,786	122,306,804	451,862,668
October	2023	715,924,442	143,303,288	122,306,804	450,314,350
November	2023	717,153,537	145,741,512	122,306,804	449,105,221
December	2023	726,523,760	148,149,765	122,306,804	456,067,191
12 Months Average Net Investment - Other					\$ 452,323,555

Central Alabama¹

		Plant in Service	Accumulated Depreciation & Amortization	Accumulated Deferred Income Taxes	Net Investment
January	2023	\$ 301,860	\$ 11,937	\$ 6,793	\$ 283,130
February	2023	301,860	13,119	6,793	281,948
March	2023	301,860	14,302	6,793	280,765
April	2023	301,860	15,485	6,793	279,582
May	2023	301,860	16,667	6,793	278,400
June	2023	-	-	-	-
July	2023	-	-	-	-
August	2023	-	-	-	-
September	2023	-	-	-	-
October	2023	-	-	-	-
November	2023	-	-	-	-
December	2023	-	-	-	-
12 Months Average Net Investment - Other					\$ 116,985

Total Company Average Net Plant Balance - Other	\$ 452,323,555
Less Central Alabama Average Net Plant Investment - Other	116,985
Average Net Plant Balance - Other	<u>\$ 452,206,570</u>
Retail Electric Investment Factor [See Appendix 6]	96.46%
Retail Average Net Plant Balance - Other	<u>\$ 436,198,457</u>
Retail Cost of Capital Rev. Requirement Rate [See Appendix 7, pg 3 of 3]	10.1757%
Retail Revenue Requirement for Net Investment - Other	<u>\$ 44,386,246</u>
Total Retail Revenue Requirement for Net Investment	<u>\$ 395,815,451</u>

¹See Order dated August 14, 2020 in Docket No. 32953.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

Operation & Maintenance Expense - Environmental

		O&M (Including Labor Overhead) ¹	Taxes Other Than Income Taxes ²	Total Central Alabama ³	Joint Use Rent	Total Company Less Central Alabama & Joint Use Rent
January	2023	\$ 12,191,856	\$ 1,812,862	\$ 227,129	\$ 545,152	\$ 13,232,437
February	2023	12,013,559	1,760,936	226,036	545,152	13,003,307
March	2023	12,417,246	1,779,644	227,269	545,152	13,424,469
April	2023	14,315,503	1,772,866	226,942	545,152	15,316,275
May	2023	17,684,615	1,780,194	227,232	547,156	18,690,421
June	2023	14,602,341	1,769,181	-	547,156	15,824,366
July	2023	12,428,799	1,770,119	-	547,156	13,651,762
August	2023	12,476,718	1,768,080	-	547,156	13,697,642
September	2023	12,454,745	1,756,176	-	547,156	13,663,765
October	2023	12,473,607	1,771,581	-	547,156	13,698,032
November	2023	12,305,784	1,762,258	-	547,156	13,520,886
December	2023	12,460,495	1,757,180	-	547,156	13,670,519
		<u>\$ 157,825,268</u>	<u>\$ 21,261,077</u>	<u>\$ 1,134,608</u>	<u>\$ 6,557,856</u>	<u>\$ 171,393,881</u>

Total Operation & Maintenance Expense - Environmental - Excluding Central Alabama \$ 171,393,881
Retail Expense Allocation Factor [See Appendix 6] 96.18%
Retail Operation & Maintenance Expense - Environmental **\$ 164,846,635**

Operation & Maintenance Expense - Other

		O&M (Including Labor Overhead) ¹	Taxes Other Than Income Taxes ²	Total Central Alabama ³	Joint Use Rent	Total Company Less Central Alabama & Joint Use Rent
January	2023	\$ 7,826,422	\$ 696,420	\$ 11,231	\$ 1,866	\$ 8,509,745
February	2023	7,010,477	684,396	11,231	1,866	7,681,776
March	2023	8,260,452	688,941	11,231	1,866	8,936,296
April	2023	7,829,152	687,468	11,231	1,866	8,503,523
May	2023	7,681,273	688,827	11,231	1,866	8,357,003
June	2023	7,968,437	687,064	-	1,866	8,653,635
July	2023	8,405,405	687,598	-	1,866	9,091,137
August	2023	8,377,913	685,977	-	1,866	9,062,024
September	2023	8,023,757	683,058	-	1,866	8,704,949
October	2023	8,370,742	696,369	-	1,866	9,065,245
November	2023	7,404,326	693,637	-	1,866	8,096,097
December	2023	7,495,665	693,436	-	3,164	8,185,937
		<u>\$ 94,654,021</u>	<u>\$ 8,273,191</u>	<u>\$ 56,155</u>	<u>\$ 23,690</u>	<u>\$ 102,847,367</u>

Total Operation & Maintenance Expense - Other - Excluding Central Alabama \$ 102,847,367
Retail Expense Allocation Factor [See Appendix 6] 96.18%
Retail Operation & Maintenance Expense - Other **\$ 98,918,598**

Total Retail Operation & Maintenance Expense **\$ 263,765,233**

¹Reflects presentation change for 2023.
²Includes payroll taxes previously presented in Labor Overhead.
³See Order dated August 14, 2020 in Docket No. 32953.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

Depreciation & Amortization Expense - Environmental

		Depreciation & Amortization Expense¹	Central Alabama Depreciation & Amortization Expense¹	Total Company Less Central Alabama	Closure Cost CCR Facility Recovery
January	2023	\$ 25,829,982	\$ 47,649	\$ 25,782,333	\$ 5,972,989
February	2023	25,829,982	47,649	25,782,333	5,972,989
March	2023	25,829,982	47,649	25,782,333	5,972,989
April	2023	25,844,527	47,649	25,796,878	5,972,989
May	2023	25,845,256	47,649	25,797,607	5,972,989
June	2023	25,847,007	-	25,847,007	5,972,989
July	2023	25,869,096	-	25,869,096	5,972,989
August	2023	25,870,048	-	25,870,048	5,972,989
September	2023	25,872,699	-	25,872,699	5,972,989
October	2023	25,888,196	-	25,888,196	5,972,989
November	2023	25,889,149	-	25,889,149	5,972,989
December	2023	25,947,397	-	25,947,397	5,972,989
		<u>\$ 310,363,321</u>	<u>\$ 238,245</u>	<u>\$ 310,125,076</u>	<u>\$ 71,675,868</u>

Total Depreciation & Amortization Expense - Environmental - Excluding Central Alabama	\$ 310,125,076
Closure Cost CCR Facility Recovery - Environmental	71,675,868
Unrecovered Investment Net (Accretion) / Amortization Expense - Environmental [See Appendix 9]	(61,486,488)
Total Cost of Removal Recovery - Environmental [See Appendix 9]	54,981,348
Total Depreciation & Amortization Expense - Environmental	<u>\$ 375,295,804</u>
Retail Expense Allocation Factor [See Appendix 6]	96.18%
Retail Depreciation & Amortization Expense - Environmental	<u>\$ 360,959,504</u>

Depreciation & Amortization Expense - Other

		Depreciation & Amortization Expense¹	Central Alabama Depreciation & Amortization Expense¹	Total Company Less Central Alabama
January	2023	\$ 2,383,695	\$ 1,183	\$ 2,382,512
February	2023	2,388,401	1,183	2,387,218
March	2023	2,396,049	1,183	2,394,866
April	2023	2,402,616	1,183	2,401,433
May	2023	2,417,077	1,183	2,415,894
June	2023	2,421,784	-	2,421,784
July	2023	2,426,882	-	2,426,882
August	2023	2,434,529	-	2,434,529
September	2023	2,439,236	-	2,439,236
October	2023	2,471,975	-	2,471,975
November	2023	2,484,216	-	2,484,216
December	2023	2,502,335	-	2,502,335
		<u>\$ 29,168,795</u>	<u>\$ 5,915</u>	<u>\$ 29,162,880</u>

Total Depreciation & Amortization Expense - Other - Excluding Central Alabama	\$ 29,162,880
Retail Expense Allocation Factor [See Appendix 6]	96.18%
Retail Other Depreciation & Amortization Expense - Other	<u>\$ 28,048,858</u>
Total Retail Depreciation & Amortization Expense	<u>\$ 389,008,362</u>

¹See Orders dated August 14, 2020 in Docket No. 32953 and July 15, 2022 in Docket No. 33182. Includes amortization of acquisition adjustments.

**Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023**

(Over)/Under-Recovery Calculation Summary

Total Under-Recovery from Prior Year Filing [See 2022 Filing, Appendix 4 (pg 1 of 15)]		\$ 5,627,372
2023 Filing Under-Recovery for Compliance Cost Year 2021 [See Appendix 4 (pg 8 of 15)]	\$ 40,210,912	
2022 Filing Under-Recovery for Compliance Cost Year 2021 [See 2021 Filing, Appendix 4 (pg 15 of 15)]	<u>32,431,928</u>	7,778,984
2023 Filing Under-Recovery for Compliance Cost Year 2022 [See Appendix 4 (pg 15 of 15)]		<u>14,164,736</u>
Total Under-Recovery for Compliance Cost Year 2023		<u><u>\$ 27,571,092</u></u>

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
Actual January - December 2021

Net Investment True-Up - Environmental

		Plant in Service ¹	Accumulated Depreciation & Amortization ¹	Accumulated Deferred Income Taxes	Net Unrecovered Investment ²	Net Investment
January	2021	\$ 4,924,211,435	\$ 1,032,154,673	\$ 817,213,450	\$ 543,620,421	\$ 3,618,463,733
February	2021	4,923,995,498	1,034,361,474	821,499,152	541,922,110	3,610,056,982
March	2021	4,922,724,482	1,032,017,904	825,783,750	541,625,866	3,606,548,694
April	2021	4,924,823,238	1,030,238,375	830,070,190	541,186,613	3,605,701,286
May	2021	4,929,308,360	1,033,426,078	834,360,577	541,642,023	3,603,163,728
June	2021	4,932,484,101	1,031,475,716	838,653,725	542,021,890	3,604,376,550
July	2021	4,928,418,919	1,023,422,933	842,943,339	541,948,479	3,604,001,126
August	2021	4,935,816,731	1,022,804,482	847,239,446	541,015,423	3,606,788,226
September	2021	4,935,280,431	1,024,462,847	851,535,084	545,832,350	3,605,114,850
October	2021	4,946,738,426	1,024,324,092	855,840,678	549,503,543	3,616,077,199
November	2021	4,948,433,204	1,021,104,878	860,147,746	548,882,480	3,616,063,060
December	2021	4,948,972,481	1,014,610,437	864,455,282	548,551,041	3,618,457,803
12 Months Average Net Investment - Environmental						\$ 3,609,567,770

Central Alabama³

		Plant in Service ¹	Accumulated Depreciation & Amortization ¹	Accumulated Deferred Income Taxes	Net Investment
January	2021	\$ 15,383,034	\$ 4,282,173	\$ 99,926	\$ 11,000,935
February	2021	15,383,034	4,324,340	106,935	10,951,759
March	2021	15,383,034	4,366,506	113,945	10,902,583
April	2021	15,421,305	4,408,673	120,973	10,891,659
May	2021	15,533,333	4,450,839	128,051	10,954,443
June	2021	15,534,245	4,493,381	135,130	10,905,734
July	2021	15,534,245	4,535,925	142,208	10,856,112
August	2021	15,671,345	4,578,469	149,350	10,943,526
September	2021	15,668,364	4,621,286	156,490	10,890,588
October	2021	15,667,934	4,664,097	163,629	10,840,208
November	2021	15,667,934	4,706,906	170,769	10,790,259
December	2021	15,668,433	4,749,715	177,909	10,740,809
12 Months Average Net Investment - Environmental					\$ 10,889,051

Total Company Average Net Plant Investment - Environmental	\$ 3,609,567,770
Less Central Alabama Average Net Plant Investment - Environmental	10,889,051
Average Net Plant Balance - Environmental	<u>\$ 3,598,678,719</u>
Retail Electric Investment Factor [See Appendix 6]	96.46%
Retail Average Net Environmental Plant Balance	<u>\$ 3,471,285,492</u>
Retail Cost of Capital Rev. Requirement Rate [See Appendix 7, pg 1 of 3]	9.5883%
Retail Revenue Requirement for Net Investment - Environmental	<u>\$ 332,837,267</u>

¹Includes \$6,531,119 related to acquisition adjustment that is being amortized over 272.5 months at \$23,967 per month beginning in September 2020.

²Net Unrecovered Investment. [See Appendix 4, pg 7 of 15]

³In accordance with the Order dated August 14, 2020 in Docket No. 32953, costs associated with Central Alabama will be recovered through Rate CNP-C beginning June 1, 2023. In the interim, costs associated with Central Alabama have been removed from the amounts presented herein.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
Actual January - December 2021

Net Investment True-Up - Other

		Plant in Service	Accumulated Depreciation & Amortization	Accumulated Deferred Income Taxes	Net Investment
January	2021	\$ 642,144,955	\$ 97,603,799	\$ 120,699,801	\$ 423,841,355
February	2021	642,157,884	98,809,411	120,793,874	422,554,599
March	2021	642,183,368	99,666,744	120,887,951	421,628,673
April	2021	642,370,527	100,793,553	120,982,185	420,594,789
May	2021	642,696,545	101,986,230	121,076,467	419,633,848
June	2021	653,076,176	102,909,106	121,172,270	428,994,800
July	2021	653,271,402	104,102,917	121,268,102	427,900,383
August	2021	654,012,144	104,913,483	121,364,041	427,734,620
September	2021	654,016,465	105,886,196	121,459,982	426,670,287
October	2021	653,809,785	106,978,176	121,555,891	425,275,718
November	2021	654,342,982	107,781,575	121,651,880	424,909,527
December	2021	662,308,391	108,461,166	121,749,034	432,098,191
12 Months Average Net Investment - Other					\$ 425,153,066

Central Alabama¹

		Plant in Service	Accumulated Depreciation & Amortization	Accumulated Deferred Income Taxes	Net Investment
January	2021	\$ -	\$ -	\$ -	\$ -
February	2021	4,475	-	4	4,471
March	2021	4,475	-	7	4,468
April	2021	161,904	-	141	161,763
May	2021	161,919	437	274	161,208
June	2021	161,949	874	408	160,667
July	2021	161,949	1,311	542	160,096
August	2021	161,949	1,748	675	159,526
September	2021	161,949	2,185	809	158,955
October	2021	161,949	2,622	942	158,385
November	2021	161,949	3,059	1,076	157,814
December	2021	161,949	3,503	1,209	157,237
12 Months Average Net Investment - Other					\$ 120,383

Total Company Average Net Plant Balance - Other	\$ 425,153,066
Less Central Alabama Average Net Plant Investment - Other	120,383
Average Net Plant Balance - Other	<u>\$ 425,032,683</u>
Retail Electric Investment Factor [See Appendix 6]	96.46%
Retail Average Net Plant Balance - Other	\$ 409,986,526
Retail Cost of Capital Rev. Requirement Rate [See Appendix 7, pg 1 of 3]	9.9834%
Retail Revenue Requirement for Net Investment - Other	<u>\$ 40,930,595</u>
Total Retail Revenue Requirement for Net Investment	<u>\$ 373,767,862</u> (A)

¹See Order dated August 14, 2020 in Docket No. 32953.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
 Actual January - December 2021

Operation & Maintenance Expense True-Up - Environmental

		O&M	Labor Overhead	Taxes Other Than Income Taxes	Total Central Alabama ¹	Joint Use Rent	Total Company Less Central Alabama & Joint Use Rent
January	2021	\$ 5,415,173	\$ 749,389	\$ 1,230,950	\$ 76,093	\$ 520,535	\$ 6,798,884
February	2021	6,034,846	851,353	1,230,950	102,206	520,783	7,494,160
March	2021	8,394,353	856,488	1,230,950	192,730	520,535	9,768,526
April	2021	9,497,939	839,753	1,230,950	358,248	396,444	10,813,950
May	2021	9,665,264	843,325	1,230,950	45,875	489,516	11,204,148
June	2021	10,099,337	800,858	1,230,950	49,755	485,893	11,595,497
July	2021	7,547,158	1,192,947	1,230,950	83,117	485,893	9,402,045
August	2021	8,707,364	816,443	1,230,950	138,626	485,893	10,130,238
September	2021	9,579,017	812,242	1,230,950	219,835	485,893	10,916,481
October	2021	12,667,469	817,639	1,231,075	156,681	485,893	14,073,609
November	2021	12,129,192	794,650	1,231,075	93,436	485,893	13,575,588
December	2021	10,475,325	1,082,534	1,231,075	64,006	485,893	12,239,035
		\$ 110,212,437	\$ 10,457,621	\$ 14,771,775	\$ 1,580,608	\$ 5,849,064	\$ 128,012,161

Total Operation & Maintenance Expense - Environmental - Excluding Central Alabama \$ 128,012,161
 Retail Expense Allocation Factor [See Appendix 6] 96.18%
Retail Operation & Maintenance Expense - Environmental **\$ 123,122,096**

Operation & Maintenance Expense True-Up - Other

		O&M	Labor Overhead	Taxes Other Than Income Taxes	Total Central Alabama ¹	Joint Use Rent	Total Company Less Central Alabama & Joint Use Rent
January	2021	\$ 7,094,745	\$ 173,481	\$ 507,762	\$ 6,871	\$ 1,597	\$ 7,767,520
February	2021	7,319,490	163,429	507,762	7,746	1,597	7,981,338
March	2021	7,159,850	180,112	507,762	9,610	1,597	7,836,517
April	2021	6,505,294	168,471	507,762	8,098	1,216	7,172,213
May	2021	8,596,707	175,606	507,762	8,593	1,502	9,269,980
June	2021	7,307,711	179,373	507,762	8,266	1,502	7,985,078
July	2021	8,992,002	269,178	507,762	11,646	1,502	9,755,794
August	2021	8,928,968	177,844	507,762	8,814	1,502	9,604,258
September	2021	9,049,170	183,929	507,762	8,909	1,502	9,730,450
October	2021	8,773,777	168,744	523,187	9,310	1,502	9,454,896
November	2021	8,462,690	163,762	523,187	8,488	1,502	9,139,649
December	2021	10,004,705	236,315	523,187	10,553	1,502	10,752,152
		\$ 98,195,109	\$ 2,240,244	\$ 6,139,419	\$ 106,904	\$ 18,023	\$ 106,449,845

Total Operation & Maintenance Expense - Other - Excluding Central Alabama \$ 106,449,845
 Retail Expense Allocation Factor [See Appendix 6] 96.18%
Retail Operation & Maintenance Expense - Other **\$ 102,383,461**

