

Moses H. Feagin Executive Vice President Chief Financial Officer & Treasurer 600 18th Street North Post Office Box 2641 Birmingham, AL 35291

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SECRETARY
APSC

November 27, 2024

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

Attention:

Mr. Walter L. Thomas, Jr.

Secretary

Re:

Submittal of Information and Calculations Required by Rate RSE and the Special Rules Governing Operation of Rates RSE and CNP

Docket Nos. 18117 and 18416

Dear Secretary Thomas:

In accordance with the provisions of Rate RSE (Rate Stabilization and Equalization Factor) and the Special Rules Governing Operation of Rates RSE and CNP, we are submitting the following:

- (i) information and calculations required by Rate RSE and Appendices A and B to the rate;
- (ii) RSE factors applicable to each affected retail rate schedule beginning with January 2025 billings, as well as the manner by which those factors were developed under Appendix A; and
- (iii) entries on Appendix B to Rate RSE and a written analysis summarizing the principal reasons for the operation of 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 contact Mr. Alex McCrary, the designated Company representative under Rule 10 of the Special Rules Governing Operation of Rates RSE and CNP.

Sincerely,

Alabama Public Service Commission November 27, 2024 Page 2 of 2

cc: Commissioner Twinkle Andress Cavanaugh Commissioner Jeremy H. Oden Commissioner Chris V. Beeker III

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

RSE Factors Effective for Monthly Bills on and after January 2025,
as Developed in Accordance with Rate RSE
and the Special Rules Governing Operation of Rates RSE and CNP,
and Including Information and Calculations Required
by Appendices A and B to Rate RSE

November 27, 2024

Alabama Power Company RSE Factor Development Effective for January 2025 Billings In Conformity with Appendix A to Rate RSE (In Thousands of Dollars)

Development of RSE Factor:

lf	((AROR - WRRCE) / CEP) (RCE) 1 - T RR	is equal to, or less than 5%, then	((AROR - WRRCE) / CEP) (RCE) 1 - T KWH _s	BR _s = RSE Factor
	((0.0605 - 0.0505) / 54.36%) (\$1 0.73865 \$6,667,543	=	4.87%	

ALABAMA POWER COMPANY Rate RSE Factor (affected rate schedules)

(affected rate schedules)
Effective for January 2025 Billings

(A)

(B)

(C)

(D)

(E)

(F)

