



Moses H. Feagin
Executive Vice President
Chief Financial Officer & Treasurer

600 18th Street North
Post Office Box 2641
Birmingham, AL 35291
205 257 1604 tel
205 257 2176 fax

December 9, 2025

Mr. Walter L. Thomas, Secretary
Alabama Public Service Commission
RSA Union Building
100 North Union Street, Suite 950
Montgomery, Alabama 36104



**Re: Rate CNP, Final Environmental Compliance Plan
Docket Nos. 18117 and 18416**

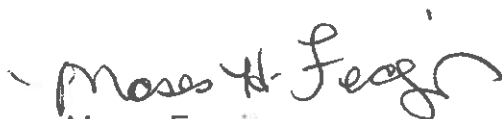
Dear Mr. Thomas:

Alabama Power Company submits for filing the final Environmental Compliance Plan under Rate CNP, Subpart C. The final version of the plan includes the following:

- A report on legislative and regulatory matters relevant to Alabama Power's environmental compliance activities;
- An estimate of the compliance-related capital and O&M expenditures for the 2026-2030 environmental cost years, including projections for the cost of removal for coal combustion residual facilities; and
- A detailed summary of capital expected to be placed in service during the upcoming 2026 environmental cost year, as well as expected O&M expenditures for the year.

If the Commission or its Staff has any questions concerning this information, please do not hesitate to contact the undersigned.

Yours very truly,


Moses Feagin

Enclosures

cc: Commissioner Cynthia Lee Almond
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

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REGULATORY AND LEGISLATIVE UPDATE

The following discussion provides a regulatory and legislative update on environmental issues affecting Alabama Power Company (**Alabama Power** or the **Company**), including regulations and requirements associated with interstate transport, ambient air quality standards, regional haze (visibility), hazardous air pollutants, greenhouse gases, water initiatives, toxics release inventory, and coal combustion residuals. Environmental compliance requirements affecting Alabama Power are administered by the U.S. Environmental Protection Agency (**EPA**), the Alabama Department of Environmental Management (**ADEM**), and other state and local authorities. In addition to the updates provided, Alabama Power has included customary background information on several regulatory and legislative programs that have given and continue to give rise to the environmental compliance strategies employed by the Company. While the federal statutes regarding environmental compliance have not been substantially altered in many years, new regulations, as well as changes to existing regulations, continue to be promulgated to implement various provisions of those laws. Major EPA regulations for the electric utility industry often undergo judicial review, and courts play a significant role in the final outcome of regulations through their interpretation of the relevant federal statutes as well as their review of the implementing regulations.

ACID RAIN PROGRAM REQUIREMENTS

The Acid Rain Program is implemented under Title IV of the Clean Air Act (**CAA**). This program covers fossil fuel-fired power plants across the contiguous United States and places restrictions on the emissions of sulfur dioxide (**SO₂**) and nitrogen oxides (**NO_x**), which can lead to the formation of “acid rain”. For **SO₂**, the Acid Rain Program established a permanent nationwide cap on the total cumulative amount of **SO₂** that may be emitted by electric generating units. The program set

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a specific number of SO₂ “allowances” (one allowance being equivalent to one ton of emitted SO₂) to facilitate achievement of the national goal for SO₂ reductions. The current statutory SO₂ national cap is 8.95 million tons annually, or about one-half of the emissions from the power sector in 1980. Allowances can be banked, traded and sold. This market-based program allows affected sources to design and implement compliance strategies at lower costs while achieving the specified environmental goals. Each generating plant affected by the Acid Rain Program must have sufficient allowances to cover its annual SO₂ emissions. The program requires rigorous emissions monitoring and reporting protocols to ensure accuracy and accountability, to support the allowance trading element, and to achieve the desired program results. Alabama Power’s compliance strategies for the Acid Rain Program have included switching to lower sulfur coals; purchasing, trading and banking SO₂ allowances; and installing emissions control equipment. Since the program began in 1995, Alabama Power has held sufficient SO₂ allowances to cover its annual SO₂ emissions and comply with the Acid Rain Program.

The requirements of the Acid Rain Program were implemented in two phases. Phase I requirements became effective for SO₂ on January 1, 1995. EPA allocated SO₂ allowances to Phase I units using a historical fuel consumption baseline (i.e., heat input to the boiler in British thermal units (**Btus**)) and a specific emission rate of 2.5 pounds of SO₂ per million Btus of heat input. Due to litigation involving the final rules, the effective date for Phase I NO_x compliance was delayed one year until January 1, 1996. Unlike SO₂ emissions, NO_x emissions under the Acid Rain Program are not capped utilizing an allowance trading system. Rather, the Acid Rain Program imposes a NO_x emissions rate requirement that applies according to categories of coal-fired boiler types. For example, the Phase I limits for NO_x are 0.50 and 0.45 pounds of NO_x per million Btus of heat input for dry-bottom wall-fired and tangentially fired boilers, respectively.

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Alabama Power's coal-burning units have complied with the Acid Rain Program annual NO_x emission rate limits since those limits became effective in 1996.

The Acid Rain Program's Phase II requirements for both SO₂ and NO_x became effective on January 1, 2000. The limits for Phase II affect more units and are more stringent than those under Phase I. EPA allocated SO₂ emission allowances (again based upon specific formulas) to all affected units above 25 megawatts in size, with an allocation factor of 1.2 pounds of SO₂ per million Btus of heat input. The final Phase II NO_x rules set the limits for the three common boiler types owned and operated by Alabama Power at 0.46 pounds of NO_x per million Btus of heat input for wall-fired boilers, 0.40 pounds of NO_x per million Btus of heat input for tangentially fired boilers, and 0.68 pounds of NO_x per million Btus of heat input for cell burner-fired boilers. Alabama Power's compliance strategies for the Acid Rain Program NO_x limitations have included installing low-NO_x burner and combustion control technologies and selective catalytic reduction systems in conjunction with NO_x emission rate averaging plans.

AMBIENT AIR QUALITY STANDARDS

The cornerstone of Title I of the CAA is the establishment and attainment of the National Ambient Air Quality Standards (**NAAQS** or **standards**) for the following six pollutants: ozone, particulate matter, sulfur dioxide, lead, carbon monoxide and nitrogen dioxide. The CAA requires that EPA determine what concentration of each of these six specific pollutants in the ambient (i.e., outside) air is protective of human health and welfare within a margin of safety. Fossil-fired power plants emit some of these air pollutants directly, while some of these pollutants can also combine with other substances in the atmosphere to form "secondary" pollutants such as "fine" particulate matter and ozone.

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In Alabama, ADEM is responsible for ensuring the state meets the NAAQS and establishes a State Implementation Plan (**SIP**) to carry out that obligation. EPA must approve these SIPs, and if a state fails to adopt a SIP, EPA must promulgate a Federal Implementation Plan (**FIP**). Geographic areas where ambient levels of any of these pollutants exceed the NAAQS are designated as “nonattainment” areas. Every state that has nonattainment areas is required by the CAA to develop and implement an additional nonattainment plan that includes emission control strategies designed to bring these areas into attainment with the NAAQS that are not being met.

Once EPA sets a NAAQS for a pollutant, the CAA requires EPA to review the NAAQS every five years to determine if a revision is necessary. Since 1997, these reviews have resulted in multiple, significant changes to the ozone, lead, particulate matter, nitrogen dioxide and sulfur dioxide NAAQS. The majority of costs for emission controls incurred by Alabama Power are attributable to the implementation of these revised air quality standards.

1-Hour Ozone Standard

Historically, the most pervasive and difficult ambient air pollutant to reduce has been ozone, with many major urban areas across the country (including Birmingham) failing to meet the 1-hour ozone standard (0.12 parts per million or **ppm**) for many years. As discussed below, EPA established a more stringent 8-hour ozone standard in 1997 (**1997 8-hour ozone standard**), and eventually revoked the 1-hour standard in June 2005 (the terms **1-hour** and **8-hour** refer to the time period over which the air quality monitor data is averaged). However, emission reduction regulations addressing attainment of the 1-hour ozone standard remain effective under the Alabama SIP for Birmingham ozone and currently affect one Alabama Power plant.

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By way of background, Jefferson and Shelby Counties were originally classified as a 1-hour ozone nonattainment area (**Birmingham ozone nonattainment area**) by EPA on March 3, 1978. The CAA required most states with then existing 1-hour ozone nonattainment areas to submit by November 1994 revised SIPs that demonstrated attainment of the standard.

The CAA prescribed a 1-hour ozone standard attainment date of 1993 for the Birmingham ozone nonattainment area. Birmingham recorded air quality data that demonstrated attainment of the standard in 1993, and ADEM submitted a request to EPA in March 1995 to redesignate the Birmingham area to attainment for the 1-hour ozone NAAQS. However, before EPA acted on ADEM's request, Birmingham-area ozone monitors recorded ozone air quality data that violated the 1-hour standard. EPA subsequently denied ADEM's redesignation request in September 1997, and later in 2000 issued a **SIP Call** requiring Alabama to submit a plan that would provide for attainment of the 1-hour ozone standard in Birmingham. ADEM submitted a 1-hour ozone SIP in November 2000, and EPA approved the plan in November 2001. EPA allowed Alabama until May 2003 to enforce the SIP requirements needed to attain the 1-hour ozone standard. ADEM's rules addressing the 1-hour ozone standard impose a limit of 0.21 pounds of NO_x per million Btus of heat input (over a 30-day rolling average) during the ozone season for Miller Units 1-4. To meet this mandate, Alabama Power principally relies on selective catalytic reduction (**SCR**) technology.

On March 12, 2004, EPA approved the redesignation of the Birmingham ozone nonattainment area to 1-hour ozone attainment based on the air quality data recorded for the area from 2001-2003. Prior to this approval, the Sierra Club had initiated litigation in the United States Court of Appeals for the District of Columbia Circuit (**D.C. Circuit**) seeking higher (i.e., more stringent) nonattainment status for some areas across the country, including Birmingham. The D.C. Circuit

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concluded that EPA failed to exercise its duty to make a final ozone determination for classifying Birmingham (and other areas) by May 15, 1994, as prescribed by the CAA. In November 2002, in response to the Court's order, EPA determined that the Birmingham area did, in fact, attain the 1-hour ozone standard by November 15, 1993, the date required by the CAAA of 1990. Consequently, in 2002 the Birmingham area retroactively was found to have met the 1-hour standard as of 1993. Birmingham again achieved the 1-hour standard in March 2004, and the area was redesignated to attainment.

NO_x Budget Trading Program

In September 1998, EPA issued the Regional NO_x SIP Call rule, which required 22 states (including Alabama) and the District of Columbia to submit SIPs addressing regional transport of air pollution that contributes to the cross-border formation of ozone in the eastern United States. The Regional NO_x SIP Call rule instituted a cap-and-trade program and was also referred to as the NO_x Budget Trading Program (**NBP**). The NBP required NO_x emission reductions during the ozone season from power plants and other large industrial sources. The allowable emissions levels were based upon projected electricity generation for 2007 (using EPA assumptions that understated actual growth in some cases) and NO_x emission rates of approximately 0.15 pounds of NO_x per million Btus of heat input for coal-fired units.

Final NBP SIPs were originally required by September 1999, with the final compliance deadline for utilities and large industrial sources set for May 1, 2003. However, the rule was challenged and the D.C. Circuit vacated the rule for Georgia, Missouri and Wisconsin. EPA revised the rule for the northern two-thirds of Georgia and the eastern half of Missouri and excluded the southern one-third of Alabama from the NBP because modeling results did not show an impact on any out-of-state nonattainment area from sources in these regions.

The litigation before the D.C. Circuit resulted in an extension of the NBP compliance date from May 1, 2003 to May 31, 2004 for utilities and large industrial sources in all remaining affected states. To meet the NBP compliance requirements, Alabama Power units in the affected portion of the state relied on SCRs and combustion controls and trading of allowances. The NBP was supplanted in 2008 with the promulgation of the Clean Air Interstate Rule (discussed later), which ensured continuing NO_x emission reductions from power plants for the purpose of further reducing the downwind formation of ozone.