Total Retail Operation & Maintenance Expense **\$ 225,505,557 (B)**

¹See Order dated August 14, 2020 in Docket No. 32953.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
Actual January - December 2021

Depreciation & Amortization Expense True-Up - Environmental

		Depreciation & Amortization Expense ¹	Central Alabama Depreciation & Amortization Expense ¹	Total Company Less Central Alabama	Closure Cost CCR Facility Recovery
January	2021	\$ 11,952,182	\$ 42,166	\$ 11,910,016	\$ 1,558,954
February	2021	11,950,453	42,166	11,908,287	1,558,954
March	2021	11,950,575	42,166	11,908,409	1,558,954
April	2021	11,949,591	42,166	11,907,425	1,558,954
May	2021	11,947,713	42,166	11,905,547	1,558,954
June	2021	12,174,879	42,542	12,132,337	1,558,954
July	2021	11,992,588	42,544	11,950,044	1,558,954
August	2021	11,977,299	42,544	11,934,755	1,558,954
September	2021	11,994,505	42,817	11,951,688	1,558,954
October	2021	11,992,720	42,810	11,949,910	1,558,954
November	2021	12,002,921	42,809	11,960,112	1,558,954
December	2021	12,033,544	42,809	11,990,735	1,558,954
		<u>\$ 143,918,970</u>	<u>\$ 509,705</u>	<u>143,409,265</u>	<u>\$ 18,707,448</u>

Total Depreciation & Amortization Expense - Environmental - Excluding Central Alabama	\$ 143,409,265
Closure Cost CCR Facility Recovery - Environmental	18,707,448
Unrecovered Investment Amortization Expense - Environmental [Appendix 4, pg 7 of 15]	66,541,913
Total Cost of Removal Recovery - Environmental [See Appendix 4, pg 7 of 15]	9,076,560
Total Depreciation & Amortization Expense - Environmental	<u>\$ 237,735,186</u>
Retail Expense Allocation Factor [See Appendix 6]	96.18%
Retail Depreciation & Amortization Expense - Environmental	<u>\$ 228,653,702</u>

Depreciation & Amortization Expense True-Up - Other

		Depreciation & Amortization Expense ¹	Central Alabama Depreciation & Amortization Expense ¹	Total Company Less Central Alabama
January	2021	\$ 1,293,019	-	\$ 1,293,019
February	2021	1,283,182	-	1,283,182
March	2021	1,293,385	-	1,293,385
April	2021	1,293,416	-	1,293,416
May	2021	1,293,972	437	1,293,535
June	2021	1,294,089	437	1,293,652
July	2021	1,294,204	437	1,293,767
August	2021	1,294,385	437	1,293,948
September	2021	1,385,101	437	1,384,664
October	2021	1,340,493	437	1,340,056
November	2021	1,295,651	437	1,295,214
December	2021	1,385,783	445	1,385,338
		<u>\$ 15,746,680</u>	<u>\$ 3,504</u>	<u>\$ 15,743,176</u>

Total Depreciation & Amortization Expense - Other - Excluding Central Alabama	\$ 15,743,176
Retail Expense Allocation Factor [See Appendix 6]	96.18%
Retail Other Depreciation & Amortization Expense - Other	<u>\$ 15,141,787</u>

Total Retail Depreciation & Amortization Expense **\$ 243,795,489** (C)

¹See Order dated August 14, 2020 in Docket No. 32953. Includes amortization of acquisition adjustment of \$23,967 per month beginning in September 2020.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
Actual January - December 2021

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Accumulated Depreciation True Up - Environmental¹

		Depreciation & Amortization Expense ²	Retirements	Cost of Removal CCR Facility Closure Cost	Closure Cost CCR Facility Recovery	All Other Cost of Removal/Salvage	Accumulated Depreciation & Amortization ³
Beginning Balance							\$ 1,032,448,842
January	2021	\$ 11,952,182	\$ (543,081)	\$ (13,268,978)	\$ 1,558,954	\$ 6,754	\$ 1,032,154,673
February	2021	11,950,453	(1,207,035)	(10,046,768)	1,558,954	(48,803)	1,034,361,474
March	2021	11,950,575	(311,593)	(15,448,327)	1,558,954	(93,179)	1,032,017,904
April	2021	11,949,591	(198,558)	(14,838,708)	1,558,954	(250,808)	1,030,238,375
May	2021	11,947,713	(12,186)	(10,116,564)	1,558,954	(190,214)	1,033,426,078
June	2021	12,174,879	(1,538,659)	(13,761,494)	1,558,954	(384,042)	1,031,475,716
July	2021	11,992,588	(10,197,429)	(11,133,228)	1,558,954	(273,668)	1,023,422,933
August	2021	11,977,299	(2,053,232)	(11,618,131)	1,558,954	(483,341)	1,022,804,482
September	2021	11,994,505	(1,434,953)	(8,072,870)	1,558,954	(2,387,271)	1,024,462,847
October	2021	11,992,720	(75,100)	(11,981,282)	1,558,954	(1,634,047)	1,024,324,092
November	2021	12,002,921	(3,942,236)	(11,935,528)	1,558,954	(903,325)	1,021,104,878
December	2021	12,033,544	(8,687,228)	(11,031,168)	1,558,954	(368,543)	1,014,610,437

¹Central Alabama amounts included.

²Includes amortization of acquisition adjustment of \$23,967 per month beginning in September 2020.

³In accordance with APSC Docket No. U-4457, the capitalization of asset retirement costs is excluded from Account 101 (Electric Plant in Service) and the associated depreciation is excluded from Account 108 (Accumulated Provision for Depreciation of Electric Utility Plant). Accumulated depreciation reflects the amount of cash outflows for cost of removal for coal combustion residual (CCR) facilities offset by amounts previously recovered for cost of removal through depreciation rates.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
Actual January - December 2021

Net Unrecovered Investment True-Up - Environmental¹

		Unrecovered Investment	Accumulated Amortization	Accumulated Deferred Income Taxes	Accumulated Cost of Removal (Cost)/Recovery	Net Unrecovered Investment²
January	2021	\$ 762,100,899	\$ 136,277,298	\$ 234,412,642	\$ (152,209,462)	\$ 543,620,421
February	2021	762,100,899	141,882,689	233,502,037	(155,205,937)	541,922,110
March	2021	762,100,899	147,488,080	233,087,514	(160,100,561)	541,625,866
April	2021	762,297,981	153,093,471	232,622,391	(164,604,494)	541,186,613
May	2021	762,297,981	158,574,985	232,428,065	(170,347,092)	541,642,023
June	2021	762,297,981	164,056,499	232,207,011	(175,987,419)	542,021,890
July	2021	762,297,981	169,538,013	231,825,578	(181,014,089)	541,948,479
August	2021	762,297,981	175,019,527	231,139,984	(184,876,953)	541,015,423
September	2021	765,680,277	180,501,041	232,488,855	(193,141,969)	545,832,350
October	2021	770,841,732	186,014,615	233,432,341	(198,108,767)	549,503,543
November	2021	770,841,732	191,614,216	232,857,137	(202,512,101)	548,882,480
December	2021	770,841,732	197,213,817	232,384,407	(207,307,533)	548,551,041

Unrecovered Investment - Accumulated Cost of Removal True-Up - Environmental

		Cost of Removal CCR Facility Closure Cost		Closure Cost CCR Facility Recovery	All Other Cost of Removal - Net (Cost)/Recovery³	Accumulated Cost of Removal (Cost)/Recovery
Beginning Balance						\$ (149,866,812)
January	2021	\$ (2,379,251)	\$ 501,853	\$ 501,853	(465,252)	(152,209,462)
February	2021	(3,128,124)	501,853	501,853	(370,204)	(155,205,937)
March	2021	(4,709,673)	501,853	501,853	(686,804)	(160,100,561)
April	2021	(4,288,201)	501,853	501,853	(717,585)	(164,604,494)
May	2021	(5,915,007)	501,853	501,853	(329,444)	(170,347,092)
June	2021	(4,995,591)	501,853	501,853	(1,146,589)	(175,987,419)
July	2021	(4,843,215)	501,853	501,853	(685,308)	(181,014,089)
August	2021	(4,336,353)	501,853	501,853	(28,364)	(184,876,953)
September	2021	(7,984,552)	501,853	501,853	(782,317)	(193,141,969)
October	2021	(5,072,325)	501,853	501,853	(396,326)	(198,108,767)
November	2021	(4,620,340)	501,853	501,853	(284,847)	(202,512,101)
December	2021	(4,975,963)	501,853	501,853	(321,322)	(207,307,533)

Unrecovered Investment - Cost Recovery True-Up - Environmental

		Amortization	Cost of Removal Recovery		
			Closure Cost CCR Facility Recovery	All Other Cost of Removal Recovery⁴	Total Cost of Removal Recovery
January	2021	\$ 5,605,391	\$ 501,853	\$ 254,527	\$ 756,380
February	2021	5,605,391	501,853	254,527	756,380
March	2021	5,605,391	501,853	254,527	756,380
April	2021	5,605,391	501,853	254,527	756,380
May	2021	5,481,514	501,853	254,527	756,380
June	2021	5,481,514	501,853	254,527	756,380
July	2021	5,481,514	501,853	254,527	756,380
August	2021	5,481,514	501,853	254,527	756,380
September	2021	5,481,514	501,853	254,527	756,380
October	2021	5,513,577	501,853	254,527	756,380
November	2021	5,599,601	501,853	254,527	756,380
December	2021	5,599,601	501,853	254,527	756,380
		<u>\$ 66,541,913</u>	<u>\$ 6,022,236</u>	<u>\$ 3,054,324</u>	<u>\$ 9,076,560</u>

¹Reflects the annual removal of 2020 fully amortized Unrecovered Investment assets (\$2,435,114) beginning January 1, 2021.