Rate Schedule		Forecasted Base Rate Revenue Excluding Fuel & Tax YE 2025	Ratio BRs/BRt (B)/Total (B)	A	Effective Rate Revenue Idjustment X Total (D)	Forecasted kWh YE 2025	RSE Factor \$/kWh (D)/(E)
ASL	\$	2,835,221	0.00055	\$	178,488	25,213,062	0.007079
BEVT	Ψ	2,595,763	0.00050	Ψ.	162,262	20,354,547	0.007972
BTA		54,173,823	0.01054		3,420,476	470,492,361	0.007372
BTAL		121,891,620	0.02371		7,694,448	2,086,262,998	0.003688
CFTU		1,538,044	0.00030		97,357	24,535,631	0.003968
FCR			0.04083		13,250,288	6,579,710,902	0.00390
		209,898,935					
FD		2,408,143,129	0.46841 0.00006		152,009,974	17,585,629,230	0.008644 0.008474
FDD		294,149			19,471	2,297,751	
XFDE		16,759,292	0.00326		1,057,946	155,579,482	0.006800
XFDT		360,621	0.00007		22,717	3,172,817	0.007160
FIRTU		304,254	0.00006		19,471	3,460,146	0.005627
FMTU		26,100,800	0.00508		1,648,579	341,065,473	0.004834
FPL		66,084,352	0.01285		4,170,125	252,608,909	0.016508
XFSTU		11,261,534	0.00219		710,706	113,461,263	0.006264
XGRTU		13,727,815	0.00267		866,477	167,551,301	0.005171
HLF		82,385,297	0.01602		5,198,864	1,743,723,491	0.002981
KHLTU		1,400,134	0.00027		87,621	16,834,475	0.005205
KHMTU		3,298,144	0.00064		207,695	32,635,817	0.006364
LAF		4,526,179	0.00088		285,581	19,373,300	0.014741
LFS		10,196,195	0.00198		642,556	72,039,117	0.008920
KLLTU		352,577	0.00007		22,717	4,131,824	0.005498
KLMTU		2,545,807	0.00049		159,016	26,108,598	0.006091
KLPLE		37,109,372	0.00722		2,343,059	529,188,686	0.004428
KLPME		196,268,062	0.03818		12,390,301	1,742,227,632	0.007112
KLPSE		162,485,427	0.03161		10,258,183	1,020,532,981	0.010052
.PL		190,737,410	0.03710		12,039,816	3,161,215,050	0.003809
PLM		382,025,094	0.07431		24,115,329	6,737,591,870	0.003579
-PM		690,818,529	0.13437		43,606,200	4,556,707,479	0.009570
PS		107,598,941	0.02093		6,792,273	387,376,577	0.017534
XLPTL		92,934,364	0.01808		5,867,382	1,430,776,796	0.004101
XLPTM		6,397,095	0.00124		402,409	53,515,542	0.007519
XLPTS		13,085,131	0.00255		827,534	102,560,567	0.008069
LTU		2,512,327	0.00049		159,016	24,754,684	0.006424
MTU		19,454,005	0.00378		1,226,698	347,595,767	0.003529
ODL		7,976,431	0.00155		503,011	165,050,330	0.003048
OFP		952,293	0.00019		61,659	11,101,605	0.005554
PG		1,193,005	0.00013		74,640	6,704,543	0.011133
PMTU		34,065,265	0.00663		2,151,590	581,153,951	0.003702
PTU		1,572,072	0.00031		100,602	21,965,547	0.003702
			0.00031		61,659	11,112,303	0.004580
(RLTU		969,091					
KRMTU		9,454,699	0.00184		597,123	109,806,250	0.005438
RTA		173,405	0.00003		9,736	1,249,235	0.007793
RTAE		2,787,447	0.00054		175,243	21,444,166	0.008172
RTP		77,312,906	0.01504		4,880,831	1,134,080,544	0.004304
RTPD		40,836	0.00001		3,245	51,047	0.063573
CGTU		8,525,344	0.00166		538,709	131,273,644	0.004104
SCH		46,154,850	0.00898		2,914,220	397,813,721	0.007326
SLM		4,652,157	0.00090		292,071	39,253,243	0.007441
rs		1,355,448	0.00026		84,376	17,138,929	0.004923
STU		294,035	0.00006		19,471	4,040,761	0.004819
XTU		1,340,875	0.00026		84,376	16,755,564	0.005036
CTP		86,834	0.00002		6,491	646,686	0.010037
KWP		61,616	0.00001		3,245	750,130	0.004326
rotal .	\$	5,141,068,051		\$	324,523,333	52,511,678,325	

Determination of Projected Average Retail Common Equity (RCE) as of December 31, 2025 Prior to RSE Adjustment: (In Thousands of Dollars)

Column 1 Column 2 Total Amount Non-Electric Investment (Projected 12-mo. avg. bal.) (Projected 12-mo, avg bal.) 326,641 Electric Plant in Service (Account 101) 36,906,359 (E) Electric Plant Held for Future Use (Account 105) 49,963 Construction Work in Progress-Electric (Account 107) 1,554,190 10,762 Accumulated Provision for Depreciation and Amortization of Electric Utility Plant-Credit (Accounts 108 and 111) (12,118,080) (E) (49, 149)5 Electric Plant Acquisition Adjustments-Net (Accounts 114 and 115) 242,967 Steam Heat Plant (Account 118) 80 6 80 Accumulated Provision for Depreciation of Steam Heat 7 Plant-Credit (Account 119) (70)(70)8 . Nuclear Fuel-Net (Account 120) 303,897 Nonutility Property (Account 121) 85,576 85,576 Accumulated Provision for Depreciation and Amortization 10 of Nonutility Property-Credit (Account 122) (10,303)(10,303)11 Investment in Subsidiary Companies (Account 123) 48.716 82,099 12 Other Investments (Account 124) 5,089 5,089 13 Fuel Stock (Account 151) 333,658 14 Materials and Supplies (Account 154) 723,059 8,011 Merchandise (Account 155) 15 5,450 5,450 16 Allowance Inventory (Account 158) 12,272 17 🐷 Total 28,176,206 430,803