8-Hour Ozone Standards

As discussed, EPA promulgated a new 8-hour ozone NAAQS in 1997. The new standard implemented changes to the concentration level, the averaging period and the calculation methodology, resulting in significantly more stringent requirements than the 1-hour standard.

One month after the Birmingham area came into attainment with the 1-hour ozone standard, EPA designated the Birmingham area nonattainment for the 1997 8-hour ozone standard, with an attainment deadline of June 15, 2009. The Alabama nonattainment SIP containing 1997 8-hour ozone attainment demonstrations and control requirements for the area was due June 15, 2007. However, ozone monitoring data for 2003-2005 showed that the Birmingham area was achieving the 1997 8-hour standard. ADEM requested that EPA redesignate the area to ozone attainment based upon the most current air quality data. EPA approved the request and the Birmingham area became attainment for the 1997 8-hour ozone standard effective June 12, 2006. This action eliminated the need for an 8-hour attainment SIP for Birmingham, but a **Maintenance Plan** was required under the CAA, and one was approved as part of the redesignation process. The

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Maintenance Plan demonstrates that the standard will continue to be met following the attainment redesignation.

Subsequent to the EPA ozone attainment redesignation, a Birmingham area air quality monitor began recording violations of the 1997 8-hour standard. This event required ADEM to activate the Maintenance Plan to address the ozone monitor violations (i.e., ADEM must take actions to ensure the standard would again be attained). ADEM revised air permits for two industrial facilities, requiring additional NO_x emission reductions to satisfy Maintenance Plan provisions.

Even as many areas in the United States were still struggling to meet the 1997 8-hour ozone standard, EPA once again tightened the ozone standard. On March 27, 2008, EPA established the **2008 8-hour ozone standard**, which increased the stringency of the 8-hour ozone standard from 0.08 ppm (effectively 0.084 ppm due to rounding) to 0.075 ppm. Legal challenges were filed by industry groups as well as the State of Mississippi, charging that the 2008 standard was overly stringent. On the other hand, numerous other states and environmental groups claimed that the 2008 standard was not stringent enough. The cases were consolidated at the D.C. Circuit as *Mississippi v. EPA*. The State of Alabama filed a motion to intervene in support of the State of Mississippi. In early 2009, EPA requested the D.C. Circuit suspend briefing pending an EPA decision whether to reconsider the 2008 standard. The Court granted this request in March 2009. In September 2009, EPA announced that it would reconsider the 2008 ozone standard. On January 6, 2010, EPA proposed to make the standard even more stringent by lowering the level from 0.075 ppm to a level in the range of 0.060 to 0.070 ppm.

Area designations for the 2008 ozone standard were initially slated for March 2010. However, EPA announced its intention to stay that process and finalize designations for a potentially revised

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ozone standard. On September 2, 2011, after numerous delays finalizing a revision, the President instructed EPA to withdraw its reconsideration of the 2008 ozone standard. EPA subsequently resumed implementation of the 2008 ozone standard of 0.075 ppm and finalized initial designations on April 30, 2012. No areas in Alabama were designated as nonattainment for the 2008 standard. On July 23, 2013, the D.C. Circuit denied the petitions for review by industry, state and environmental groups challenging the 2008 standard. Subsequently, petitions were filed requesting Supreme Court review of the standard, but on September 29, 2014, the Supreme Court denied these petitions.

When EPA missed its five-year deadline for reviewing the 2008 ozone standard for possible revision, environmental groups filed a lawsuit to force EPA to complete the review. The United States District Court in Northern California ordered EPA to propose a rule by December 1, 2014, and issue a final rule by October 1, 2015. On November 26, 2014, EPA issued a proposed rule to revise the 8-hour ozone standard down to a level between 0.070 and 0.065 ppm, while also accepting comments on levels down to 0.060 ppm as well as retaining the 2008 standard. On October 1, 2015, EPA finalized a rule establishing a new ozone standard of 0.070 ppm (**2015 ozone standard**). Based on ozone monitoring data for 2013–2015, 15 percent of monitored counties in the United States exceeded the new ozone standard of 0.070 ppm; however, all of Alabama met the standard based on 2013–2015 monitoring data. On September 30, 2016, ADEM informed EPA that all monitors in the State of Alabama were meeting the ozone standards and requested that all counties in Alabama be designated as attainment for the 2015 ozone standard. On November 6, 2017, EPA announced initial designations for the 2015 ozone standard for most areas of the United States including the designation of the entire State of Alabama as “attainment/unclassifiable.”

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Litigation over the 2015 ozone standard was initiated, and on August 23, 2019, the D.C. Circuit issued an opinion concerning challenges to the standard. The Court upheld the primary health-based standard of 0.070 ppm, rejecting arguments from both industry and environmental petitioners that the standard was either too restrictive or not protective enough. However, the Court remanded for reconsideration the secondary welfare-based standard, holding that EPA did not adequately explain its departure from certain recommendations by the Clean Air Scientific Advisory Committee (CASAC), an external panel of experts that makes recommendations to EPA. On remand, EPA was directed to address this deficiency and justify its decisions regarding the secondary ozone standard.

As part of its five-year NAAQS review cycle of the ozone standards, EPA on July 13, 2020, proposed to retain without revision both the primary and secondary ozone NAAQS. On December 23, 2020, EPA finalized its review of the ozone NAAQS, retaining the current primary and secondary ozone 8-hour standards and its level of 0.070 ppm. The rule became effective on December 31, 2020. Petitions for reconsideration of EPA's ozone NAAQS rule were filed as well as petitions in the D.C. Circuit challenging the 2020 final rule. In February 2024, the Court remanded the rule to EPA for the agency to begin a new review of the ozone standard.

Fine Particulate Standards

On July 18, 1997, EPA promulgated new ambient air quality standards for fine particulate matter. Fine particulate matter is a general term used for a mixture of solid particles and liquid droplets in the air that have aerodynamic diameters less than 2.5 micrometers (**PM_{2.5}**). The 1997 standards established 24-hour and annual standards for PM_{2.5}.

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In February 2004, ADEM recommended PM_{2.5} nonattainment areas to EPA. EPA ultimately disregarded some of ADEM's recommendation and included all of Jefferson and Shelby Counties in the final nonattainment designations, which became effective April 5, 2005. Small areas of Walker and Jackson Counties that contain electric power generating plants also were designated nonattainment for the annual PM_{2.5} standard (Jackson County is part of the larger Chattanooga, Tennessee nonattainment area).

After extensive analysis, ADEM developed an annual PM_{2.5} attainment SIP for the Birmingham area and submitted it to EPA in May 2009. Primarily, ADEM's SIP required PM_{2.5} emission reductions from local facilities in the vicinity of the Birmingham air quality monitors that were violating the standard and also relied on utility emission reductions resulting from the Clean Air Interstate Rule.

On September 21, 2006, EPA issued a revision to the PM_{2.5} standards. With this action, EPA retained the annual standard, while lowering the 24-hour PM_{2.5} standard by nearly 50 percent (from 65 to 35 micrograms per cubic meter). On October 8, 2009, EPA issued final area designations for the 2006 24-hour PM_{2.5} standard. The Birmingham area was designated nonattainment for this standard with the geographic footprint identical to the annual PM_{2.5} standard nonattainment area (i.e., Jefferson, Shelby and part of Walker Counties). ADEM's SIP, which was designed to bring the area into attainment with the 2006 24-hour PM_{2.5} standard, was expected to be submitted to EPA by December 2012. However, air quality data from 2007-2009 showed attainment of the 24-hour standard of 35 micrograms per cubic meter. Accordingly, ADEM prepared and in April 2010 submitted to EPA a 24-hour PM_{2.5} Redesignation Request and Maintenance Demonstration for Birmingham. In a final action in September 2010, EPA determined that the Birmingham area had indeed attained the 2006 24-hour PM_{2.5} standard, but

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did not officially redesignate Birmingham to attainment or approve the Maintenance Plan. Similarly, air quality data for the 2008–2010 period showed that the Birmingham area was also meeting the 1997 annual PM_{2.5} standard of 15 microgram per cubic meter. ADEM requested redesignation for that standard and on June 29, 2011, EPA determined that the Birmingham area had attained the 1997 annual PM_{2.5} standard, but again did not redesignate the area to attainment. These EPA determinations suspended the requirements for ADEM to submit an attainment demonstration and other SIP elements as long as the Birmingham area continued to meet the standard. Until redesignation to attainment was finalized by EPA, however, the most burdensome requirements of nonattainment were not relieved for regulated sources. In January 2013, EPA published final rules redesignating the Birmingham area to attainment for the 1997 annual and 2006 24-hour PM_{2.5} NAAQS.

Litigation of the 2006 PM_{2.5} standards was initiated in the D.C. Circuit. Numerous states and environmental groups challenged the levels of the standard, specifically claiming that EPA should have increased the stringency of the annual standard. In February 2009, the Court found that EPA inadequately explained its actions concerning the 2006 24-hour PM_{2.5} standard and remanded to EPA its decision to retain the annual standard. On December 14, 2012, EPA finalized revisions to the NAAQS for PM_{2.5}, lowering the annual standard to 12 micrograms per cubic meter while leaving 24-hour standard unchanged. In March 2013, several industries filed petitions for judicial review of the new 2012 PM_{2.5} standards, but the D.C. Circuit upheld them on May 9, 2014.

In an April 16, 2013 memorandum, EPA informed states that recommendations for areas that do not meet the 2012 PM_{2.5} annual standard were due by December 13, 2013, and that EPA would finalize the designations by December 13, 2014. EPA also indicated that areas not meeting the standard would have six years after designation to come into attainment. With EPA's concurrence, ADEM

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did not submit its recommendations by December 13, 2013, so it could incorporate 2013 air quality data in its analysis. On March 3, 2014, and including this most recent data, the State of Alabama recommended to EPA that all counties in Alabama be designated as attainment for the 2012 annual PM NAAQS. On August 19, 2014, EPA informed Alabama that it intended to designate all areas of the state as “attainment/unclassifiable” except for the Phenix City area in Russell County. EPA’s reasoning was that Phenix City is part of the metropolitan area that includes Columbus, Georgia, and the Georgia monitor had insufficient air quality data upon which to base a determination. EPA deferred the designation for the Columbus-Phenix City area to allow time for adequate air quality monitoring needed for a designation. On January 15, 2015, EPA finalized designations for most areas in the United States. All of Alabama was designated attainment for the 2012 PM_{2.5} annual standard, except for Russell County where designation was deferred. After the collection of necessary air quality monitoring data, EPA ultimately designated Russell County attainment for the 2012 PM_{2.5} annual standard on April 7, 2015, completing designations for Alabama.

In a final rule issued on September 18, 2017, EPA determined that Alabama’s SIP satisfies certain required infrastructure elements relating to the implementation, enforcement and maintenance of the 2012 PM_{2.5} annual NAAQS. On September 25, 2018, EPA approved Alabama’s SIP concerning interstate transport obligations for the 2012 PM_{2.5} annual standard. With this action, Alabama’s SIP demonstrates that air emissions from Alabama do not significantly contribute to nonattainment or interfere with maintenance of the 2012 PM_{2.5} standard in any other state, and therefore further emissions reductions from Alabama sources are not required to satisfy Alabama’s interstate transport obligations.