²In accordance with authorization in APSC Docket No. U-5033 related to unit retirements as a result of the effects of pending Environmental Mandates.

³Includes non-CCR ARO and dismantlement cost and recovery.

⁴Includes non-CCR ARO and dismantlement cost recovery.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
Actual January - December 2021

Retail Revenue Requirement Recovery True-Up

		Retail Revenue Requirement Recovery	
		<hr/>	
January	2021	\$	74,418,498
February	2021		68,849,801
March	2021		63,095,909
April	2021		54,966,324
May	2021		54,941,194
June	2021		67,486,320
July	2021		74,815,700
August	2021		82,069,780
September	2021		77,815,351
October	2021		63,723,953
November	2021		56,953,922
December	2021		63,721,244
		\$	802,857,996 (D)
		<hr/> <hr/>	

True-Up Calculation

Retail Revenue Requirement for Net Investment	\$	373,767,862	(A)
Retail Operation & Maintenance Expense		225,505,557	(B)
Retail Depreciation & Amortization Expense		243,795,489	(C)
2021 Retail Revenue Requirement	\$	843,068,908	
2021 Retail Revenue Requirement Recovery		802,857,996	(D)
		<hr/> <hr/>	

Amount of (over)/under recovery [(A)+(B)+(C)-(D)]	\$	40,210,912
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Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
 Actual January - September 2022

Projected October - December 2022

Net Investment True-Up - Environmental

		Plant in Service ¹	Accumulated Depreciation & Amortization ¹	Accumulated Deferred Income Taxes ²	Net Unrecovered Investment ³	Net Investment
January	2022	\$ 4,948,699,572	\$ 1,019,293,304	\$ 868,115,400	\$ 548,591,981	\$ 3,609,882,849
February	2022	4,956,830,639	1,021,787,992	871,781,539	548,974,968	3,612,236,076
March	2022	4,956,842,907	1,030,719,007	875,447,691	549,615,819	3,600,292,028
April	2022	4,961,109,282	1,027,498,374	879,116,996	551,253,579	3,605,747,491
May	2022	4,961,343,008	1,034,611,291	882,786,472	552,242,021	3,596,187,266
June	2022	4,958,787,595	1,031,970,883	886,454,062	552,910,071	3,593,272,721
July	2022	4,959,527,260	1,036,619,807	890,122,197	554,456,818	3,587,242,074
August	2022	4,980,920,978	1,037,378,615	893,806,142	556,657,806	3,606,394,027
September	2022	4,971,587,069	1,028,895,235	897,483,190	559,008,110	3,604,216,754
October	2022	4,974,152,141	1,024,743,182	901,163,700	561,547,500	3,609,792,759
November	2022	4,974,323,431	1,019,680,620	904,846,314	564,363,365	3,614,159,862
December	2022	4,998,178,406	1,003,633,112	908,536,078	567,264,201	3,653,273,417
12 Months Average Net Investment - Environmental						\$ 3,607,724,777

Central Alabama⁴

		Plant in Service ¹	Accumulated Depreciation & Amortization ¹	Accumulated Deferred Income Taxes ²	Net Investment	
January	2022	\$ 15,668,433	\$ 4,792,525	\$ 180,967	\$ 10,694,941	
February	2022	15,686,509	4,835,336	184,029	10,667,144	
March	2022	15,704,891	4,878,146	187,095	10,639,650	
April	2022	15,704,871	4,920,993	190,161	10,593,717	
May	2022	15,704,871	4,963,807	193,226	10,547,838	
June	2022	15,704,871	5,006,620	196,292	10,501,959	
July	2022	15,704,871	5,049,434	199,358	10,456,079	
August	2022	15,704,871	5,092,248	202,423	10,410,200	
September	2022	15,704,871	5,135,062	205,489	10,364,320	
October	2022	15,748,542	5,133,216	208,642	10,406,684	
November	2022	15,748,542	5,176,185	211,795	10,360,562	
December	2022	15,748,542	5,219,154	214,948	10,314,440	
12 Months Average Net Investment - Environmental						\$ 10,496,461

Total Company Average Net Plant Investment - Environmental	\$ 3,607,724,777
Less Central Alabama Average Net Plant Investment - Environmental	10,496,461
Average Net Plant Balance - Environmental	<u>\$ 3,597,228,316</u>
Retail Electric Investment Factor [See Appendix 6]	96.46%
Retail Average Net Environmental Plant Balance	<u>\$ 3,469,886,434</u>
Retail Cost of Capital Rev. Requirement Rate [See Appendix 7, pg 2 of 3]	9.9966%
Retail Revenue Requirement for Net Investment - Environmental	<u>\$ 346,870,667</u>

¹Includes acquisition adjustments for Central Alabama and Calhoun Generating Station that are being amortized through May 2043 and December 2043, respectively.

²Accumulated Deferred Income Taxes are estimated and not actualized.

³Net Unrecovered Investment. [See Appendix 4, pg 14 of 15]

⁴In accordance with the Order dated August 14, 2020 in Docket No. 32953, costs associated with Central Alabama will be recovered through Rate CNP-C beginning June 1, 2023. In the interim, costs associated with Central Alabama have been removed from the amounts presented herein.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
 Actual January - September 2022

Projected October - December 2022

Net Investment True-Up - Other

		Plant in Service	Accumulated Depreciation & Amortization	Accumulated Deferred Income Taxes ¹	Net Investment
January	2022	\$ 662,139,918	\$ 109,681,760	\$ 122,117,172	\$ 430,340,986
February	2022	666,485,033	115,274,021	122,487,723	428,723,289
March	2022	664,922,099	111,616,671	122,857,407	430,448,021
April	2022	675,267,432	113,226,662	123,232,839	438,807,931
May	2022	676,868,769	114,253,166	123,609,160	439,006,443
June	2022	676,952,386	115,210,447	123,985,528	437,756,411
July	2022	677,174,343	116,390,854	124,362,204	436,421,285
August	2022	677,137,230	117,057,448	124,738,859	435,340,923
September	2022	677,182,840	118,387,580	125,115,547	433,679,713
October	2022	677,677,777	119,351,258	125,492,509	432,834,010
November	2022	677,770,095	120,460,656	125,869,522	431,439,917
December	2022	702,516,520	121,503,591	126,260,286	454,752,643
12 Months Average Net Investment - Other					\$ 435,795,964

Central Alabama²

		Plant in Service	Accumulated Depreciation & Amortization	Accumulated Deferred Income Taxes ¹	Net Investment
January	2022	\$ 161,949	\$ 3,948	\$ 1,430	\$ 156,571
February	2022	161,949	4,392	1,651	155,906
March	2022	161,949	4,837	1,872	155,240
April	2022	161,949	5,282	2,093	154,574
May	2022	161,949	5,726	2,314	153,909
June	2022	161,949	6,171	2,535	153,243
July	2022	296,449	6,616	2,940	286,893
August	2022	297,733	7,434	3,346	286,953
September	2022	301,860	8,255	3,758	289,847
October	2022	301,860	9,088	4,170	288,602
November	2022	301,860	9,921	4,582	287,357
December	2022	301,860	10,754	4,994	286,112
12 Months Average Net Investment - Other					\$ 221,267

Total Company Average Net Plant Balance - Other	\$ 435,795,964
Less Central Alabama Average Net Plant Investment - Other	221,267
Average Net Plant Balance - Other	\$ 435,574,697
Retail Electric Investment Factor [See Appendix 6]	96.46%
Retail Average Net Plant Balance - Other	\$ 420,155,353
Retail Cost of Capital Rev. Requirement Rate [See Appendix 7, pg 2 of 3]	10.1756%
Retail Revenue Requirement for Net Investment - Other	\$ 42,753,328
Total Retail Revenue Requirement for Net Investment	\$ 389,623,995 (A)

¹Accumulated Deferred Income Taxes are estimated and not actualized.