18	Electric Investment Percent (Line 17, [Col. 1 - Col. 2 less UPS Investment of \$0] + Col. 1)	98.47% (D)
19 .	Retail Electric Investment Factor	96.84%

Retail Investment Separation Factor 95.36%
(Line 18 X Line 19)

Common Equity Percentage of Capital Structure

21	Common Equity (Accounts 201, 211, and 216)	\$ 13,417,802	
22	Debt (Accounts 221-227, 231 and 243)	11,531,000 (F	F)
23	Preferred Stock (Accounts 204-207 and 214)	 <u> </u>	
24	Total (Line 21 + Line 22 + Line 23)	\$ 24,948,802	
25 .	Common Equity Percentage of Capital Structure (CEP)	 53.78%	
	(Line 21 + Line 24)		

Retail Common Equity (RCE)

26 Retail Common Equity (Line 20 x Line 21) \$ 12,795,216

Determination of Projected Retail Net Income for the 12 Months Ending December 31, 2025 Prior to RSE Adjustment: (In Thousands of Dollars)

1 Sale of Electricity (Accounts 440-448) 2 Other Operating Revenues (Accounts 450-456) 3 Total Operating Revenues (Line 1 + Line 2) Electric Expenses 4 Electric Operation and Maintenance Expenses (Accounts 401 and 402) 5 Electric Depreciation and Amortization Expenses (Accounts 403-407) 6 Taxes Other Than Income Taxes (Account 408.1) 7 Other Revenue Credits (Accounts 447-02xxx, 447-04xxx, 454 except 454-00904, and 456 except 456-00953) 8 Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7) 9 Operating Income Before Income Taxes (Line 3 - Line 8) Income Taxes (Accounts 409-411) 11 Retail Expenses Other Than Income Taxes (Line 8 - UPS Expenses of \$0) x Line 11	(Projected 12 mos. total) \$ 6,903,379	(Projected 12 mos. total) \$ 6,667,543 (
1 Sale of Electricity (Accounts 440-448) 2 Other Operating Revenues (Accounts 450-456) 3 Total Operating Revenues (Line 1 + Line 2) Electric Expenses 4 Electric Operation and Maintenance Expenses (Accounts 401 and 402) 5 Electric Depreciation and Amortization Expenses (Accounts 403-407) 6 Taxes Other Than Income Taxes (Account 408.1) 7 Other Revenue Credits (Accounts 447-02xxx, 447-04xxx, 454 except 454-00904, and 456 except 456-00953) 8 Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7) 9 Operating Income Before Income Taxes (Line 3 - Line 8) 10 Income Taxes (Accounts 409-411) 11 Retail Expense Allocation Factor 12 Retail Expenses Other Than Income Taxes	32,128 6,935,507 3,480,459 1,525,652 522,256 558,450 (A), (B) 4,969,917 1,965,590 349,181	32,128 6,699,671 4,775,593
2 Other Operating Revenues (Accounts 450-456) 3 Total Operating Revenues (Line 1 + Line 2) Electric Expenses 4 Electric Operation and Maintenance Expenses (Accounts 401 and 402) 5 Electric Depreciation and Amortization Expenses (Accounts 403-407) 6 Taxes Other Than Income Taxes (Account 408.1) 7 Other Revenue Credits (Accounts 447-02xxx, 454 except 454-00904, and 456 except 456-00953) 8 Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7) 9 Operating Income Before Income Taxes (Line 3 - Line 8) 10 Income Taxes (Accounts 409-411) 11 Retail Expenses Other Than Income Taxes	32,128 6,935,507 3,480,459 1,525,652 522,256 558,450 (A), (B) 4,969,917 1,965,590 349,181	32,128 6,699,671 4,775,593