On December 18, 2020, and as part of the required review cycle of the PM NAAQS, EPA finalized its review retaining all NAAQS for particulate matter. Specifically, EPA retained all of the

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following standards: the annual PM_{2.5} primary standard of 12 micrograms per cubic meter and 24-hour PM_{2.5} primary standard of 35 micrograms per cubic meter; the 24-hour PM₁₀ primary standard (PM₁₀ refers to the slightly larger category of particulates with an aerodynamic diameter of less than 10 micrometers) of 150 micrograms per cubic meter; the annual secondary PM_{2.5} standard of 15 micrograms per cubic meter; and the secondary standards for 24-hour PM_{2.5} and PM₁₀ (which are the same as the corresponding primary standards). Petitions for reconsideration of EPA's PM NAAQS rule, as well as petitions in the D.C. Circuit challenging the final rule, were subsequently filed. On June 10, 2021, EPA announced that it would reconsider the final rule to retain the PM NAAQS and by order issued October 1, 2021, the D.C. Circuit held in abeyance the cases challenging the 2020 rule. On March 6, 2024, the final reconsideration of the 2020 PM NAAQS review (2024 PM_{2.5} standard) was published in the *Federal Register*. EPA lowered the primary annual PM_{2.5} standard to 9.0 micrograms per cubic meter, but retained the current primary and secondary 24-hour PM_{2.5} and PM₁₀ standards and the secondary annual PM_{2.5} standard. The new lower primary annual PM_{2.5} standard could create nonattainment areas in Alabama. On February 7, 2025, ADEM recommended that all areas of the State be designated as attainment based on monitoring data and a demonstration of certain exceptional events. EPA must designate areas either attainment or nonattainment no later than February 2026.

Industry groups and states filed petitions for review in the D.C. Circuit regarding the 2024 PM_{2.5} standard. Oral argument was held on December 16, 2024, and the cases were later held in abeyance. On March 12, 2025, EPA announced plans to reconsider the 2024 PM_{2.5} standard. On November 24, 2025, EPA filed a motion requesting the D.C. Circuit vacate the final rule prior to the area designation deadline.

Clean Air Interstate Rule

EPA signed the Clean Air Interstate Rule (CAIR) on March 10, 2005. The rule required major reductions—far beyond those required by the Acid Rain Program—of SO₂ and NO_x emissions to address the transport of emissions in the eastern United States that significantly interfere with attainment of the PM_{2.5} and ozone standards in downwind states under the CAA’s “good neighbor” provision.

For affected states, CAIR set permanent caps on emissions and provided for three separate market-based allowance trading programs: annual SO₂, annual NO_x and seasonal NO_x. Implementation of the emission reductions from CAIR involved two phases. The first phase of NO_x compliance began on January 1, 2009 and called for an approximate 50 percent reduction from 2003 NO_x annual and seasonal emissions in CAIR-affected states. The first phase of SO₂ compliance began on January 1, 2010, requiring an approximate 50 percent further reduction in annual SO₂ emissions. The second phase of NO_x and SO₂ compliance was set to begin in 2015 and required an approximate 65 percent reduction in NO_x and 70 percent reduction in SO₂ from 2003 emissions or allocations. ADEM initially submitted the Alabama CAIR SIP rules to EPA for approval in September 2006. ADEM submitted CAIR SIP updates in November 2006 and March 2007 to comply with EPA revisions to the federal CAIR rule. EPA approved Alabama’s CAIR SIP in October 2007.

Various states and regulated industries filed petitions in the D.C. Circuit challenging aspects of CAIR. In July 2008, the Court vacated CAIR in its entirety and remanded it to EPA for further action. The Court found EPA’s CAIR approach to be “fundamentally flawed” and directed EPA to redo its analysis “from the ground up,” citing foundational problems with basic aspects of the

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rule such as trading, maintenance of NAAQS, compliance deadlines, and leveraging Acid Rain Program allowances.

In response to an EPA petition for rehearing of the CAIR vacatur, the Court requested briefs from petitioners and EPA regarding harm to the public health that would be caused by vacatur of CAIR. In December 2008, just days before compliance was set to begin, the Court decided to remand CAIR to EPA without vacatur, thereby leaving the rule and its compliance obligations in place until replaced by a new rule developed under remand. Therefore, compliance with the NO_x and SO₂ elements of CAIR began on January 1, 2009, and January 1, 2010, respectively, as specified in the original EPA rule. After the remand decision, EPA stated that it intended to propose a CAIR replacement rule in early 2010 and finalize that rule in early 2011. The “on, off, and back on again” CAIR, coupled with an unknown (at the time) CAIR replacement rule, was a significant complicating factor for Alabama Power in compliance planning—especially considering the long lead times that many emission control projects require. In addition, emission reductions realized from CAIR were being relied on by ADEM in the Birmingham area annual and 24-hour PM_{2.5} SIPs and the Clean Air Visibility Rule (discussed in the next section).

As a result of these requirements, the Company deployed scrubbers, with the resulting SO₂ emission reductions intended not only to meet CAIR (and its replacement rule) and other programs (such as the Acid Rain Program), but also to address local attainment of the PM_{2.5} standards. Likewise, the Company’s SCRs facilitate compliance with multiple regulatory programs.

Cross-State Air Pollution Rule

On July 7, 2011, EPA finalized the Cross-State Air Pollution Rule (CSAPR) to replace CAIR. CSAPR was designed to reduce PM_{2.5} and ozone levels in ambient air across a wide region of the

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country and sought to obtain SO₂ and NO_x emission reductions from power plants. SO₂ and NO_x react in the atmosphere to form PM_{2.5}, whereas NO_x and VOCs react in the atmosphere to form ozone. These compounds can be transported long distances, thereby impacting downwind areas' ability to meet these NAAQS.

CSAPR was intended to replace CAIR in its entirety in response to the 2008 remand of CAIR by the D.C. Circuit. According to EPA, CSAPR affected 3,632 electric generating units at 1,074 fossil fuel-fired facilities in 28 eastern states. CSAPR set state budgets (i.e., mass emission limits) and allowed limited interstate trading. As with CAIR, there were three separate allowance programs affecting Alabama: annual SO₂, annual NO_x and seasonal NO_x. (Not all states are affected by all allowance programs.) Compliance with the first phase of CSAPR was scheduled to begin on January 1, 2012. However, on December 30, 2011, less than 48 hours before compliance was set to begin, the D.C. Circuit issued a stay of CSAPR and ordered EPA to continue to administer CAIR during the pendency of the stay.

On August 21, 2012, the D.C. Circuit vacated CSAPR, holding that CSAPR exceeded EPA's statutory authority by requiring upwind states to reduce emissions by more than their own significant contribution to nonattainment in other states and failing to allow states the initial opportunity to implement, through SIPs, the emission reductions required by EPA in CSAPR. The Court directed EPA to continue to administer CAIR pending completion of a rulemaking to replace CSAPR with a valid rule.

On March 29, 2013, EPA filed a petition with the Supreme Court requesting review of the CSAPR vacatur, and on April 29, 2014, the Supreme Court reversed the D.C. Circuit's decision vacating CSAPR (while leaving the stay in effect) and remanded the case to the D.C. Circuit. On June 26,

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2014, EPA filed a motion to lift the 2011 stay of CSAPR and requested that the D.C. Circuit toll compliance deadlines by three years. On October 23, 2014, the D.C. Circuit lifted the stay of CSAPR. Although some additional legal challenges remained unresolved, Phase I of CSAPR began on January 1, 2015, replacing CAIR and implementing new allowance programs for annual SO₂, annual NO_x and seasonal NO_x.

With respect to Phase II of CSAPR, on July 28, 2015, the D.C. Circuit held invalid certain Phase II CSAPR emission budgets. The Court ruled that the CSAPR Phase II SO₂ emission budgets for Alabama, Georgia, South Carolina and Texas were invalid, along with ozone season NO_x budgets for eleven states. (Alabama was not a named state for the invalidated NO_x emission budgets.) The Court remanded CSAPR to EPA, without vacating any part of the rule, to reconsider these emission budgets. Although the Court ruled that Alabama's CSAPR Phase II SO₂ budget was invalid (i.e., too stringent), ADEM had already chosen to implement state regulations as part of a CSAPR SIP with that stringent SO₂ budget in place so as to avoid the potential for further assessments of interstate transport of PM_{2.5} precursors and regional haze impacts on a state-by-state basis. While this meant Alabama's SO₂ budget would not increase, as would have been allowed under CSAPR, the lower budget fulfills certain ADEM interstate transport obligations and enables ADEM to rely on CSAPR to satisfy other obligations under the CAA regarding visibility (discussed below).

On September 7, 2016, the EPA Administrator signed the **CSAPR Update Rule**, which finalized new lower ozone season NO_x emission budgets for 22 states, including Alabama. The CSAPR Update Rule is the first time EPA has updated an existing program to address transport of air pollution following promulgation of a new air quality standard (i.e., the 2008 ozone NAAQS). The 2016 CSAPR Update Rule significantly decreased Alabama's budget of ozone season NO_x allowances by 58 percent. The new budgets became effective with the 2017 ozone season (i.e.,

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May through September). ADEM has adopted a series of Alabama SIP revisions to implement the CSAPR Update Rule, which have been approved by EPA.

The CSAPR Update Rule was challenged in the D.C. Circuit by various environmental, state and industry petitioners. On September 13, 2019, the D.C. Circuit denied all challenges except for one claim that the rule was inconsistent with the CAA's attainment dates because the Update Rule would not fully resolve all upwind contributions to downwind nonattainment of the 2008 ozone standard by the statutory deadlines. In all other respects, the D.C. Circuit determined that EPA acted lawfully and rationally (or that the issue was not properly before the Court). The Court remanded the rule without vacatur for EPA to address the Court's opinion.

On December 6, 2018, EPA finalized the **CSAPR Closeout Rule**, which determined for 20 covered states (including Alabama) the CSAPR Update Rule would fully address interstate transport obligations for the 2008 ozone standard by at least 2023. With this action, EPA concluded that there was no obligation for Alabama and other states to establish additional requirements for sources in an effort to further reduce transported ozone related to the 2008 ozone standard. The CSAPR Closeout Rule was challenged in the D.C. Circuit and given the holding in the CSAPR Update Rule litigation, the Court vacated the CSAPR Closeout Rule without argument. As a result, EPA was obligated to reconsider as part of its review of the CSAPR Update Rule whether additional reductions from sources in Alabama and other affected states must occur.

On March 15, 2021, EPA finalized its Revised CSAPR Update Rule in response to the September 2019 D.C. Circuit remand. EPA's analysis, which relied on updated data and modeling, found that projected 2021 emissions from Alabama and eight other states are not "linked" to any nonattainment or maintenance receptors and therefore do not significantly contribute to

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nonattainment and/or maintenance problems in downwind states. As a result, EPA determined no further NO_x emission reductions from electric generating sources in Alabama are necessary to satisfy interstate transport obligations regarding the 2008 ozone standard.

EPA then turned its attention to interstate transport obligations arising from the more stringent 2015 ozone standard. Alabama submitted to EPA a timely SIP, asserting that no further reductions in NO_x or VOCs emissions from Alabama sources were necessary, and EPA proposed to approve Alabama's SIP on December 30, 2019. However, on February 22, 2022, EPA withdrew its proposed approval and instead proposed to disapprove Alabama's SIP provisions for interstate transport obligations regarding the 2015 ozone standard. EPA alleged updated modeling now links emissions from Alabama to ozone concentrations in Texas. Accordingly, on March 11, 2022, EPA proposed FIPs for Alabama and 26 other states that would require additional ozone season NO_x emission reductions beyond the CSAPR Update Rule in order to satisfy these states' interstate transport obligations with respect to the 2015 ozone standard.