²See Order dated August 14, 2020 in Docket No. 32953.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
 Actual January - September 2022

Projected October - December 2022

Operation & Maintenance Expense True-Up - Environmental

		O&M	Labor Overhead	Taxes Other Than Income Taxes	Total Central Alabama ¹	Joint Use Rent	Total Company Less Central Alabama & Joint Use Rent
January	2022	\$ 5,831,371	\$ 730,621	\$ 1,495,704	\$ 101,254	\$ 485,893	\$ 7,470,549
February	2022	7,087,897	929,414	1,495,704	110,973	485,893	8,916,149
March	2022	12,234,009	580,708	1,495,704	201,215	485,893	13,623,313
April	2022	10,317,784	1,185,669	1,495,704	201,363	485,893	12,311,901
May	2022	11,162,524	678,800	1,495,704	179,554	675,075	12,482,399
June	2022	10,215,150	741,168	1,495,704	119,110	524,053	11,808,859
July	2022	11,407,144	1,211,696	1,495,704	109,317	524,055	13,481,172
August	2022	8,078,842	717,384	1,495,704	147,815	524,058	9,620,057
September	2022	8,733,609	2,541,084	1,495,704	337,368	524,060	11,908,969
October	2022	11,495,071	1,022,671	1,489,075	154,080	524,060	13,328,677
November	2022	10,107,687	989,778	1,489,075	132,816	524,060	11,929,664
December	2022	10,636,108	1,021,371	1,489,075	136,212	524,060	12,486,282
		<u>\$ 117,307,196</u>	<u>\$ 12,350,364</u>	<u>\$ 17,928,561</u>	<u>\$ 1,931,077</u>	<u>\$ 6,287,053</u>	<u>\$ 139,367,991</u>

Total Operation & Maintenance Expense - Environmental - Excluding Central Alabama \$ 139,367,991
 Retail Expense Allocation Factor [See Appendix 6] 96.18%
Retail Operation & Maintenance Expense - Environmental **\$ 134,044,134**

Operation & Maintenance Expense True-Up - Other

		O&M	Labor Overhead	Taxes Other Than Income Taxes	Total Central Alabama ¹	Joint Use Rent	Total Company Less Central Alabama & Joint Use Rent
January	2022	\$ 5,001,735	\$ 107,176	\$ 610,118	\$ -	\$ 1,502	\$ 5,717,527
February	2022	7,059,207	187,518	610,118	-	286	7,856,557
March	2022	8,016,587	102,950	610,118	-	286	8,729,369
April	2022	7,701,620	222,624	610,118	-	286	8,534,076
May	2022	7,361,393	125,532	610,118	-	493	8,096,550
June	2022	8,205,909	156,633	610,118	-	308	8,972,352
July	2022	6,846,600	217,725	610,118	-	308	7,674,135
August	2022	9,249,434	103,094	610,118	-	308	9,962,338
September	2022	7,789,076	426,794	610,118	2,177	308	8,823,503
October	2022	8,399,243	200,968	629,227	9,251	1,502	9,218,685
November	2022	7,633,806	198,396	629,227	9,566	1,502	8,450,361
December	2022	7,943,592	207,579	629,227	13,727	2,946	8,763,725
		<u>\$ 91,208,202</u>	<u>\$ 2,256,989</u>	<u>\$ 7,378,743</u>	<u>\$ 34,721</u>	<u>\$ 10,035</u>	<u>\$ 100,799,178</u>

Total Operation & Maintenance Expense - Other - Excluding Central Alabama \$ 100,799,178
 Retail Expense Allocation Factor [See Appendix 6] 96.18%
Retail Operation & Maintenance Expense - Other **\$ 96,948,649**
Total Retail Operation & Maintenance Expense **\$ 230,992,783 (B)**

¹See Order dated August 14, 2020 in Docket No. 32953.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
 Actual January - September 2022

Projected October - December 2022

Depreciation & Amortization Expense True-Up - Environmental

		Depreciation & Amortization Expense ¹	Central Alabama Depreciation & Amortization Expense ²	Total Company Less Central Alabama	Closure Cost CCR Facility Recovery
January	2022	\$ 12,009,543	\$ 42,810	\$ 11,966,733	\$ 1,558,954
February	2022	12,022,059	42,810	11,979,249	1,558,954
March	2022	12,026,707	42,810	11,983,897	1,558,954
April	2022	12,027,715	42,847	11,984,868	1,558,954
May	2022	12,035,593	42,814	11,992,779	1,558,954
June	2022	12,036,076	42,814	11,993,262	1,558,954
July	2022	12,032,372	42,814	11,989,558	1,558,954
August	2022	12,034,931	42,814	11,992,117	1,558,954
September	2022	12,066,125	42,814	12,023,311	1,558,954
October	2022	12,048,395	42,814	12,005,581	1,558,954
November	2022	12,055,260	42,969	12,012,291	1,558,954
December	2022	12,068,196	42,969	12,025,227	1,558,954
		<u>\$ 144,462,972</u>	<u>\$ 514,099</u>	<u>143,948,873</u>	<u>\$ 18,707,448</u>

Total Depreciation & Amortization Expense - Environmental - Excluding Central Alabama	\$ 143,948,873
Closure Cost CCR Facility Recovery - Environmental	18,707,448
Unrecovered Investment Amortization Expense - Environmental [Appendix 4, pg 14 of 15]	50,537,604
Total Cost of Removal Recovery - Environmental [See Appendix 4, pg 14 of 15]	9,076,560
Total Depreciation & Amortization Expense - Environmental	<u>\$ 222,270,485</u>
Retail Expense Allocation Factor [See Appendix 6]	96.18%
Retail Depreciation & Amortization Expense - Environmental	<u>\$ 213,779,752</u>

Depreciation & Amortization Expense True-Up - Other

		Depreciation & Amortization Expense ¹	Central Alabama Depreciation & Amortization Expense ²	Total Company Less Central Alabama
January	2022	\$ 1,348,759	\$ 445	\$ 1,348,314
February	2022	1,348,232	445	1,347,787
March	2022	1,355,225	445	1,354,780
April	2022	1,352,453	445	1,352,008
May	2022	1,369,143	445	1,368,698
June	2022	1,369,749	445	1,369,304
July	2022	1,369,747	445	1,369,302
August	2022	1,363,532	818	1,362,714
September	2022	1,363,495	821	1,362,674
October	2022	1,363,565	833	1,362,732
November	2022	1,364,367	833	1,363,534
December	2022	1,364,527	833	1,363,694
		<u>\$ 16,332,794</u>	<u>\$ 7,253</u>	<u>\$ 16,325,541</u>

Total Depreciation & Amortization Expense - Other - Excluding Central Alabama	\$ 16,325,541
Retail Expense Allocation Factor [See Appendix 6]	96.18%
Retail Other Depreciation & Amortization Expense - Other	<u>\$ 15,701,905</u>

Total Retail Depreciation & Amortization Expense **\$ 229,481,657** (C)

¹See Orders dated August 14, 2020 in Docket No. 32953 and July 15, 2022 in Docket No. 33182. Includes amortization of acquisition adjustments for Central Alabama and Calhoun Generating Station.

²See Order dated August 14, 2020 in Docket No. 32953. Includes amortization of acquisition adjustment for Central Alabama.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
 Actual January - September 2022

Projected October - December 2022

Accumulated Depreciation True Up - Environmental¹

		Depreciation & Amortization Expense ²	Retirements	Cost of Removal CCR Facility Closure Cost	Closure Cost CCR Facility Recovery	All Other Cost of Removal/Salvage	Accumulated Depreciation & Amortization ³
Beginning Balance							\$ 1,014,610,437
January	2022	\$ 12,009,543	\$ -	\$ (8,963,148)	\$ 1,558,954	\$ 77,518	\$ 1,019,293,304
February	2022	12,022,059	(635,882)	(10,446,080)	1,558,954	(4,363)	1,021,787,992
March	2022	12,026,707	(352,973)	(4,279,377)	1,558,954	(22,296)	1,030,719,007
April	2022	12,027,715	(678,313)	(15,791,927)	1,558,954	(337,062)	1,027,498,374
May	2022	12,035,593	(316,227)	(7,615,471)	1,558,954	1,450,068	1,034,611,291
June	2022	12,036,076	(4,286,111)	(11,950,730)	1,558,954	1,403	1,031,970,883
July	2022	12,032,372	-	(8,295,810)	1,558,954	(646,592)	1,036,619,807
August	2022	12,034,931	(97,269)	(11,478,563)	1,558,954	(1,259,245)	1,037,378,615
September	2022	12,066,125	(10,608,393)	(8,551,130)	1,558,954	(2,948,936)	1,028,895,235
October	2022	12,048,395	(293,844)	(16,698,891)	1,558,954	(766,667)	1,024,743,182
November	2022	12,055,260	(19,032)	(17,891,077)	1,558,954	(766,667)	1,019,680,620
December	2022	12,068,196	(11,513,132)	(17,394,860)	1,558,954	(766,666)	1,003,633,112

¹Central Alabama amounts included.

²Includes acquisition adjustments for Central Alabama and Calhoun Generating Station that are being amortized through May 2043 and December 2043, respectively.