3 . Total Operating Revenues (Line 1 + Line 2) Electric Expenses 4 . Electric Operation and Maintenance Expenses (Accounts 401 and 402) 5 . Electric Depreciation and Amortization Expenses (Accounts 403-407) 6 . Taxes Other Than Income Taxes (Account 408.1) 7 . Other Revenue Credits (Accounts 447-02xxx, 447-04xxx, 454 except 454-00904, and 456 except 456-00953) 8 . Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7) 9 . Operating Income Before Income Taxes (Line 3 - Line 8) 10 . Income Taxes (Accounts 409-411) 11 . Retail Expenses Other Than Income Taxes	3,480,459 1,525,652 522,256 558,450 (A), (B) 4,969,917 1,965,590 349,181	6,699,671 4,775,593 (
Electric Expenses 4 Electric Operation and Maintenance Expenses (Accounts 401 and 402) 5 Electric Depreciation and Amortization Expenses (Accounts 403-407) 6 Taxes Other Than Income Taxes (Account 408.1) 7 Other Revenue Credits (Accounts 447-02xxx, 447-04xxx, 454 except 454-00904, and 456 except 456-00953) 8 Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7) 9 Operating Income Before Income Taxes (Line 3 - Line 8) 10 Income Taxes (Accounts 409-411) 11 Retail Expenses Other Than Income Taxes	3,480,459 1,525,652 522,256 558,450 (A), (B) 4,969,917 1,965,590 349,181	4,775,593 (
4 Electric Operation and Maintenance Expenses (Accounts 401 and 402) 5 Electric Depreciation and Amortization Expenses (Accounts 403-407) 6 Taxes Other Than Income Taxes (Account 408.1) 7 Other Revenue Credits (Accounts 447-02xxx, 447-04xxx, 454 except 454-0994, and 456 except 456-09953) 8 Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7) 9 Operating Income Before Income Taxes (Line 3 - Line 8) 10 Income Taxes (Accounts 409-411) 11 Retail Expense Allocation Factor 12 Retail Expenses Other Than Income Taxes	1,525,652 522,256 558,450 (A), (B) 4,969,917 1,965,590 349,181	
4 Electric Operation and Maintenance Expenses (Accounts 401 and 402) 5 Electric Depreciation and Amortization Expenses (Accounts 403-407) 6 Taxes Other Than Income Taxes (Account 408.1) 7 Other Revenue Credits (Accounts 447-02xxx, 447-04xxx, 454 except 454-00904, and 456 except 456-00953) 8 Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7) 9 Operating Income Before Income Taxes (Line 3 - Line 8) 10 Income Taxes (Accounts 409-411) 11 Retail Expense Allocation Factor 12 Retail Expenses Other Than Income Taxes	1,525,652 522,256 558,450 (A), (B) 4,969,917 1,965,590 349,181	
5 . Electric Depreciation and Amortization Expenses (Accounts 403-407) 6 . Taxes Other Than Income Taxes (Account 408.1) 7 . Other Revenue Credits (Accounts 447-02xxx, 447-04xxx, 454 except 454-00904, and 456 except 456-00953) 8 . Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7) 9 . Operating Income Before Income Taxes (Line 3 - Line 8) 10 . Income Taxes (Accounts 409-411) 11 . Retail Expense Allocation Factor 12 . Retail Expenses Other Than Income Taxes	1,525,652 522,256 558,450 (A), (B) 4,969,917 1,965,590 349,181	
6 Taxes Other Than Income Taxes (Account 408.1) 7 Other Revenue Credits (Accounts 447-02xxx, 447-04xxx, 454 except 454-00904, and 456 except 456-00953) 8 Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7) 9 Operating Income Before Income Taxes (Line 3 - Line 8) 10 Income Taxes (Accounts 409-411) 11 Retail Expense Allocation Factor 12 Retail Expenses Other Than Income Taxes	522,256 558,450 (A), (B) 4,969,917 1,965,590 349,181	