Alabama withdrew its transport SIP on April 21, 2022, and simultaneously submitted a replacement SIP revision to address the new data and analysis EPA had relied on in its proposed disapproval. EPA found this SIP to be incomplete and published in the *Federal Register* a *Finding of Failure to Submit an Interstate Transport SIP for the 2015 Ozone Air Quality Standard*, affecting Alabama. On August 17, 2022, ADEM and the State of Alabama jointly filed in the U.S. Court of Appeals for the Eleventh Circuit (**Eleventh Circuit**) a petition for review of EPA's *Finding of Failure to Submit*. The petitioners dismissed this action after EPA rescinded its *Finding of Failure to Submit* and reviewed the substance of Alabama's replacement SIP submittal. On October 25, 2022, EPA proposed to disapprove Alabama's 2022 SIP submittal and on February 13, 2023, published its disapproval of twenty-one interstate transport SIP submissions, which

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included Alabama. On March 15, 2023, EPA also finalized the Federal Good Neighbor Plan (i.e., FIP), which significantly reduced Alabama's ozone season NO_x allowance budget. ADEM, the State of Alabama and Alabama Power subsequently filed in the Eleventh Circuit petitions for review of EPA's February disapproval of Alabama's interstate transport SIP and on June 13, 2023, ADEM and the State of Alabama filed a joint motion for stay of EPA's SIP disapproval in the Eleventh Circuit. On August 17, 2023, the Eleventh Circuit granted the stay motion; therefore, the FIP for Alabama is currently not in effect for Alabama Power. On August 4, 2023, ADEM, the State of Alabama, and Alabama Power also filed petitions for review of EPA's FIP in the Eleventh Circuit. That case is being held in abeyance until the challenge to the SIP disapproval is resolved. On September 29, 2023, EPA finalized an interim final rule to stay the effectiveness of the FIP for several states including Alabama in order to effectuate the Eleventh Circuit's stay order. Oral argument regarding EPA's SIP disapproval was held on September 24, 2024, but on October 24, 2024, the Court held the case in abeyance pending the Supreme Court's resolution of cases that will consider the venue provision. Litigation regarding these actions remains pending.

Additionally, several petitions for review and stay motions were filed in the D.C. Circuit challenging EPA's FIP, and on September 25, 2023, the Court denied the stay motions. Petitioners filed emergency stay requests to the Supreme Court and on June 27, 2024, the Supreme Court issued a stay of the Federal Good Neighbor Plan, finding that the petitioners would likely succeed on the merits. The stay remains in effect pending the outcome of the litigation in the D.C. Circuit. Oral argument regarding EPA's SIP disapproval was held at the Eleventh Circuit on September 24, 2024, but the Court later held the case in abeyance pending the Supreme Court's resolution of cases to address the venue provision and subsequently issued an additional order holding the matter in abeyance while EPA reconsiders its disapproval of the Alabama SIP. Accordingly, both the

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challenge to the Alabama SIP disapproval and the challenge to EPA's FIP for Alabama remain pending but are being held in abeyance.

The installation by Alabama Power of SCRs and scrubbers has helped to ensure compliance with CSAPR, the CSAPR Update Rule, and the Revised CSAPR Update Rule, and would also support compliance with the Good Neighbor Plan. This equipment likewise will contribute to the Company's compliance efforts with any future updates or revisions to the CSAPR program or any subsequent transport rules EPA may promulgate.

NO₂ Standards

In February 2010, EPA issued a final rule that revised the NAAQS for nitrogen dioxide (NO₂). EPA retained the existing annual standard of 53 ppb and added a new 1-hour standard of 100 ppb (**2010 NO₂ standard**). The rule required new roadside and community-wide ambient air quality monitoring in larger urban areas, and the Jefferson County Department of Health installed two NO₂ ambient air quality monitors in Birmingham to meet this requirement. While the rule focused on mobile source emissions near major roadways, the new standard also reached other sources of NO₂ emissions. In June 2010, EPA provided guidance for air quality modeling assessments associated with the new standard. This guidance called for unusually conservative (stringent) procedures, particularly in the permitting of new or modified sources.

In February 2012, EPA designated all areas of the country as "attainment/unclassifiable" for the new 1-hour NO₂ standard. Petitions for reconsideration and legal challenges of the final rule were filed in the D.C. Circuit and on July 17, 2012, the Court upheld the revised NO₂ standards. Petitions for review filed with the Supreme Court were ultimately denied, effectively ending the litigation.

On July 14, 2017, EPA proposed to retain, without revision, both primary NO₂ NAAQS (i.e., the 1-hour standard as well as the annual NO₂ standard). In a final rule issued on April 6, 2018, EPA retained the standards without revision, based on EPA's review of the most recent science on the health effects of NO₂. In November 2024, EPA entered a consent decree that set deadlines of September 2028 to complete a new integrated scientific assessment of the NO₂ standards and November 2028 to finalize a decision on whether to revise the NO₂ NAAQS. While the NO₂ standards are not expected to result in any nonattainment issues in Alabama, the stringency of the 1-hour NO₂ standard remains a concern in air quality modeling associated with air permitting.

SO₂ Standards

In June 2010, EPA issued a final rule that revised the NAAQS for SO₂. EPA established a new 1-hour standard of 75 ppb (**2010 SO₂ standard**) and revoked the existing 24-hour and annual SO₂ standards (effective one year after final area designations for the new standard). Numerous states, industries and groups challenged the revised SO₂ NAAQS rule, but on July 20, 2012, the D.C. Circuit upheld the 2010 SO₂ standard. A petition for review filed with the Supreme Court was denied in January 2013.

In June 2011, as part of the process for implementing the 2010 SO₂ standard, ADEM recommended to EPA that all areas in Alabama be designated "unclassifiable" for the standard. EPA solicited stakeholder input concerning a provision of the rule that required major SO₂ sources (including all Alabama Power coal-fired power plants) to conduct plant-specific modeling, which contributed to delays in area designations. The 2010 SO₂ standard was implemented through a combination of ambient air quality monitoring and computer dispersion modeling, deviating from the traditional method of establishing attainment based only on ambient air monitoring data. Area designations

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were done in separate rounds, based on the use of monitoring data and modeling. On July 25, 2013, EPA designated 29 areas in 16 states (but did not designate other areas) as nonattainment for the 2010 SO₂ standard (round one). No areas in Alabama were designated in this first round.

Environmental groups filed suit in the U.S. District Court for the Northern District of California over EPA's failure to complete designations for the entire country by the CAA statutory deadline. On June 2, 2014, EPA proposed a consent decree in the *Federal Register* that had been negotiated with environmental groups and on March 2, 2015, the Court accepted the consent decree as an enforceable order. The Court's order directed EPA to complete designations for the SO₂ NAAQS in three additional rounds by prescribed dates.

In a simultaneous regulatory action, EPA proposed a data requirements rule (**DRR**) on April 17, 2014, regarding procedures for states to apply in making SO₂ NAAQS designations. On August 10, 2015, the DRR was finalized and a schedule was established for state air agencies to characterize SO₂ air quality and provide that air quality data to EPA. The schedule required state air agencies to submit to EPA, by January 15, 2016, a list of SO₂ emitting facilities (including fossil fuel-fired electric generating plants) around which air quality was to be characterized, as well as sources with SO₂ emissions above 2,000 tons per year. The DRR provided options whereby states could characterize air quality around listed facilities to show compliance with the 1-hour SO₂ NAAQS. The options were: (1) perform air quality modeling; (2) install and operate SO₂ ambient monitors; or (3) adopt federally enforceable permit limits to cap SO₂ emissions below 2,000 tons per year. For facilities that chose modeling, the analyses were due at EPA by January 13, 2017, with designations finalized by December 2017. For facilities that chose the second option, monitors were to be sited and operational by January 1, 2017, with designations finalized by December 2020. Certified air quality monitoring data was to be collected for 2017 through

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2019. For facilities that accept limits that cap SO₂ emissions below 2,000 tons per year, the limits were effective as of January 13, 2017.

In accordance with the DRR, Alabama Power submitted in January 2017 modeling characterizing SO₂ air quality around its coal-fired generating facilities. The submittal demonstrated that the air quality around the modeled Alabama Power plants meets the 1-hour SO₂ standard. Based in part on this information, EPA issued final third round designations on December 21, 2017 for the 1-hour SO₂ air quality standard, including most areas in Alabama. All areas in Alabama were designated “attainment/unclassifiable” or “unclassifiable”, except for a portion of Shelby County where an industrial facility is located. On December 21, 2020, EPA finalized Round 4 designations for the SO₂ NAAQS. These designations were informed by monitoring networks that were installed as part of the DRR. In the final rule, EPA designated the portion of Shelby County noted above as attainment/unclassifiable. This EPA action concluded designations for Alabama regarding the 2010 1-hour SO₂ NAAQS, with no area in Alabama being designated nonattainment.

On June 8, 2018, EPA proposed to retain the current 1-hour SO₂ air quality standard that was set in 2010, based upon its review of health effects evidence and information. On February 25, 2019, EPA finalized its proposal to leave unchanged the current 1-hour SO₂ NAAQS of 0.075 ppm.

CLEAN AIR VISIBILITY RULE

The Clean Air Visibility Rule (CAVR) (also called the **Regional Haze Rule**) was finalized in July 2005. The goal of this rule is to restore natural visibility conditions in 156 specified **Class I** areas (primarily national parks and wilderness areas) by 2064. The rule includes: (1) the application of Best Available Retrofit Technology (**BART**) to certain sources built between 1962 and 1977; and

(2) the application of any additional emissions reductions that may be deemed necessary for each designated area to achieve “reasonable progress” toward the goal of natural visibility conditions. Progress toward the natural visibility goal is assessed every ten years. For each of these ten-year planning periods, additional emissions reductions will be required unless states demonstrate that additional measures are not needed or are not reasonable.

The BART application of CAVR is an element of the first planning period only. Among other criteria, a BART analysis and determination must consider the costs to the source and the source-specific visibility benefits from the application of BART. Under CAVR, states had the regulatory prerogative to determine whether CAIR was equivalent to BART for SO₂ and NO_x for electric generating units. ADEM made the decision that CAIR was equivalent to BART for CAIR-affected units in Alabama, which was consistent with EPA regulations at the time. Therefore, Alabama Power submitted BART analyses in August 2006 for ten of its coal-fired units only for particulate matter—the remaining visibility-impairing pollutant not regulated by CAIR. The results showed that none of the Alabama Power units met the thresholds for causing or contributing to visibility impairment from particulate matter emissions in any Class I area.

In 2008, ADEM submitted to EPA Alabama’s first CAVR SIP, with subsequent SIPs to EPA scheduled for 2018, 2028, 2038, 2048 and 2058. In 2012, EPA partially approved Alabama’s CAVR SIP but disapproved the parts that relied on the CAIR rule, which had been vacated after Alabama’s submission of the SIP. With CAIR vacated, EPA indicated support for states relying on the replacement CSAPR as being equivalent to BART for SO₂ and NO_x emissions. ADEM adopted CSAPR as equivalent for BART for SO₂ and NO_x in the Alabama CAVR SIP. In July 2013, ADEM submitted to EPA a five-year progress review that concluded no revisions to the Alabama CAVR SIP were necessary at the time.

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On January 10, 2017, EPA finalized regional haze revisions that amended requirements for state CAVR plans. This rule included an extension of the deadline for the next regional haze SIP submittal from July 31, 2018 to July 31, 2021. On October 12, 2017, EPA finalized four actions regarding regional haze and visibility obligations in Alabama's SIP. These actions included: (1) approval of Alabama's SIP revision seeking to change reliance from CAIR to CSAPR for certain regional haze requirements; (2) conversion of EPA's prior limited approval/limited disapproval of Alabama's 2008 CAVR SIP to full approval; (3) approval of visibility requirements of Alabama's SIP submittals for the 2012 PM_{2.5}, 2010 NO₂ and 2010 SO₂ NAAQS; and (4) conversion of EPA's disapproval of the visibility portion of Alabama's SIP for the 2008 ozone NAAQS to an approval. In addition, on March 5, 2019, EPA approved a revision to the Alabama SIP regarding the state's five-year regional haze progress report. The regional haze SIP revision addressed the state's determination that its regional haze plan is adequate to meet the reasonable progress goals for 2018.