³In accordance with APSC Docket No. U-4457, the capitalization of asset retirement costs is excluded from Account 101 (Electric Plant in Service) and the associated depreciation is excluded from Account 108 (Accumulated Provision for Depreciation of Electric Utility Plant). Accumulated depreciation reflects the amount of cash outflows for cost of removal for coal combustion residual (CCR) facilities offset by amounts previously recovered for cost of removal through depreciation rates.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

(Over)/Under Recovery Calculation
 Actual January - September 2022

Projected October - December 2022

Net Unrecovered Investment True-Up - Environmental¹

		Unrecovered Investment	Accumulated Amortization	Accumulated Deferred Income Taxes ²	Accumulated Cost of Removal (Cost)/Recovery	Net Unrecovered Investment ³
January	2022	\$ 721,350,595	\$ 151,922,722	\$ 232,136,191	\$ (211,300,299)	\$ 548,591,981
February	2022	721,350,595	156,122,765	232,008,999	(215,756,137)	548,974,968
March	2022	721,350,595	160,322,808	231,973,044	(220,561,076)	549,615,819
April	2022	721,350,595	164,522,851	232,289,818	(226,715,653)	551,253,579
May	2022	722,525,621	168,722,894	232,376,848	(230,816,142)	552,242,021
June	2022	722,525,621	172,942,520	232,350,518	(235,677,488)	552,910,071
July	2022	722,525,621	177,162,147	232,635,088	(241,728,432)	554,456,818
August	2022	722,525,621	181,381,774	233,151,143	(248,665,102)	556,657,806
September	2022	722,525,621	185,601,400	233,720,029	(255,803,918)	559,008,110
October	2022	722,525,622	189,821,028	234,355,819	(263,198,725)	561,547,500
November	2022	722,525,622	194,040,654	235,089,430	(270,967,827)	564,363,365
December	2022	722,525,622	198,260,281	235,853,107	(278,851,967)	567,264,201

Unrecovered Investment - Accumulated Cost of Removal True-Up - Environmental

		Cost of Removal CCR Facility Closure Cost	Closure Cost CCR Facility Recovery	All Other Cost of Removal - Net (Cost)/Recovery ⁴	Accumulated Cost of Removal (Cost)/Recovery
Beginning Balance					\$ (207,307,533)
January	2022	\$ (4,529,132)	\$ 501,853	\$ 34,513	(211,300,299)
February	2022	(4,781,824)	501,853	(175,867)	(215,756,137)
March	2022	(5,140,919)	501,853	(165,873)	(220,561,076)
April	2022	(6,385,456)	501,853	(270,974)	(226,715,653)
May	2022	(4,529,706)	501,853	(72,636)	(230,816,142)
June	2022	(4,999,120)	501,853	(364,079)	(235,677,488)
July	2022	(6,206,676)	501,853	(346,121)	(241,728,432)
August	2022	(7,682,764)	501,853	244,241	(248,665,102)
September	2022	(6,962,617)	501,853	(678,052)	(255,803,918)
October	2022	(7,625,705)	501,853	(270,955)	(263,198,725)
November	2022	(8,000,000)	501,853	(270,955)	(270,967,827)
December	2022	(8,261,909)	501,853	(124,084)	(278,851,967)

Unrecovered Investment - Cost Recovery True-Up - Environmental

		Amortization	Cost of Removal Recovery		
			Closure Cost CCR Facility Recovery	All Other Cost of Removal Recovery ⁵	Total Cost of Removal Recovery
January	2022	\$ 4,200,043	\$ 501,853	\$ 254,527	\$ 756,380
February	2022	4,200,043	501,853	254,527	756,380
March	2022	4,200,043	501,853	254,527	756,380
April	2022	4,200,043	501,853	254,527	756,380
May	2022	4,200,043	501,853	254,527	756,380
June	2022	4,219,627	501,853	254,527	756,380
July	2022	4,219,627	501,853	254,527	756,380
August	2022	4,219,627	501,853	254,527	756,380
September	2022	4,219,627	501,853	254,527	756,380
October	2022	4,219,627	501,853	254,527	756,380
November	2022	4,219,627	501,853	254,527	756,380
December	2022	4,219,627	501,853	254,527	756,380
		\$ 50,537,604	\$ 6,022,236	\$ 3,054,324	\$ 9,076,560

¹Reflects the annual removal of 2021 fully amortized Unrecovered Investment assets (\$49,491,136) beginning January 1, 2022.

²Accumulated Deferred Income Taxes are estimated and not actualized.

³In accordance with authorization in APSC Docket No. U-5033 related to unit retirements as a result of the effects of pending Environmental Mandates.

⁴Includes non-CCR ARO and dismantlement cost and recovery.

⁵Includes non-CCR ARO and dismantlement cost recovery.

**Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023**

**(Over)/Under Recovery Calculation
Actual January - September 2022**

Projected October - December 2022

Retail Revenue Requirement Recovery True-Up

		Retail Revenue Requirement Recovery	
		<u> </u>	
January	2022	\$ 69,673,909	
February	2022	74,127,208	
March	2022	60,762,604	
April	2022	55,227,683	
May	2022	61,780,311	
June	2022	76,654,114	
July	2022	85,978,933	
August	2022	81,806,579	
September	2022	77,432,893	
October	2022	<i>66,827,557</i>	
November	2022	<i>59,293,354</i>	
December	2022	<i>66,368,554</i>	
		<u>\$ 835,933,699</u>	(D)

True-Up Calculation

Retail Revenue Requirement for Net Investment	\$ 389,623,995	(A)
Retail Operation & Maintenance Expense	230,992,783	(B)
Retail Depreciation & Amortization Expense	<u>229,481,657</u>	(C)
2022 Retail Revenue Requirement	\$ 850,098,435	
2022 Retail Revenue Requirement Recovery	<u>835,933,699</u>	(D)

Amount of (over)/under recovery [(A)+(B)+(C)-(D)]	\$ 14,164,736
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ALABAMA POWER COMPANY
Projected Compliance Cost Recovery for 2023
(under currently effective factors)

(A)	(B)	(C)	(D)
Rate Schedule	Currently Effective CNP (Subpart C) Factor \$/kWh	Forecasted kWh 2023	Cost Recovery using Currently Effective Factor (B) X (C)
ASL	0.018135	27,631,766	501,102
BEVT	0.026949	6,160,437	166,018
BTA	0.016057	468,670,332	7,525,440
BTAL	0.009342	2,169,138,890	20,264,096
CFTU	0.010347	25,546,554	264,330
FCR	0.004677	6,907,042,708	32,304,239
FDD	0.021924	1,323,174	29,009
FD	0.021924	17,551,957,251	384,809,111
XFDE	0.017464	173,652,222	3,032,662
XFDT	0.017460	3,409,576	59,531
FIRTU	0.014572	3,509,617	51,142
FMTU	0.011829	378,626,112	4,478,768
FPL	0.042583	298,744,825	12,721,451
XFSTU	0.015311	148,581,900	2,274,937
XGRTU	0.013145	176,302,919	2,317,502
HLF	0.007718	1,611,746,733	12,439,461
XHLTU	0.012773	27,617,886	352,763
XHMTU	0.015915	36,498,032	580,866
LAF	0.037610	18,952,247	712,794
LFS	0.022734	78,091,908	1,775,341
XLLTU	0.013178	8,553,986	112,724
XLMTU	0.016860	30,933,485	521,539
XLPLE	0.010342	700,213,017	7,241,603
XLPME	0.018159	1,758,922,027	31,940,265
XLPSE	0.025254	1,458,308,706	36,828,128
LPL	0.010461	2,557,388,486	26,752,841
LPLM	0.009276	6,637,245,880	61,567,093
LPM	0.024261	4,078,373,045	98,945,408
LPS	0.042640	403,166,160	17,191,005
XLPTL	0.010426	1,427,905,333	14,887,341
XLPTM	0.019103	65,466,260	1,250,602
XLPTS	0.020795	117,077,073	2,434,618
LTU	0.015305	25,984,508	397,693
MTU	0.008998	356,364,678	3,206,569
ODL	0.007705	146,134,550	1,125,967
OFF	0.015893	15,027,071	238,825
PG	0.027574	6,992,777	192,819
PMTU	0.009154	654,663,473	5,992,789
PTU	0.011108	42,643,295	473,682
XRLTU	0.013668	14,869,324	203,234
XRMTU	0.015112	132,094,038	1,996,205
RTA	0.024555	1,419,947	34,867
RTAE	0.020495	29,916,101	613,130
RTP	0.007438	1,101,965,113	8,196,417
XRTPD	0.003804	312,614,391	1,189,185
SCGTU	0.009461	139,588,847	1,320,650
SCH	0.018824	413,329,497	7,780,514
SLM	0.025883	59,024,146	1,527,722
TS	0.012631	17,067,699	215,582
TSTU	0.009744	2,984,487	29,081
TXTU	0.011595	26,764,168	310,331
XTP	0.022286	753,388	16,790
XWP	0.012872	811,003	10,439
Total		<u>52,857,771,048</u>	<u>\$ 821,406,221</u>

ALABAMA POWER COMPANY
Rate CNP Factor for Compliance with Governmental Mandates
(affected rate schedules)
Effective for January 2023 Billings