7 Other Revenue Credits (Accounts 447-02xxx, 447-04xxx, 454 except 454-00904, and 456 except 456-00953) 8 Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7) 9 Operating Income Before Income Taxes (Line 3 - Line 8) 10 Income Taxes (Accounts 409-411) 11 Retail Expense Allocation Factor 12 Retail Expenses Other Than Income Taxes	558,450 (A), (B) 4,969,917 1,965,590 349,181	
454 except 454-00904, and 456 except 456-00953) 8 Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7) 9 Operating Income Before Income Taxes (Line 3 - Line 8) 10 Income Taxes (Accounts 409-411) 11 Retail Expense Allocation Factor 12 Retail Expenses Other Than Income Taxes	4,969,917 1,965,590 349,181	
8 Electric Expenses Other Than Income Taxes (Lines 4, 5, and 6 - Line 7) 9 Operating Income Before Income Taxes (Line 3 - Line 8) 10 Income Taxes (Accounts 409-411) 11 Retail Expense Allocation Factor 12 Retail Expenses Other Than Income Taxes	4,969,917 1,965,590 349,181	
(Lines 4, 5, and 6 - Line 7) 9 Operating Income Before Income Taxes (Line 3 - Line 8) 10 Income Taxes (Accounts 409-411) 11 Retail Expense Allocation Factor 12 Retail Expenses Other Than Income Taxes	1,965,590 349,181	
9 Operating Income Before Income Taxes (Line 3 - Line 8) 10 Income Taxes (Accounts 409-411) 11 Retail Expense Allocation Factor 12 Retail Expenses Other Than Income Taxes	1,965,590 349,181	
10 Income Taxes (Accounts 409-411) 11 Retail Expense Allocation Factor 12 Retail Expenses Other Than Income Taxes	349,181	
11 Retail Expense Allocation Factor 12 Retail Expenses Other Than Income Taxes	,	
12 Retail Expenses Other Than Income Taxes	96.09%_	
(Line 8 - UPS Expenses of \$0) x Line 11		
		1.924.078
13 Retail Operating Income Before Income Taxes (Line 3 - Line 12)		
14 Retail Income Taxes (Line 13 + Line 9) x Line 10		341,807
15 Net Retail Electric Operating Income (Line 13 - Line 14)		1,582,271
Allowance for Funds Used During Construction		
16 Electric A owance for Funds Used During	00.000	
Construction (AFUDC) - Gross	82,333	
17 Retail Electric Allocation Factor	96.25%	
18 Retail Electric AFUDC (Line 16 - UPS Investment		70.040
AFUDC of \$0) x Line 17 nterest Income		79,246 (
19 Interest Revenue (Accounts 419-00001)		
419-00304, 419-00038 and 419-00066 through 419-00068) (net of tax)	2.668	
20 Retail Interest Income	2,668	
	05 008/ 1/01	2.544
(Line 19 x Retail Investment Separation Factor) nterest Expense and Preferred Dividends	95.36% (C)	2,544
21 Interest Expense (Accounts 427-431)	487.097	
22 Preferred Dividends (Account 437)	467,097	
23 Total Interest Expense and Preferred Dividends		
[(Line 21 + Line 22) x Retail Investment Separation Factor]	95.36% (C)	464.496
Commission-Required Adjustments	95.36% (C)	404,450
24 Commission-Required Adjustments (net of tax)	1.962	
25 Retail Commission-Required Adjustments	1,902	
(Line 24 x Retail Expense Allocation Factor)	96.09%	1.885
Retail Net Income Available for Common Equity (RNI)	30.0376	1,000
26 Retail Net Income Available for Common Equity		
(Line 15 + Line 18 + Line 20 - Line 23 + Line 25)		\$ 1,201,450
The same and a series and		1,201,700
Veighted Retail Return on Average Common Equity		
RNI x CEP = WRRCE		
RCE		5.05%