EPA's determination that compliance with CSAPR was "better-than-BART", for purposes of including a BART alternative in a state's regional haze SIP, was challenged in the D.C. Circuit. On March 20, 2018, the Court issued an order allowing states to treat CSAPR as a compliance option for regional haze SIPs. On August 20, 2019, EPA released "Guidance on Regional Haze Implementation Plans for the Second Implementation Period" and provided further clarification in a memorandum dated July 8, 2021. EPA released these documents to assist states as they develop revised regional haze SIPs for the second planning period (2018-2028).

The timing of EPA's guidance did not give many states sufficient opportunity to submit regional haze plans. On August 30, 2022, EPA published in the *Federal Register* a *Finding of Failure to*

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Submit Regional Haze Implementation Plans for the Second Planning Period, which found that 15 states, including Alabama, did not submit required regional haze SIPs for the second planning period by the July 31, 2021 deadline. This action established a two-year deadline for EPA to promulgate FIPs to address these requirements for a given state unless, prior to EPA promulgating a FIP, the state submits, and EPA approves, a SIP that meets these requirements. Although EPA's deadline has passed, EPA has not promulgated FIPs to address the Findings of Failure. On July 12, 2024, the D.C. Circuit issued a final consent decree in which EPA agreed to sign a notice of proposed or final rulemaking to act on several SIP submittals by certain deadlines in 2024 and 2025. Additionally, on July 30, 2024, EPA issued a memorandum providing information regarding development of the Regional Haze Progress Reports for the Second Planning Period SIPs, which were due by January 31, 2025. On December 13, 2024, EPA issued a proposed rule to extend the third implementation period SIP deadline from July 31, 2028 to July 31, 2031. On March 12, 2025, the EPA announced plans to restructure the Regional Haze Program. ADEM has developed a proposed SIP revision for the second planning period and has issued a public notice seeking comments on the proposal by November 7, 2025. EPA's authority to issue a federal plan for Alabama remains in effect until such time as EPA approves ADEM's SIP revision.

HAZARDOUS AIR POLLUTANTS / MERCURY

The CAA directed EPA to conduct the following two studies addressing hazardous air pollutants (HAPs):

- Emissions and health and environmental effects of mercury releases from all sources (**mercury study**)
- Hazards to public health resulting from utility emissions of HAPs (**utility study**)

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EPA released the results of the mercury study and the utility study on December 19, 1997 and February 25, 1998, respectively. In both studies, EPA found that mercury from electric power plants is the HAP with the greatest potential concern. EPA found that even though these power plants contributed only one percent to global mercury emissions, coal-fired power plants were nonetheless the largest remaining unregulated man-made source of mercury in the United States. As a result of these findings, EPA issued the Clean Air Mercury Rule (**CAMR**) on March 15, 2005. The rule was issued as a cap-and-trade program under section 111 of the CAA for the reduction of mercury emissions from coal-fired power plants. CAMR was to be implemented in two phases—2010 and 2018—and provided for an emissions allowance trading market with a 30 percent reduction in the first phase, followed by a 70 percent reduction in the second phase. The majority of reductions required for the first phase were expected to be met through co-benefits from scrubber and SCR systems installed for the control of SO₂ and NO_x under CAIR.

A number of states and environmental groups filed petitions to review CAMR, which alleged that mercury should be regulated under the section 112 “maximum achievable control technology” (**MACT**) provision of the CAA instead of section 111. In February 2008, the D.C. Circuit vacated CAMR and EPA’s concurrent rule to “delist” electric generating units (**EGUs**) from those CAA provisions requiring application of MACT, thus nullifying CAMR mercury emission control obligations and monitoring requirements. Petitions for Supreme Court review were later filed by industry groups and EPA. In February 2009, EPA withdrew its petition and the Supreme Court denied the industry petition. EPA settled that litigation and entered a consent decree to issue a rule under section 112 by December 16, 2011.

In 2010, Alabama Power received an Information Collection Request (**ICR**) from EPA that was intended to help EPA develop MACT emission limits for HAPs under the new rule. EPA analyzed

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the ICR responses from all utilities and on December 16, 2011, issued the final Utility MACT rule, known as the Mercury and Air Toxics Standards (**2012 MATS**) rule. The 2012 MATS rule established stringent emission limits for mercury, filterable particulate matter as a surrogate for non-mercury metallic HAPs, and hydrochloric acid (**HCl**) as a surrogate for acid gas HAPs. The compliance requirements of the 2012 MATS rule were much more onerous, as compared to CAMR's cap-and-trade program. The Company developed a comprehensive environmental compliance strategy to assess compliance obligations associated with environmental requirements. As part of this strategy, the Company implemented its compliance plan for the 2012 MATS Rule, which included reliance on existing emission control technologies (e.g., electrostatic precipitators, SCRs and scrubbers), construction of baghouses to provide additional control for the emissions of mercury and particulates, use of additives or other injection technology (dry sorbent and/or activated carbon), use of existing or additional natural gas capability, unit retirements, and upgrades to certain transmission facilities. For existing sources, compliance was required to begin three years from the effective date of the final rule (April 16, 2015), absent a compliance extension.

Following promulgation of the final 2012 MATS rule, EPA received several petitions to reconsider aspects of the rule and subsequently granted reconsideration on a limited set of issues. EPA proposed and finalized issues related to new source emission limits and startup and shutdown provisions, but denied the remaining issues raised by petitioners. Petitions for review of the final rule were also filed at the D.C. Circuit, but the Court denied all challenges. Several petitions, including the State of Alabama (along with 20 other states), were filed with the Supreme Court seeking review of the D.C. Circuit's decision. On June 29, 2015, the Supreme Court reversed the decision of the D.C. Circuit and found that EPA interpreted the Clean Air Act unreasonably when it deemed cost an irrelevant consideration in determining whether regulation of power plants is "appropriate and necessary" under section 112. On December 15, 2015, the D.C. Circuit issued

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an order remanding the MATS proceedings to EPA for consideration of cost, but did so without vacatur (i.e., the D.C. Circuit required compliance with the overturned MATS rule to continue). On April 25, 2016, EPA published the final “Supplemental Finding that it is Appropriate and Necessary to Regulate Hazardous Air Pollutants from Coal- and Oil-Fired Electric Utility Steam Generating Units” (**MATS Supplemental Finding**). EPA concluded that consideration of cost did not cause a change to the determination that regulation of HAP emissions from EGUs is appropriate and necessary. Several petitions for review of the MATS Supplemental Finding were filed in the D.C. Circuit and the Court held the case in abeyance while EPA conducted a review of the MATS Supplemental Finding.

On April 16, 2020, EPA finalized its reconsideration of the Supplemental Finding (**2020 MATS Rule**) and concluded there were flaws in the Supplemental Finding’s cost/benefit analysis. In the 2020 MATS Rule, EPA determined that a proper consideration of costs demonstrates that the total projected cost of compliance with MATS (\$7.4 to \$9.6 billion annually) dwarfs the monetized HAP benefits of the rule (\$4 to \$6 million annually). EPA reasoned this imbalance did not support a finding that it is “appropriate and necessary” to regulate EGU HAP emissions based primarily on the monetized particulate matter co-benefits. However, EPA concluded that the absence of such a finding does not automatically remove the coal- and oil-fired EGUs from the list of affected source categories for regulation under section 112 of the CAA, nor does such absence affect the status of the 2012 MATS Rule (which remains in effect). EPA also took final action on the Residual Risk and Technology Review (**RTR**) and determined that the residual risks from HAP emissions from coal- and oil-fired EGUs are acceptable and there have been no new cost-effective HAP controls identified to achieve further emission reductions. Therefore, EPA found that revisions to the 2012 MATS Rule were not warranted.

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On his first day in office, the President issued Executive Order 13990 directing all executive departments and agencies to review the promulgation of federal regulations specifically including the 2020 MATS Rule. EPA completed its review of the 2020 MATS Rule and on March 6, 2023, EPA finalized its finding that it remains “appropriate and necessary” to regulate HAPs from EGUs after considering costs. On May 7, 2024, the final MATS RTR (2024 MATS RTR) was published in the *Federal Register*. The rule lowered the PM surrogate emission limit by 67 percent and required the installation of continuous emission monitoring systems for PM. The rule impacts Alabama Power’s obligations for monitoring PM emissions; however, Alabama Power expects to rely on its existing suite of controls to comply with the more stringent PM surrogate emission limit.

Following promulgation of the final rule, industry groups and a coalition of states filed petitions for review and stay requests in the D.C. Circuit. The D.C. Circuit denied the stay requests on August 6, 2024 and petitioners filed emergency stay requests with the Supreme Court. Those requests were denied on October 4, 2024 and the litigation in the D.C. Circuit remains pending.

On April 8, 2025, Alabama Power received a two-year Presidential Exemption for Plant Barry Unit 5 and Plant Miller Units 1-4 that extended the compliance date for the 2024 MATS RTR from July 2027 to July 2029. On June 17, 2025, EPA issued a proposed rule to rescind specific amendments to the 2024 MATS RTR, which include the revised PM surrogate emission limit and the requirement to install continuous emission monitoring systems for PM. EPA has indicated it expects to finalize the rule by December 2025. If the proposal is finalized, the original 2012 MATS rule requirements would remain in effect (to which the two-year Presidential Exemption would not apply).

GREENHOUSE GASES / CLIMATE CHANGE

In April 2007, the Supreme Court ruled that EPA has authority under the CAA to regulate greenhouse gas (GHG) emissions from new motor vehicles. In response to this decision, EPA finalized its GHG Reporting Program on September 22, 2009, which required annual reporting of GHGs. Alabama Power is fulfilling all monitoring, recordkeeping and reporting requirements necessary to comply with this requirement. On September 16, 2025, EPA proposed to permanently remove reporting obligations under the GHG Reporting Program. EPA also proposed to extend the 2025 reporting year deadline to June 10, 2026 to allow additional time for the final rule to become effective so facilities will not be required to report under the program.

Although proposing to remove reporting obligations under the program, EPA's authority to regulate GHG emissions is based on the December 2009 endangerment finding for mobile sources. The finding (a prerequisite for regulation) concluded that six GHGs in the atmosphere (carbon dioxide (CO₂), methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride) threaten both public health and welfare. It also found that emissions from new motor vehicles and motor vehicle engines contribute to the atmospheric concentrations of these GHGs and hence to the threat of climate change. On August 1, 2025, EPA proposed to repeal all GHG standards for motor vehicles and engines in addition to its prior 2009 findings.

Stationary Sources

In March 2010, EPA finalized an interpretation of its stationary source rules, which specified that once GHGs are regulated under any part of the CAA, GHG emissions from new and modified sources will become "regulated pollutants" under the CAA. In April 2010, EPA (in a joint rulemaking with the National Highway Traffic Safety Administration) finalized new motor vehicle

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emission standards for the following GHGs: CO₂, methane, nitrous oxide and hydrofluorocarbons. These standards became effective on January 2, 2011—the first date that 2012 model-year vehicles could be sold. Accordingly, GHGs became “regulated pollutants” under the CAA on January 2, 2011, subjecting new and significantly modified stationary sources that emit certain quantities of GHGs to undergo a Best Available Control Technology (**BACT**) review for control of GHGs. To manage the permitting burden created by this new applicability, EPA issued the Tailoring Rule.