(A)	(B)	(C)	(D)	(E)	(F)
Rate Schedule	Forecasted Base Rate Revenue Excluding Fuel & Tax YE 2023	Ratio BRs/BRT (B)/Total (B)	Total Revenue Requirement (C) X Total (D)	Forecasted kWh YE 2023	CNP Compliance Factor \$/kWh (D)/(E)
ASL	\$ 2,686,786	0.00060	\$ 645,696	27,631,766	0.023368
BEVT	703,365	0.00016	172,186	6,160,437	0.027950
BTA	45,281,835	0.01012	10,890,741	468,670,332	0.023238
BTAL	106,194,629	0.02374	25,548,042	2,169,138,890	0.011778
CFTU	1,386,955	0.00031	333,610	25,546,554	0.013059
FCR	196,868,347	0.04401	47,361,808	6,907,042,708	0.006857
FD	2,068,900,394	0.46251	497,734,825	17,551,957,251	0.028358
FDD	177,123	0.00004	43,046	1,323,174	0.032533
XFDE	16,170,367	0.00361	3,884,938	173,652,222	0.022372
XFDT	311,876	0.00007	75,331	3,409,576	0.022094
FIRTU	265,535	0.00006	64,570	3,509,617	0.018398
FMTU	25,197,379	0.00563	6,058,782	378,626,112	0.016002
FPL	67,907,272	0.01518	16,336,111	298,744,825	0.054682
XFSTU	12,512,935	0.00280	3,013,248	148,581,900	0.020280
XGRTU	12,488,932	0.00279	3,002,487	176,302,919	0.017030
HLF	68,381,935	0.01529	16,454,488	1,611,746,733	0.010209
XHLTU	1,946,159	0.00043	462,749	27,617,886	0.016755
XHMTU	3,153,717	0.00071	764,074	36,498,032	0.020935
LAF	3,826,597	0.00085	914,736	18,952,247	0.048265
LFS	9,530,448	0.00213	2,292,221	78,091,908	0.029353
XLLTU	617,661	0.00014	150,662	8,553,986	0.017613
XLMTU	2,636,803	0.00059	634,934	30,933,485	0.020526
XLPLE	41,591,175	0.00930	10,008,289	700,213,017	0.014293
XLPME	171,343,036	0.03830	41,216,933	1,758,922,027	0.023433
XLPSE	198,806,934	0.04444	47,824,557	1,458,308,706	0.032795
LPL	143,675,040	0.03212	34,566,264	2,557,388,486	0.013516
LPLM	327,159,036	0.07314	78,710,352	6,637,245,880	0.011859
LPM	531,735,325	0.11887	127,923,156	4,078,373,045	0.031366
LPS	94,946,722	0.02123	22,846,880	403,166,160	0.056669
XLPTL	81,424,136	0.01820	19,586,114	1,427,905,333	0.013717
XLPTM	6,742,883	0.00151	1,625,002	65,466,260	0.024822
XLPTS	13,049,874	0.00292	3,142,388	117,077,073	0.026840
LTU	2,221,398	0.00050	538,080	25,984,508	0.020708
MTU	17,207,224	0.00385	4,143,217	356,364,678	0.011626
ODL	6,030,909	0.00135	1,452,816	146,134,550	0.009942
OFP	1,213,798	0.00027	290,563	15,027,071	0.019336
PG	1,066,394	0.00024	258,278	6,992,777	0.036935
PMTU	33,079,295	0.00740	7,963,585	654,663,473	0.012164
PTU	2,533,100	0.00057	613,411	42,643,295	0.014385
XRLTU	1,125,323	0.00025	269,040	14,869,324	0.018094
XRMTU	10,935,170	0.00244	2,625,831	132,094,038	0.019878
RTA	173,944	0.00004	43,046	1,419,947	0.030316
RTAE	3,352,594	0.00075	807,120	29,916,101	0.026979
RTP	64,597,104	0.01444	15,539,752	1,101,965,113	0.014102
XRTPD	11,623,660	0.00260	2,798,016	312,614,391	0.008950
SCGTU	7,771,603	0.00174	1,872,519	139,588,847	0.013415
SCH	41,562,997	0.00929	9,997,528	413,329,497	0.024188
SLM	7,728,304	0.00173	1,861,757	59,024,146	0.031542
TS	1,165,960	0.00026	279,802	17,067,699	0.016394
TSTU	210,125	0.00005	53,808	2,984,487	0.018029
TXTU	1,802,217	0.00040	430,464	26,764,168	0.016084
XTP	91,914	0.00002	21,523	753,388	0.028569
XWP	61,026	0.00001	10,762	811,003	0.013269
Total	<u>\$4,473,175,270</u>		<u>\$1,076,160,138</u>	<u>52,857,771,048</u>	

ALABAMA POWER COMPANY
 RETAIL COST OF SERVICE
 TWELVE MONTHS ENDED DECEMBER 31, 2021

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	\$32,878,739,938	\$16,487,300,546	\$15,258,056,660	\$31,745,357,206	\$1,133,382,732
2	PROVISION FOR ACCUM DEPR & AMORT	10,622,221,634	5,312,726,016	4,943,015,246	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
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	709,612,944	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	1,199,104,669	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	100,446,760	4,602,280
9	ELECTRIC PLANT ACQUISITION ADJUSTMENT	249,636,310	107,497,172	129,858,431	237,355,603	12,280,707
10	NUCLEAR FUEL DEDUCT:	246,662,353	79,764,336	153,263,695	233,028,031	13,634,322
11	SECCO/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	56,973,558	105,989,835	0
14	TOTAL NET INVESTMENT	\$24,686,858,030	\$12,262,288,832	\$11,550,199,792	\$23,812,488,624	\$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	\$1,297,871,536	\$1,712,972,724	\$3,010,844,260	\$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	28,110,908	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)	(208,381,458)	(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%	

Appendix 6

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

Retail Cost of Capital Revenue Requirement Rate for 2021

Overall Cost of Capital as of December 31, 2021 - Environmental

<u>Description - Environmental</u>	<u>Amount of Capital</u>	<u>Weight in Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>	<u>Income Tax Requirement (see below)</u>	<u>Revenue Requirement</u>
Tax Exempt Debt	\$ 516,388,110	14.8760%	0.9952%	0.1480%	0.0000%	0.1480%
Other Debt	1,114,125,484	32.0955%	3.6515%	1.1720%	0.0000%	1.1720%
Total Debt	1,630,513,594	46.9715%	2.8102%	1.3200%	0.0000%	1.3200%
Preferred Equity	48,686,221	1.4025%	5.0375%	0.0707%	0.0248%	0.0954%
Common Equity	1,792,085,677	51.6260%		6.0500%	2.1229%	8.1729%
TOTAL	\$ 3,471,285,492	100.0000%		7.4407%		9.5883%

Overall Cost of Capital as of December 31, 2021 - Other

<u>Description - Other</u>	<u>Amount of Capital</u>	<u>Weight in Capital Structure</u>	<u>Cost</u>	<u>Weighted Cost</u>	<u>Income Tax Requirement (see below)</u>	<u>Revenue Requirement</u>
Total Debt	\$ 192,576,671	46.9715%	3.6515%	1.7151%	0.0000%	1.7151%
Preferred Equity	5,750,231	1.4025%	5.0375%	0.0707%	0.0248%	0.0954%
Common Equity	211,659,624	51.6260%		6.0500%	2.1229%	8.1729%
	\$ 409,986,526	100.0000%		7.8358%		9.9834%

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

F = Effective Statutory Federal Income Tax Rate 22.0995%

S = Effective Statutory State Income Tax Rate 6.2979%

$$\frac{(0.220995 + 0.062979) - 2 * (0.220995 * 0.062979)}{1 - (0.220995 * 0.062979)} = 25.9753\%$$

Income Tax Requirement = $\frac{0.259753}{1 - 0.259753} = 35.0900\%$

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

Retail Cost of Capital Revenue Requirement Rate for 2022

Overall Cost of Capital as of September 30, 2022 - Environmental

<u>Description - Environmental</u>	<u>Amount of Capital</u>	<u>Weight in Capital Structure</u>	<u>*Cost</u>	<u>*Weighted Cost</u>	<u>Income Tax Requirement (see below)</u>	<u>Revenue Requirement</u>
Tax Exempt Debt	\$ 512,712,855	14.7761%	2.8239%	0.4173%	0.0000%	0.4173%
Other Debt	1,130,867,845	32.5909%	4.0355%	1.3152%	0.0000%	1.3152%
Total Debt	1,643,580,700	47.3670%	3.6576%	1.7325%	0.0000%	1.7325%
Preferred Equity	36,444,024	1.0503%	5.1709%	0.0543%	0.0192%	0.0735%
Common Equity	1,789,861,710	51.5827%		6.0500%	2.1406%	8.1906%
TOTAL	\$ 3,469,886,434	100.0000%		7.8368%		9.9966%

Overall Cost of Capital as of September 30, 2022 - Other

<u>Description - Other</u>	<u>Amount of Capital</u>	<u>Weight in Capital Structure</u>	<u>*Cost</u>	<u>*Weighted Cost</u>	<u>Income Tax Requirement (see below)</u>	<u>Revenue Requirement</u>
Total Debt	\$ 199,014,937	47.3670%	4.0355%	1.9115%	0.0000%	1.9115%
Preferred Equity	4,412,868	1.0503%	5.1709%	0.0543%	0.0192%	0.0735%
Common Equity	216,727,548	51.5827%		6.0500%	2.1406%	8.1906%
	\$ 420,155,353	100.0000%		8.0158%		10.1756%

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

F = Effective Statutory Federal Income Tax Rate 22.1367%

S = Effective Statutory State Income Tax Rate 6.5000%

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

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

*The weighting in the capital structure for Total Debt in Cost Years 2023 and 2022 calculations is the same. However, tax exempt debt and other debt components are different in each calculation. The tax exempt amounts fluctuate as the ratio of average net plant to gross plant changes each year resulting in differences in weighted costs of capital.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

Retail Cost of Capital Revenue Requirement Rate for 2023

Overall Cost of Capital as of September 30, 2022 - Environmental

Description - Environmental	Amount of Capital	Weight in Capital Structure	*Cost	*Weighted Cost	Income Tax Requirement (see below)	Revenue Requirement
Tax Exempt Debt	\$ 513,790,074	14.6178%	2.8239%	0.4128%	0.0000%	0.4128%
Other Debt	1,151,073,959	32.7492%	4.0357%	1.3216%	0.0000%	1.3216%
Total Debt	1,664,864,033	47.3670%	3.6617%	1.7344%	0.0000%	1.7344%
Preferred Equity	36,915,951	1.0503%	5.1709%	0.0543%	0.0192%	0.0735%
Common Equity	1,813,039,289	51.5827%		6.0500%	2.1406%	8.1906%
TOTAL	\$ 3,514,819,273	100.0000%		7.8387%		9.9985%