Determination of Projected Average Retail Common Equity (RCE) as of December 31, 2025 with Adjustment to Adjusting Point of Weighted Equity Return Range: (In Thousands of Dollars)

			Column 1		Column 2
		_	Total Amount		lon-Electric
Invest	ment		(Projected 12-mo. avg. bat.)	(Proje-	cted 12-mo. avg. bal.)
1 😹	Electric Plant in Service (Account 101)	\$	36,906,359 (E)	\$	326,641
2	Electric Plant Held for Future Use (Account 105)		49,963		
3 -	Construction Work in Progress-Electric (Account 107)		1,554,190		10,762
4	Accumulated Provision for Depreciation and Amortization of Electric				
	Utility Plant-Credit (Accounts 108 and 111)		(12,118,080) (E)		(49,149)
5	Electric Plant Acquisition Adjustments-Net (Accounts 114 and 115)		242,967		
6	Steam Heat Plant (Account 118)		80		80
7 🐑	Accumulated Provision for Depreciation of Steam Heat				
	Plant-Credit (Account 119)		(70)		(70)
8	Nuclear Fuel-Net (Account 120)		303,897		
9 .	Nonutility Property (Account 121)		85,576		85,576
10	Accumulated Provision for Depreciation and Amortization				
	of Nonutility Property-Credit (Account 122)		(10,303)		(10,303)
11 .	Investment in Subsidiary Companies (Account 123)		82,099		48,716
12 .	Other Investments (Account 124)		5,089		5,089
13 .	Fuel Stock (Account 151)		333,658		•
14	Materials and Supplies (Account 154)		723,059		8,011
15	Merchandise (Account 155)		5,450		5,450
16	Allowance Inventory (Account 158)		12,272		
17	Total	\$	28,176,206	\$	430,803
18	Electric Investment Percent				
	(Line 17, [Col. 1 - Col. 2 less UPS Investment of \$0] + Col. 1)	_	98.47% (D)		
19 .	Retail Electric Investment Factor	_	96.84%		
20 .	Retail Investment Separation Factor (Line 18 X Line 19)	_	95.36%		
Comm	on Equity Percentage of Capital Structure				
21 .	Common Equity (Accounts 201, 211, and 216)	\$	13,666,130		
22	Debt (Accounts 221-227, 231 and 243)		11,471,975 (F)		
23 .	Preferred Stock (Accounts 204-207 and 214)		<u>-</u>		
24 .	Total (Line 21 + Line 22 + Line 23)	\$	25,138,105		
25 .	Common Equity Percentage of Capital Structure (CEP)		54.36%		
	(Line 21 + Line 24)				
Retail (Common Equity (RCE)				
26 .	Retail Common Equity (Line 20 x Line 21)	\$	13,032,022		

Determination of Projected Retail Net Income for the 12 Months Ending December 31, 2025 with Adjustment to Adjusting Point of Weighted Equity Return Range: (In Thousands of Dollars)