“Tailoring” Rule

In an attempt to reduce the number of sources that would be required to obtain permits and the associated administrative burden if Prevention of Significant Deterioration (**PSD**) permitting and Title V requirements were triggered for GHGs at the current program thresholds of 100/250 tons per year, EPA finalized a GHG “**Tailoring Rule**” on May 13, 2010. The Tailoring Rule increased the major source emission thresholds for the PSD and Title V programs to 100,000 tons of CO₂ equivalent per year. The rule also increased the significance level for major modifications under the PSD program to 75,000 tons of CO₂ equivalent per year. In July 2011, EPA finalized a three-year deferral of permitting requirements for CO₂ emissions from biomass and other biogenic sources under the PSD and Title V programs. On July 12, 2013, the D.C. Circuit vacated this three-year deferral, but on October 15, 2013, the Supreme Court agreed to hear argument on the basic question of whether new GHG rules for mobile sources could trigger permitting requirements for stationary sources. On June 23, 2014, the Supreme Court ruled that EPA lacked the authority to require air permits from facilities based solely on their GHG emissions. However, the Court affirmed EPA’s authority to regulate GHG emissions from sources when those sources become subject to PSD requirements due to their emissions of conventional pollutants. The decision invalidated several elements of EPA’s rules that had to be addressed by EPA and the D.C. Circuit. On July 24, 2014, EPA issued guidance outlining its views on how to implement the Supreme

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Court's decision. While litigation over the Tailoring Rule and permitting requirements continued through 2014, EPA had already begun developing sector-specific performance standards for EGUs.

Regulation of GHG Emissions from EGUs

On April 13, 2012, EPA published in the *Federal Register* a proposed *Standards of Performance for Greenhouse Gas Emissions for New Stationary Sources: Electric Utility Generating Units*.

Had this rule been finalized as proposed, it would have effectively eliminated the development of any new coal-fired electric generating units without carbon capture and storage capability. Although this rule was not going to apply directly to existing units, states or courts could determine that the standard for new sources is relevant when establishing BACT for permitting modifications to existing sources.

On June 25, 2013, the President released a memorandum to the Administrator of EPA entitled "Power Sector Carbon Pollution Standards", detailing a new regulatory timeline for GHG regulations. The President's memorandum directed EPA to take the following actions:

- Re-propose the GHG performance standards for new sources by September 20, 2013 and finalize these standards in a "timely fashion."
- Propose GHG standards, regulations, or guidelines for modified, reconstructed, and existing sources by June 1, 2014 and finalize these requirements by June 1, 2015.
- Include in the guidelines addressing existing sources a requirement that states submit implementation plans to EPA by June 30, 2016.

In response to these Presidential directives, EPA published in the *Federal Register* on January 8, 2014 proposed GHG emission performance standards for new, modified and reconstructed electric generating units. In a companion action, EPA withdrew its proposed prior GHG emission performance standards for new electric generation units, which had been published on April 13,

2012. On June 18, 2014, EPA published in the *Federal Register* proposed GHG emission performance guidelines for existing electric generating units. These regulations proposed to reduce carbon emissions from existing power plants 30 percent below 2005 levels by 2030. On October 23, 2015, EPA finalized the proposal for new, modified and reconstructed units. This rule required partial carbon capture and sequestration (**CCS**) for any new or modified coal unit as the “best system of emission reduction” (**BSER**) for new coal-fired units.

Clean Power Plan

On October 23, 2015, EPA also published the Clean Power Plan (**Clean Power Plan** or **CPP**), which finalized guidelines for states to develop plans to meet EPA-mandated CO₂ emission rates for existing coal- and gas-fired units. The final guidelines required state plans to meet interim CO₂ performance rates between 2022 and 2029 and final rates in 2030 and thereafter. EPA projected that the Clean Power Plan would reduce CO₂ emissions from existing power plants 32 percent below 2005 levels by 2030. EPA used three “building blocks” to establish BSER for CO₂ emissions from existing electric generating units: (1) improvements in plant efficiency (i.e., heat rate); (2) increased dispatch of natural gas fired units in favor of coal units; and (3) expansion of zero-emitting renewable energy sources (e.g., wind and solar).

On February 9, 2016, the Supreme Court granted a stay of the Clean Power Plan. With the rule stayed, the requirement for state plan submittals was suspended. The stay was to remain in effect until the conclusion of litigation or the Supreme Court otherwise terminated it. On September 27, 2016, oral argument over the CPP was held before the full panel of judges in the D.C. Circuit. On March 28, 2017, after oral argument but before the Court ruled on the validity of the CPP, the President signed Executive Order 13783 “Promoting Energy Independence and Economic Growth.” Among other provisions, the Executive Order directs EPA to review the CPP (and the

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final rule applying to new sources) and, if appropriate and as soon as practicable, issue proposed rules suspending, revising, or rescinding the CPP. Accordingly, on March 28, 2017, EPA filed a motion with the D.C. Circuit to hold in abeyance litigation of the CPP. On April 4, 2017, EPA initiated a review of the CPP in compliance with Executive Order 13783. On April 28, 2017, the D.C. Circuit granted EPA's motion to hold the CPP litigation in abeyance.

On October 16, 2017, EPA proposed to repeal the CPP. EPA further indicated that it would separately ask for comment on whether to replace the CPP, which it subsequently did through an advanced notice of proposed rulemaking issued December 27, 2017.

Affordable Clean Energy Rule

On August 31, 2018, EPA proposed a replacement rule for the CPP—the Affordable Clean Energy Rule (ACE). ACE would provide a new set of emission guidelines that inform the development and implementation of state plans to reduce GHG emissions from existing coal-fired steam generating units by requiring efficiency improvements.

On June 19, 2019, EPA issued a final rule containing three separate agency actions: (1) repeal of the CPP; (2) replacement of the CPP with ACE; and (3) revisions to regulations for implementing ACE and any future emission guidelines issued under section 111(d) of the CAA. The CPP was repealed due to EPA's determination that the CPP exceeded EPA's statutory authority under the CAA by relying on a BSER that could not be implemented by individual facilities. With ACE, in contrast, EPA finalized heat rate improvement (i.e., efficiency improvement) as the BSER for reducing CO₂ emissions from coal-fired units, requiring the states to evaluate each affected unit and establish new CO₂ emission limits based on heat rate or efficiency improvements that each

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unit can achieve. States were given three years to submit plans, with the deadline being July 8, 2022. All of Alabama Power's coal-fired generating units were subject to ACE.

With EPA's repeal of the CPP, several states (including Alabama) and several private parties (including Alabama Power) filed a joint motion in the D.C. Circuit to dismiss their petitions for review of the CPP. On September 17, 2019, the Court ordered these petitions and all pending motions regarding the CPP be dismissed as moot, effectively ending the original CPP litigation.

Petitions for review of ACE and the repeal of the CPP were then filed in the D.C. Circuit. Following oral argument on October 8, 2020, the D.C. Circuit issued its opinion on January 19, 2021. Finding that both ACE and the repeal of the CPP were unlawful, the Court vacated and remanded ACE back to EPA. EPA filed a motion for a partial stay, asking that the mandate pertaining to the repeal of the CPP not issue until EPA completed a new rulemaking to replace ACE with new regulations consistent with the Court's opinion. The D.C. Circuit granted EPA's motion and on February 22, 2021, issued a partial mandate, finalizing only the Court's vacatur of ACE. This step removed the possibility that the CPP could arguably come back into effect during EPA's rulemaking process of a replacement rule. Industry and several states (including Alabama) filed petitions with the U.S. Supreme Court seeking review of the D.C. Circuit's decision in the ACE litigation, and on October 29, 2021, petitions for review were granted by the Court. The Supreme Court agreed to consider whether section 111(d) of the CAA authorizes EPA to impose standards (e.g., BSER) for existing sources based on technology and methods that go beyond the individual source.

Oral argument before the Supreme Court was held on February 28, 2022, and on June 30, 2022, the Court reversed the lower court's ruling in the ACE litigation. The Court confirmed EPA has

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the authority to regulate greenhouse gas emissions from existing power plants but rejected the approach used in the CPP, holding that the CAA does not give the agency authority to require generation to shift from fossil fuels to renewables. In reaching this decision, the Court formalized the “major questions doctrine”, which prevents courts from deferring to federal agencies when they adopt regulations with major economic or political significance unless the agencies have clear direction from Congress. The Court held that Congress did not give EPA clear authority under section 111(d) of the CAA to engage in generation shifting. Following this ruling from the Supreme Court, EPA asked for further action on ACE to be stayed while EPA developed a new section 111(d) rule for power plants.

Carbon Standards

On May 23, 2023, EPA published a proposed rule (Greenhouse Gas Standards and Guidelines for Fossil Fuel-Fired Power Plants) that contained five separate actions: (1) set greenhouse gas emissions standards for new combustion turbines; (2) set greenhouse gas emissions standards for modified steam electric generating units; (3) established guidelines for states to set greenhouse gas emissions standards for existing coal, oil, and gas steam electric generating units; (4) established guidelines for states to set greenhouse gas emissions standards for frequently operated existing combustion turbines; and (5) formally repealed the ACE rule. The proposed standards would be based on technologies such as CCS, low GHG hydrogen co-firing, and natural gas co-firing. Through Southern Company, Alabama Power submitted comments on EPA’s proposal. On November 20, 2023, EPA published a supplemental notice of proposed rulemaking seeking public comment on recommended measures the agency should consider in an effort to mitigate electric system reliability concerns that numerous parties raised in comments on the proposal.

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On May 9, 2024, the final rule was published in the *Federal Register*. Four of the five actions EPA outlined in the proposal were finalized, with the exception being the guidelines for existing combustion turbines. The final rule requires new combustion turbine units to install CCS or comply with a CO₂ emission standard based on utilization. States must submit plans that set emission guidelines for existing units to EPA no later than May 2026. EPA's rule instructs states to include in those plans requirements that existing coal-fired units install CCS, co-fire significant natural gas, or set early retirement dates and that existing gas- or oil-fired steam electric generating units meet a CO₂ emission standard based on utilization. Compliance is required as early as January 1, 2030 or January 1, 2032, based on the type of unit and compliance option. Numerous states (either jointly or as part of a state coalition), utility coalition and other industry groups filed petitions for review of the rule and stay requests with the D.C. Circuit. On July 19, 2024, the D.C. Circuit denied the stay requests and petitioners filed an emergency stay request with the Supreme Court. Although that request was denied on October 16, 2024, several of the participating Justices expressed the opinion that petitioners were likely to succeed on the merits as to at least some of their challenges. Oral arguments were heard on December 6, 2024, but the case is currently being held in abeyance.

On June 11, 2025, EPA proposed to repeal all GHG rules for new and existing units issued under section 111 of the CAA. Based on a new interpretation of the cause and contribute portion of the pre-requisite for 111 regulations, EPA proposes that a separate finding must be issued before regulation of EGU carbon emissions can proceed and further proposes that this separate finding is inappropriate because EGUs do not significantly contribute to global CO₂ emissions. Alternatively, EPA proposes to repeal the standards in those rules that are derived from either full carbon capture or natural gas co-firing, along with the obligation for states to establish standards for existing gas-fired boilers. EPA's rule would have a significant impact on Alabama Power's

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operations and planning, but it is not possible to quantify that impact until state plans are issued, pending litigation is resolved, or EPA completes its reconsideration. As with all major air regulations affecting the Company, the courts will continue to play a significant role in the implementation of rules aimed at reducing GHG emissions from electric generating units.

US GHG Emissions Reduction Targets

On September 3, 2016, the United States joined the Paris Agreement, which includes a goal to hold global average temperature to well below 2°C above pre-industrial levels. In accordance with its terms—when at least 55 parties to the convention accounting for at least an estimated 55 percent of the total global greenhouse gas emissions formally joined the agreement—the Paris Agreement took effect on November 4, 2016. The United States’ country-specific contribution was an economy-wide emission target to reduce GHG emissions 26 to 28 percent below 2005 levels by 2025. However, on June 1, 2017, the United States announced it would withdraw from the Paris Agreement and the withdrawal became effective on November 4, 2020.

On January 20, 2021, the United States reversed course and accepted the Paris Agreement effective February 19, 2021. In April 2021, as part of a renewed commitment to the Paris Agreement, the President committed the United States to achieve a 50 to 52 percent reduction from 2005 levels in economy-wide net-zero greenhouse gas emissions by 2030. The President also emphasized his commitment to achieve a carbon-free power sector by 2035. However, on January 27, 2025, the United States submitted a notification to the United Nations to withdraw, once again, from the Paris Agreement. The withdrawal is set to become effective on January 27, 2026. At this time, the potential implications of any national initiatives, the Paris Agreement or any future international accord or treaty concerning constraint of GHG emissions are unknown.