Overall Cost of Capital as of September 30, 2022 - Other

Description - Other	Amount of Capital	Weight in Capital Structure	*Cost	*Weighted Cost	Income Tax Requirement (see below)	Revenue Requirement
Total Debt	\$ 206,614,072	47.3670%	4.0357%	1.9116%	0.0000%	1.9116%
Preferred Equity	4,581,368	1.0503%	5.1709%	0.0543%	0.0192%	0.0735%
Common Equity	225,003,017	51.5827%		6.0500%	2.1406%	8.1906%
	\$ 436,198,457	100.0000%		8.0159%		10.1757%

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

F = Effective Statutory Federal Income Tax Rate 22.1367%

S = Effective Statutory 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 = $\frac{0.261350}{1 - 0.261350} = 35.3821\%$

*The weighting in the capital structure for Total Debt in Cost Years 2023 and 2022 calculations is the same. However, tax exempt debt and other debt components are different in each calculation. The tax exempt amounts fluctuate as the ratio of average net plant to gross plant changes each year resulting in differences in weighted costs of capital.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

Accumulated Depreciation & Amortization - Environmental¹

Total Company		Depreciation & Amortization Expense	Retirements	Cost of Removal CCR Facility Closure Cost³	Closure Cost CCR Facility Recovery [Appendix 3]	All Other Cost of Removal/Salvage	Accumulated Depreciation & Amortization⁴
	[Appendix 3]²						
Beginning Balance							\$ 1,003,633,112
January 2023	\$	25,829,982	\$ -	\$ (14,868,426)	\$ 5,972,989	\$ (283,486)	\$ 1,020,284,171
February 2023		25,829,982	-	(14,868,426)	5,972,989	(283,486)	1,036,935,231
March 2023		25,829,982	(521,214)	(14,868,426)	5,972,989	(283,486)	1,053,065,076
April 2023		25,844,527	(27,216)	(14,868,159)	5,972,989	(283,486)	1,069,703,731
May 2023		25,845,256	(64,676)	(14,868,158)	5,972,989	(283,486)	1,086,305,656
June 2023		25,847,007	(804,770)	(14,868,158)	5,972,989	(283,486)	1,102,169,238
July 2023		25,869,096	(35,779)	(14,867,891)	5,972,989	(283,486)	1,118,824,167
August 2023		25,870,048	(100,456)	(14,867,891)	5,972,989	(283,486)	1,135,415,372
September 2023		25,872,699	(556,994)	(14,867,890)	5,972,989	(283,486)	1,151,552,690
October 2023		25,888,196	(35,779)	(14,867,623)	5,972,989	(283,486)	1,168,226,987
November 2023		25,889,149	(35,779)	(14,867,623)	5,972,989	(538,485)	1,184,647,238
December 2023		25,947,397	(1,011,794)	(14,867,623)	5,972,989	(293,486)	1,200,394,721

¹Central Alabama amounts included.

²See Orders dated August 14, 2020 in Docket No. 32953 and July 15, 2022 in Docket No. 33182. Includes amortization of acquisition adjustments for Central Alabama and Calhoun Generating Station.

³Net of adjustments for certain regulatory assets associated with the timing differences for cost recovery of the announced coal unit and equipment retirements, as discussed in the Notice of Planned Participation (NOPPs) regarding compliance with the ELG rule.

⁴In accordance with APSC Docket No. U-4457, the capitalization of asset retirement costs is excluded from Account 101 (Electric Plant in Service) and the associated depreciation is excluded from Account 108 (Accumulated Provision for Depreciation of Electric Utility Plant). Accumulated depreciation reflects the amount of cash outflows for cost of removal for coal combustion residual (CCR) facilities offset by amounts previously recovered for cost of removal through depreciation rates.

Alabama Power Company
Rate CNP Factor for Compliance with Governmental Mandates
Cost Year 2023

Net Unrecovered Investment - Environmental

		Unrecovered Investment ¹	Accumulated Amortization	Accumulated Deferred Income Taxes ²	Accumulated Cost of Removal (Cost)/Recovery	Net Unrecovered Investment ³
January	2023	\$ 734,305,716	\$ 202,479,908	\$ 254,341,328	\$ (286,316,856)	\$ 563,801,336
February	2023	746,085,810	206,699,534	254,341,328	(293,781,745)	578,826,693
March	2023	757,865,904	210,919,161	254,341,328	(301,246,634)	593,852,049
April	2023	769,646,265	215,138,787	254,341,328	(308,711,523)	608,877,673
May	2023	781,426,627	219,358,414	254,341,328	(316,176,412)	623,903,297
June	2023	793,206,989	223,578,041	254,341,328	(323,641,301)	638,928,921
July	2023	804,987,618	227,797,667	254,341,328	(331,106,190)	653,954,813
August	2023	816,768,247	232,017,294	254,341,328	(338,571,079)	668,980,704
September	2023	828,548,877	236,236,921	254,341,328	(346,035,968)	684,006,596
October	2023	840,329,774	240,456,547	254,341,328	(353,500,857)	699,032,756
November	2023	852,110,671	244,676,174	254,341,328	(360,965,746)	714,058,915
December	2023	863,891,568	248,895,800	254,341,328	(368,430,635)	729,085,075

Unrecovered Investment - Accumulated Cost of Removal - Environmental

		Cost of Removal CCR Facility Closure Cost	Closure Cost CCR Facility Recovery	All Other Cost of Removal - Net (Cost) / Recovery ⁴	Accumulated Cost of Removal (Cost)/Recovery
Beginning Balance					\$ (278,851,967)
January	2023	\$ (10,155,543)	\$ 3,574,108	\$ (883,454)	\$ (286,316,856)
February	2023	(10,155,543)	3,574,108	(883,454)	(293,781,745)
March	2023	(10,155,543)	3,574,108	(883,454)	(301,246,634)
April	2023	(10,155,543)	3,574,108	(883,454)	(308,711,523)
May	2023	(10,155,543)	3,574,108	(883,454)	(316,176,412)
June	2023	(10,155,543)	3,574,108	(883,454)	(323,641,301)
July	2023	(10,155,543)	3,574,108	(883,454)	(331,106,190)
August	2023	(10,155,543)	3,574,108	(883,454)	(338,571,079)
September	2023	(10,155,543)	3,574,108	(883,454)	(346,035,968)
October	2023	(10,155,543)	3,574,108	(883,454)	(353,500,857)
November	2023	(10,155,543)	3,574,108	(883,454)	(360,965,746)
December	2023	(10,155,543)	3,574,108	(883,454)	(368,430,635)

Unrecovered Investment - Cost Recovery - Environmental

		Amortization	Accretion ⁵	Net (Accretion) / Amortization	Closure Cost CCR Facility Recovery	All Other Cost of Removal Recovery ⁶	Total Cost of Removal Recovery
January	2023	\$ 4,219,627	\$ (9,343,501)	\$ (5,123,874)	\$ 3,574,108	\$ 1,007,671	\$ 4,581,779
February	2023	4,219,627	(9,343,501)	(5,123,874)	3,574,108	1,007,671	4,581,779
March	2023	4,219,627	(9,343,501)	(5,123,874)	3,574,108	1,007,671	4,581,779
April	2023	4,219,627	(9,343,501)	(5,123,874)	3,574,108	1,007,671	4,581,779
May	2023	4,219,627	(9,343,501)	(5,123,874)	3,574,108	1,007,671	4,581,779
June	2023	4,219,627	(9,343,501)	(5,123,874)	3,574,108	1,007,671	4,581,779
July	2023	4,219,627	(9,343,501)	(5,123,874)	3,574,108	1,007,671	4,581,779
August	2023	4,219,627	(9,343,501)	(5,123,874)	3,574,108	1,007,671	4,581,779
September	2023	4,219,627	(9,343,501)	(5,123,874)	3,574,108	1,007,671	4,581,779
October	2023	4,219,627	(9,343,501)	(5,123,874)	3,574,108	1,007,671	4,581,779
November	2023	4,219,627	(9,343,501)	(5,123,874)	3,574,108	1,007,671	4,581,779
December	2023	4,219,627	(9,343,501)	(5,123,874)	3,574,108	1,007,671	4,581,779
		<u>\$ 50,635,524</u>	<u>\$ (112,122,012)</u>	<u>\$ (61,486,488)</u>	<u>\$ 42,889,296</u>	<u>\$ 12,092,052</u>	<u>\$ 54,981,348</u>

¹Includes the regulatory asset associated with the timing differences for the cost recovery of announced coal unit and equipment retirements discussed in the Notice of Planned Participation (NOPPs), regarding compliance with the ELG rule.

²Accumulated Deferred Income Taxes are estimated and not actualized.

³In accordance with authorization in APSC Docket No. U-5033 related to unit retirements as a result of the effects of pending Environmental Mandates.

⁴Includes non-CCR ARO and dismantlement cost and recovery.

⁵Represents the difference between the depreciation expense for environmental equipment, calculated utilizing the shorter lives resulting from the announced coal unit and equipment retirements, and the expense calculated using the retirement dates previously established.

⁶Includes non-CCR ARO and dismantlement cost recovery.