Properties Pro				Total Electric	Retail Electric
1 Sale of Electricity (Accounts 440-448) \$ 7,233,941 \$ 8,998,105 (A) 2. Other Operating Revenues (Locounts 450-456) 32,128 (B) 7,208,6669 7,038,233 7 total Operating Revenues (Line 1 + Line 2) 7,208,6669 7,038,233 2 Lize (B) 7,038,233 7 total Operating Revenues (Line 1 + Line 2) 7,208,6669 7,038,233 7,03				(Projected 12 mos. total)	(Projected 12 mos. total)
2. Other Operating Revenues (Accounts 450-456) 32,128 7,266,069 7,030,233 Electric Expenses 4. Electric Operation and Maintenance Expenses (Accounts 401 and 402) 3,480,459 5. Electric Operation and Maintenance Expenses (Accounts 403 and 402) 1,525,652 6. Taxes Other Than income Taxes (Accounts 403 and 407) 1,525,652 7. Other Revenue Credits (Accounts 447-02xxx, 447-04xxx, 454 except 454-00904 and 458 except 458-053) 5,584,50 (A), (B) 8. Electric Expenses Other Than income Taxes (Line 3 - Line 8) 2,294,794 10. Income Taxes (Accounts 409-411) 435,786 11. Retail Expenses Other Than Income Taxes (Line 3 - Line 8) 2,294,794 10. Income Taxes (Accounts 409-411) 435,786 11. Retail Expenses Other Than Income Taxes (Line 3 - Line 12) 4,776,898 (D) 12. Retail Expenses Other Than Income Taxes (Line 3 - Line 12) 2,253,335 14. Retail Operating Income Before Income Taxes (Line 3 - Line 12) 2,253,335 15. Net Retail Electric Operating Income (Line 13 - Line 14) 1,825,420 16. Electric Allowance for Funds Used During Construction (AFUDC) - Gross 8 82,333 17. Retail Electric Allowance for Funds Used During Construction (AFUDC) - Gross 9 82,255 18. Retail Electric Allocation Factor 96,25% 19. Interest Revenue (Accounts 419-00001, 419-0008) (net of tax) 9,536% (C) 5,797 Interest Expense Allocation Factor 99,536% (C) 5,797 Interest Expense Allocation Factor 99,536% (C) 5,797 Interest Expense and Preferred Dividends (Line 12) 1,1862 21. Interest Expense Allocation Factor 99,536% (C) 462,421 Commission-Required Adjustments (Line 12x) 1,862 22. Retail Expense Allocation Factor 99,536% (C) 462,421 Commission-Required Adjustments (Line 2x) 1,862 23. Total Interest Expense Allocation Factor 996,99% 1,885 Retail Commission-Required Adjustments (Line 2x) 1,862 Retail Return on Average Common Equity (KIN) 26. Retail Net Income Available for Common Equity (KIN) 27. Electric Expense Average Common Equity (KIN) 28. Retail Commission-Required Adjustments (Line 2x) 1,862 Retail Net Income Available for Common Equity (KIN) 29. Electric Expense Ave	Electri	c Operating Revenue			
Total Operating Revenues (Line 1 + Line 2) 7,286,669 7,030,233		Sale of Electricity (Accounts 440-448)	\$	7,233,941	\$ 6,998,105 (A)
Electric Expenses			_	32,128	32,128 (B)
4 Electric Operation and Maintenance Expenses (Accounts 401 and 402) 5 Electric Operaciotion and Amortization Expenses (Accounts 403-407) 7 Other Revenue Credits (Accounts 447-02xxx, 447-04xxx, 454 exept 454-00904, and 456 except 456-009053) 8 Electric Expenses Other Than Income Taxes (Line 3 - Line 8) 9 Operating income Before Income Taxes (Line 3 - Line 8) 10 Income Taxes (Accounts 409-411) 11 Retail Expenses Other Than Income Taxes (Line 3 - Line 8) 11 Retail Expenses Other Than Income Taxes (Line 3 - Line 8) 12 Retail Expenses Other Than Income Taxes (Line 3 - Line 8) 13 Retail Operating Income Before Income Taxes (Line 3 - Line 12) 14 Retail Expenses Other Than Income Taxes (Line 3 - Line 12) 15 Net Retail Expenses of \$0) x Line 10 16 Electric Allowance for Funds Used During Construction 16 Electric Allowance for Funds Used During Construction 17 Retail Electric Allocation Factor 18 Retail Electric Allocation Factor 19 Interest Expenses of \$00 x Line 17 + Line 90 x Line 10 x Line 17 + Line 18 + Line 20 + Line 17 + Line 18 + Line 20 +	3	Total Operating Revenues (Line 1 + Line 2)	-	7,266,069	7,030,233
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Cline 8 - UPS Expenses of \$0) x Line 11 4,776,898 (D) 2,253,335 4,776,898 (D) 2,253,335 4,776,898 (D) 2,253,335 4,791,100 (D) 4,776,898 (D) 4,875,470 (D)	11 👾	Retail Expense Allocation Factor		96.09%	
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Interest Income 19	18	99 10 Execution 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			
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Commission-Required Adjustments 24 Commission-Required Adjustments (net of tax) 25 Retail Commission-Required Adjustments (Line 24 x Retail Expense Allocation Factor) Retail Net Income Available for Common Equity (RNI) 26 Retail Net Income Available for Common Equity (Line 15 + Line 18 + Line 20 - Line 23 + Line 25) Weighted Retail Return on Average Common Equity RNI x CEP = WRRCE	20	25 - 27		95 36% (C)	462 424
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Weighted Retail Return on Average Common Equity RNI × CEP = WRRCE	26 .	Retail Net Income Available for Common Equity			
RNI x CEP = WRRCE		(Line 15 + Line 18 + Line 20 - Line 23 + Line 25)			\$ 1,449,927
RNI x CEP = WRRCE	Weinh	ed Retail Return on Average Common Faulty			
1300	_				
					6.05%
					0.0070