WATER INITIATIVES

Steam Electric Effluent Limitations Guidelines (ELG) Revisions

EPA has promulgated multiple iterations of the ELG Rule over the past 10 years. The following is an overview of EPA's actions, including the 2015 Rulemaking, the 2020 Rulemaking, the recent 2024 Rulemaking, and proposed future rulemakings.

2015 ELG Rulemaking

On September 30, 2015, EPA issued a rulemaking revising the technology-based rules for steam-electric plants (**2015 ELG Rule**). Among other things, this rulemaking required dry or closed-loop ash handling and high levels of treatment for flue gas desulfurization (**FGD**) wastewater. The earliest compliance date for meeting the 2015 ELG Rule was November 1, 2018, with the latest possible compliance date of December 31, 2023¹.

On September 18, 2017, EPA released a final postponement rule that delayed the earliest compliance date for bottom ash transport water (**BATW**) and FGD wastewater streams from November 1, 2018 to November 1, 2020, to allow the agency time to reconsider the limitations imposed on these wastewater streams.

Due to overlapping requirements of the Coal Combustion Residuals (**CCR** or **CCRs**) rule and the 2015 ELG Rule, the Company installed dry or hybrid ash systems and new low volume wastewater

¹ On April 15, 2019, the Fifth Circuit Court of Appeals issued a decision vacating limited portions of the 2015 ELG Rule and directing EPA to reevaluate effluent limitations applicable to "legacy wastewaters" and combustion residual leachate. The Fifth Circuit's decision has not materially impacted Alabama Power because ADEM has applied the requirements of previously established effluent limitations (the 1982 ELGs) to the respective wastewater streams and Alabama Power is in compliance with those limits.

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treatment systems. All of the systems were made operational ahead of the April 2019 CCR cease receipt date.

2020 ELG Rulemaking

EPA finalized an ELG rulemaking focused solely on BATW and FGD wastewater on October 13, 2020, with an effective date of December 14, 2020 (**2020 ELG Rule**). The 2020 ELG Rule differed from the 2015 ELG Rule in several important respects. Key changes included: (1) establishing changes to the Best Available Technology (**BAT**) effluent limitations applicable to FGD wastewater and BATW, including making limitations for certain constituents more stringent; (2) altering the mandatory compliance timelines (including extending the latest “as soon as possible” date from December 31, 2023 to December 31, 2025) for the generally applicable limitations; (3) providing alternate compliance subcategories, in lieu of complying with the generally applicable limitations, for units/facilities willing to adhere to certain operational conditions; and (4) establishing an “automatic transfer” process allowing regulated entities to transfer among certain compliance options, subject to specified requirements.

Three alternate compliance options included in the 2020 ELG Rule were potentially relevant to the Company and its facilities along with complying with the generally applicable effluent limitations. The generally applicable effluent limitations were ultimately selected for Plant Miller. The permanent cessation of coal combustion (**PCCC**) by December 31, 2028 subcategory was chosen for both Plant Gaston and Plant Barry. The 2028 PCCC subcategory allows continued discharges of FGD wastewater and BATW without the installation of additional treatment technologies, provided the unit retires or repowers (i.e., transitions to a fuel source other than coal) by December 31, 2028. Participation in the subcategory required the submission of a tailored Notice of Planned Participation (**NOPP**) to the state regulatory authority (ADEM) followed by

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annual progress updates. The initial NOPPs were filed with ADEM on October 13, 2021, for Plants Barry and Gaston. ADEM timely modified the NPDES permits for Plants Barry and Gaston in 2022 and 2023, respectively, to incorporate the 2020 ELG Rule compliance options. Alabama Power has since submitted the required annual progress reports for both plants.

2024 ELG Rulemaking

For the third time in less than 10 years, EPA again revised the ELG limitations with a supplemental rulemaking published on May 8, 2024 and effective July 8, 2024 (**2024 ELG Rule**). The 2024 ELG Rule differed from both the 2015 and 2020 ELG Rules in several important areas. Key changes include: (1) setting zero liquid discharge (**ZLD**) BAT effluent limitations for FGD wastewater and BATW with an “as soon as possible” but no later than December 31, 2029 compliance date; and (2) setting new BAT limitations for both combustion residual leachate (**CRL**), unmanaged CRL and legacy wastewater. The new limitations require ZLD for CRL, as well as more stringent limits for legacy wastewater and unmanaged CRL. Both the 2028 PCCC subcategory and the automatic transfer provisions from the 2020 ELG Rule were left intact under the 2024 ELG Rule. The 2024 ELG rule also created a new 2034 PCCC subcategory for units complying with certain BAT compliance options from the 2020 ELG Rule that will retire or repower by December 31, 2034. To select this compliance subcategory, a NOPP must be filed with the regulatory agency by December 31, 2025. Alabama Power continues to review the 2024 ELG rule regarding compliance options for Plants Gaston, Barry and Miller.

Future Rulemakings

On October 2, 2025, EPA published a proposed rule to extend certain deadlines in the 2024 ELG Rule as well as a direct final rule to extend the NOPP deadline for participation in the PCCC 2034 subcategory. The direct final rule will become effective December 1, 2025 unless EPA receives

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adverse comments by November 3, 2025. In the proposed rule, the agency proposed an array of changes, including extending the 2034 PCCC NOPP filing deadline by 6 years (from December 31, 2025 to December 31, 2031) and extending the outward deadline for compliance with the generally applicable ZLD requirements by 5 years (from December 31, 2029 to December 31, 2034). The public has 30 days to comment on the proposal and EPA will also hold an online briefing. In this proposed rule, EPA has not changed the underlying technology bases for the effluent limitations based on BAT. However, this proposal solicits comment on that issue, specifically requesting information relating to new pilot plant studies and other data on technological availability; new engineering analysis, bids, and actual costs data; and reliability changes in the previous integrated resource planning cycle. EPA intends to reconsider the 2024 BAT requirements in a subsequent notice of proposed rulemaking.

ELG Legal Challenges

On November 2, 2020, environmental groups filed legal challenges to EPA's 2020 ELG Rule in the Court of Appeals for the **Fourth Circuit** and the D.C. Circuit. These two petitions for review were consolidated in the Fourth Circuit. The Court is still considering a contested motion by the Utility Water Act Group (**UWAG**) to transfer the case to the U.S. Court of Appeals for the **Fifth Circuit**, where litigation over the 2015 ELG Rule remains pending. The 2020 ELG rule case has been held in abeyance by the Court since EPA announced in 2021 its intent to again revisit the ELG rulemakings. Status updates are now submitted to the Court every ninety days.

In May 2024, an array of stakeholders (e.g., industry groups, states, NGOs) filed petitions for review challenging the final 2024 ELG rule in a number of U.S. Courts of Appeals. The cases have been consolidated in the U.S. Court of Appeals for the **Eighth Circuit**. Multiple parties requested a stay of the 2024 ELG Rule, which was denied by the Court on October 10, 2024. The

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parties submitted substantive briefing in 2024 and early in 2025. On February 19, 2025, certain parties requested the cases be held in abeyance and the Court granted that motion on February 28, 2025. The case remains in abeyance today and likely will not resume until after EPA issues one or both of the anticipated future rulemakings mentioned above.

Clean Water Act (CWA) Section 316(a)

Plant Gaston has thermal discharge limits for the months of June through September, and Plants Barry and Greene County have year-round thermal limits. These limits are predicated on studies the Company previously conducted demonstrating a lack of appreciable harm to the balanced indigenous population in the receiving waterbodies, meaning variances to otherwise applicable thermal limits were appropriate. Across the country, EPA has encouraged state permitting agencies to require permittees to conduct supplemental thermal discharge studies to demonstrate the continued lack of appreciable harm and verify that the existing thermal discharge variance remains appropriate.

Included in the current NPDES permits issued by ADEM for Plants Greene County, Gaston and Barry is a requirement to conduct another section 316(a) study during the five-year permit term. The agency required the submission of study plans for ADEM approval within 365 days of the effective dates of each respective permit. Alabama Power submitted the study plans as directed, received approval from ADEM, and has fully completed the associated analyses. Final section 316(a) reports for Greene County, Gaston, and Barry have been submitted to ADEM.

CWA Section 316(b)

Section 316(b) requires that “the location, design, construction and capacity of cooling water intake structures reflect the best technology available for minimizing adverse environmental

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impact.” After a series of rulemakings and court cases extending to the Supreme Court, a final rule was published in the *Federal Register* on August 15, 2014 (**316(b) Rule**). Permit writers are to establish requirements at each power plant or for each intake based on various required reports and information provided by the permittee. Options could range from continuing with the current intake structure configuration and operations to installing closed-cycle cooling towers. One common outcome could be the installation of “fish friendly” coarse mesh traveling screens and fish return troughs.

The 316(b) Rule lays out a set of studies that must be completed and submitted to the permitting authority to aid in determining which (if any) technologies could be required for each facility to achieve compliance. ADEM specified a schedule of compliance for completing and submitting these required studies to ADEM in the respective NPDES permits for Plants Greene County, Gaston, and Barry. Studies at other APC facilities were either already completed or not required due to various factors. The Company has now fulfilled and submitted to ADEM the study obligations in accordance with the requirements set forth in each permit for the three facilities. Additional requirements for 316(b) compliance (such as the installation of new intake technologies) may be required in the future as ADEM reviews the submitted studies and issues renewed NPDES permits incorporating their respective determinations.

CWA Section 404

Section 404 gives the Secretary of the Army, through the U.S. Army Corps of Engineers (**Corps of Engineers** or **Corps**), authority to permit the dredging from or filling of material into wetlands and streams deemed "waters of the United States" (**WOTUS**). This authorization may be received through the issuance of general permits (e.g., Nationwide Permits) or individual permits. Construction of transmission lines, substations, power plants and environmental control facilities

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may require the dredging or filling of wetlands and streams. Significant impacts to wetlands and streams must be mitigated in kind. A “**mitigation bank**” is a wetland, stream, or other aquatic resource area that has been restored, established, enhanced, or (in certain circumstances) preserved for the purpose of providing compensation for unavoidable impacts to aquatic resources permitted under section 404. To this end, Alabama Power is using mitigation banks managed either by the Company or by others in Alabama (through the purchase of mitigation credits), when needed.

WOTUS is the threshold term establishing the geographic scope of federal jurisdiction over wetlands and other waters under the CWA. It is currently defined in Alabama in accordance with rulemakings that EPA and the Corps of Engineers finalized prior to 2015, subject to the additional limitations established in the U.S. Supreme Court’s May 25, 2023 decision in *Sackett v. EPA*. Prior to the Supreme Court’s ruling, EPA and the Corps of Engineers had published the “Revised Definition of ‘Water of the United States’” rule on January 18, 2023, which took effect on March 20, 2023 (**January 2023 Rule**). Application of the “pre-2015” WOTUS regulations in Alabama stems from an April 12, 2023 preliminary injunction issued by the U.S. District Court for the District of North Dakota that prohibits the application of the January 2023 Rule in twenty-four states (including Alabama). A Texas district court has also enjoined the January 2023 Rule in Texas and Idaho.

Following these injunctions, the Supreme Court issued the *Sackett* decision in May 2023, which limited the reach of the CWA and determined that the statute is not applicable to an array of waters over which EPA and the Corps of Engineers historically have asserted regulatory jurisdiction. This included rejecting the seventeen-year-old “significant nexus” test from *Rapanos v. United States* in favor of a “continuous surface connection” test to determine what constitutes WOTUS. Because the *Sackett* decision rendered certain aspects of the January 2023 Rule invalid, EPA and

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the Corps finalized another rulemaking on September 8, 2023 to amend the January 2023 Rule to conform to the *Sackett* decision (**Conforming Rule**). Where the January 2023 Rule is not enjoined, agencies are implementing the January 2023 Rule, as amended by the Conforming Rule. In the other twenty-six states (including Alabama), WOTUS is currently defined by the pre-2015 regulatory scheme and the *Sackett* decision.