Notes:

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

Alabama Power Company

Written Analysis of Operation of Rate RSE December 2025 Test

Alabama Power Company is submitting this written analysis pursuant to paragraph 4(c) of the Special Rules Governing Operation of Rates RSE and CNP.

The RSE test for the calendar year ending December 2025 indicates a weighted retail return on common equity ("WRRCE") of 5.05%. Because the resulting WRRCE is below the specified range, Rate RSE will operate to adjust retail revenues recovered through the affected rate schedules. The required adjustment to reach the specified adjusting point of the range is 4.87%.

A comparison of the calculations for the budgeted weighted retail return on common equity for the 12-month periods ending December 31, 2025 and December 31, 2024, as well as the separation factors used for these calculations, are set forth below:

	Tests for the 12 Months End		
	December 2025	December 2024	
	(Dollars in Thousands)		
Retail Net Income Available for Common Equity (Appendix B, page 2, line 26)	\$1,201,450	\$1,340,231	
Retail Common Equity (Appendix B, page 1, line 26)	\$12,795,216	\$12,093,566	
Common Equity Percentage of Capital Structure (Appendix B, page 1, line 25)	53.78%	53.26%	
Weighted Retail Return on Common Equity (Appendix B, bottom of page 2)	5.05%	5.90%	
Retail Electric Investment Factor (Appendix B, page 1, line 19)	96.84%	96.22%	
Retail Expense Allocation Factor (Appendix B, page 2, line 11)	96.09%	95.95%	
Retail Electric Allocation Factor (Appendix B, page 2, line 17)	96.25%	95.52%	

As shown above, the WRRCE of 5.05% for the December 2025 test compares to a WRRCE of 5.90% for the December 2024 test. Major factors contributing to the differential include: (1) increases in costs due to inflationary pressures affecting the Company's operations; (2) increases in costs associated with capital additions to Plant in Service for generation, transmission and distribution assets, along with associated financing costs, depreciation and property tax expenses; (3) increases in Operation & Maintenance costs, including expenses related to routine generating plant outages as well as transmission and distribution expenditures to maintain system reliability; and (4) an increase in Income Tax expense due to the decrease in flow back of certain excess accumulated deferred income taxes. The cumulative effect of these and other pressures on both cost projections and revenues cause the Company's 2025 WRRCE to be below the RSE range, thereby triggering an operation of the rate.