On March 12, 2025, EPA and the Corps issued guidance concerning proper implementation of the “continuous surface connection” test for defining WOTUS under both regulatory regimes. Two weeks later, the agencies initiated a rulemaking process to revise the definition of WOTUS to align with the *Sackett* decision. The proposed rule is currently undergoing interagency review in the Office of Management and Budget and is expected to be issued by the end of 2025 or in early 2026.

Hydro Licensing

The Federal Energy Regulatory Commission (**FERC**) issued a new hydro license for the Coosa Projects on June 20, 2013 (**Coosa License**). Because a number of provisions in the new license were not properly based on the FERC licensing record or were problematic operationally, Alabama Power sought rehearing of certain provisions in the Coosa License and a delay in their implementation until the rehearing process was complete. Alabama Rivers Alliance and American Rivers appealed the FERC order on the Coosa License to the D.C. Circuit, raising issues under NEPA and the ESA.

On January 12, 2018, the D.C. Circuit held oral argument in the Coosa License appeal. Alabama Power had intervened in support of FERC and U.S. Fish & Wildlife Service (**FWS**), but was not given an opportunity to participate in the oral argument. On July 6, 2018, the D.C. Circuit vacated

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the Coosa License and remanded it to FERC for further proceedings. Additionally, the Court deemed unlawful the biological opinion upon which the Coosa License had relied. Following the Court's decision, Alabama Power met with FERC staff as well as environmental regulators to review the changes in operations that had taken place to comply with the Coosa License to determine the compliance requirements for operation of the plants pending issuance of a new Coosa License.

On September 10, 2018, FERC issued a Notice of Reinstatement of Authorization for Continued Project Operation, which reinstated the three August 8, 2007 Notice of Authorizations and returned the July 28, 2005 application for the Coosa Project to a pending status. On October 30, 2018, FERC issued a scoping document for the Coosa Projects as well as a Notice of Intent (**NOI**) to prepare an Environmental Impact Statement (**EIS**) and solicit comments on the scoping document. The NOI also re-initiated informal consultation with FWS. Alabama Power filed comments with FERC on November 29, 2018. On January 8, 2019, FERC issued a revised scoping document as well as an additional information request for the Coosa Projects. FERC determined that the agency would be consulting directly with FWS on threatened and endangered species and expanded the geographic scope to include the entire Alabama-Coosa-Tallapoosa basin for cumulative effects. On September 27, 2019, FERC issued a second additional information request for the Coosa Project, with a response deadline of December 26, 2019. On March 10, 2020, FERC issued a third additional information request, to which Alabama Power responded on March 27, 2020.

On July 17, 2021, FERC issued the Draft Supplemental Environmental Impact Statement (**DSEIS**) for the Coosa River Project. The DSEIS recommended essentially no material changes to the Coosa License that was vacated by the D.C. Circuit in 2018. External comments were filed by several parties, including EPA, Alabama Rivers Alliance and American Rivers, Department of the

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Interior, Alabama Rivers Alliance and American Rivers. Alabama Power also submitted minor comments and clarifications along with a letter from ADEM stating that all the Coosa developments are meeting state water quality standards. Along with issuing the DSEIS, FERC requested formal consultation with FWS to develop a biological opinion for protection of threatened and endangered species, as required by NEPA before a new license can be issued. On January 18, 2022, FWS issued its final biological opinion for the relicensing of the Coosa River Project. In it, FWS addressed the ESA issues identified by the D.C. Circuit as needing further analysis, expanded upon the analysis contained in the 2012 Biological Opinion, and updated the opinion to include analysis of the relicensing impacts on additional species that have been added since 2012. In addition, FWS filed an updated programmatic biological opinion on July 15, 2022 to address shoreline permitting on the Lower Coosa reservoirs. This second consultation completed FERC's formal consultation with FWS.

On October 6, 2023, FERC released its Final Supplemental Environmental Impact Statement (FSEIS) in the remanded Coosa relicensing process. The FSEIS recommends issuing a new license to Alabama Power based on the license proposal as modified by a few Staff alternatives. Most significantly, the FSEIS is recommending that the new Coosa license require Alabama Power to meet a 5.0 mg/L dissolved oxygen (**DO**) standard at all times (generation and non-generation) in the tailraces of each development on the Coosa and in the Weiss bypass. FERC will now use the biological opinions and the FSEIS and to develop license articles.

On November 30, 2023, Alabama Power filed comments asking FERC to use the draft EIS that was issued in June 2021 to develop the final license requirements for the Coosa Project. In addition to this request, the Company proposed an alternative approach that involves deferring the issuance of the license to allow for further analysis to be conducted. On December 13, 2023, Southern

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Environmental Law Center (**SELC**), on behalf of Alabama Rivers Alliance and Coosa Riverkeeper, also filed comments on the FSEIS. On March 11, 2024, Alabama Power filed a supplemental comment letter with FERC that included two reports prepared by an outside engineering consultant evaluating the two technologies suggested by FERC in the FSEIS. On May 6, 2025, Alabama Power filed additional comments on the Final SEIS recommendation for maintaining a 5mg/l at all times in the tailraces of APC's Coosa River dams and is waiting for a final license to be issued by FERC.

Starting in September 2018, Alabama Power began the process to obtain a new operating license for the R.L. Harris Project, a multi-year endeavor that will include the evaluation of environmental, operational, and economic resource issues associated with the project and its relicensing. Alabama Power hosted numerous public and agency meetings, covering topics such as the history of the project, the current operations, current use of the surrounding lands, and proposed studies to be completed during relicensing. In addition, Alabama Power provided opportunities for stakeholders to bring up issues they felt should be addressed during relicensing.

On June 1, 2018, Alabama Power filed with FERC an NOI to relicense the Harris Project, as well as a Preliminary Application Document (**PAD**) that included all the information known about the potential issues that had been raised in the public meetings and draft study plans. This filing was the official start of the relicensing process. On July 31, 2018, FERC issued the scoping document for the Harris relicensing and requested comments on the PAD. FERC held two scoping meetings in Lineville on August 28-29, 2018 to tour the dam and current license recreation sites, solicit feedback from the agencies and public, and obtain input for its NEPA analysis.

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On November 13, 2018, Alabama Power filed updated proposed study plans that addressed comments filed with FERC regarding the PAD. Alabama Power's proposed studies were reviewed and approved by FERC with modifications on April 12, 2019. Alabama Power incorporated FERC's modifications and filed the final study plans on May 13, 2019. With the study plans finalized, Alabama Power began collecting the required data and scheduling public meetings with interested stakeholders. The first large public meeting to review how the studies were being implemented, as well as initial discussions on potential changes to the project, was held on September 11, 2019. Topics included proposed lake level changes, flows through the dam, water quality, erosion and sedimentation, and possible uses of Alabama Power land.

As required by FERC, Alabama Power filed six draft study reports on April 10, 2020. A required FERC meeting to review the study reports was held on April 28, 2020. All stakeholders were invited to participate. On July 10, 2020, Alabama Power submitted updated study reports to FERC that reflected stakeholder input or the Company's reasons for not incorporating that feedback. On August 10, 2020, FERC issued a letter to Alabama Power in which the Commission responded to stakeholder comments on the initial study reports and requested additional studies. FERC denied most of the stakeholder comments that Alabama Power declined to evaluate with the exception of two changes. First, FERC required Alabama Power to evaluate three more minimum flow alternatives in addition to the nine that Alabama Power was considering. Second, FERC agreed with Alabama Rivers Alliance that Alabama Power should evaluate the installation of a battery system that would store at least half the plant capacity for peak generation. This study would consider the feasibility and cost of such a system, including replacing or retrofitting the turbines.

Alabama Power completed year two of the study period and distributed the reports externally. Public meetings with the agencies and stakeholders began in April 2021. On June 29, 2021,

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Alabama Power filed the Preliminary License Proposal (**PLP**) for the Harris Project with FERC. FERC and stakeholders had until October 1, 2021 to provide comments. The Company filed the final license application with FERC on November 23, 2021. On December 23, 2021, FERC issued a letter requesting additional information on the Harris application to be filed within 90 days. On February 15, 2022, FERC requested further additional information on the Harris application to be filed within 60 days. Alabama Power submitted all the information requested by FERC. On April 14, 2022, FERC issued a notice for the Harris Project accepting the license application and soliciting motions to intervene and protests. Alabama Rivers Alliance, Lake Wedowee Property Owners Association and one downstream landowner filed motions to intervene. On August 28, 2022, FERC issued a third information request on the Harris project to which Alabama Power responded on December 27, 2022. On January 17, 2023, FERC issued its “Notice to Ready for Environmental Analysis, and Soliciting Comments, Recommendations, Preliminary Terms and Conditions and Preliminary Fish Passage Prescriptions”, with comments due on or before March 20, 2023. FERC received comment letters to which Alabama Power responded on May 2, 2023. Finally, on March 31, 2023, FERC issued a Notice of Intent to prepare an EIS. On November 21, 2024, FERC issued the draft EIS. Public meetings were held on December 16 and 17, 2024 and comments were due to FERC by January 20, 2025. On March 30, 2025, FERC issued the FEIS for the Harris Project. On August 12, 2025, FERC held a meeting with the Alabama Department of Conservation and Natural Resources (ADCNR) regarding ADCNR Section 10(j) recommendations for the Harris Project relicensing. The purpose of the meeting was for FERC and ADCNR to discuss the section 10(j) recommendations that FERC did not adopt in the FEIS. This was one of the last steps FERC must complete before it issues a new license for the Harris Project. Alabama Power anticipates that license issuance could happen by the end of 2025.

Endangered Species

Alabama is home to a number of threatened and endangered (T&E) species. One such species is the Gopher Tortoise, which has been listed as threatened in the western portions of south Alabama since 1987 and has been a candidate species for listing in the rest of south Alabama since 2011. Ongoing efforts by multiple agencies and organizations (including Alabama Power) are aimed at providing management tools that could eliminate the need for this additional level of protection. On October 11, 2022, the FWS determined that the eastern portion of Alabama was not warranted for listing and was removed from the candidate list.

In April 2015, the Northern Long-Eared Bat (NLEB) was listed as threatened and on March 22, 2022 FWS proposed to reclassify the species to endangered. FWS reclassified the NLEB to endangered on November 29, 2022. On September 13, 2022, FWS also proposed that the tri-colored bat be listed as endangered and a decision is expected later this year. These listings, as well as the endangered Indiana Bat, have the potential to impact transmission line construction as well as other projects that would require tree clearing. Responsive adjustments are being made to Alabama Power's operations, including efforts to clear vegetation in months when the bats are least likely to be impacted.

Alabama Power continues to address the impacts to its construction, maintenance and operations activities as threatened and endangered species are encountered.

TOXICS RELEASE INVENTORY

As part of the Emergency Planning and Community Right-to-Know Act (EPCRA), coal- and oil-fired electric power plants began in 1999 to provide EPA with data relative to specific chemicals

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released in the burning of fossil fuels. The report is part of a provision of the act known as the Toxics Release Inventory (**TRI**). A number of other industries had been reporting under this provision since 1987. While TRI neither sets emission limits nor establishes discharge requirements, the information in the inventory is made public. Currently, EPA and EPRI studies on power plants show that chemical emissions of TRI substances from coal- and oil-fired plants are not present in the air at levels that should pose a concern to public health. Historically, the largest TRI releases from coal-fired power plants have consisted of acid gases such as hydrochloric acid, sulfuric acid and hydrogen fluoride. With the installation and operation of scrubbers at several plants, Alabama Power has reduced the release of these aerosols by 95 percent.

COAL COMBUSTION RESIDUALS

On April 17, 2015, EPA finalized the first comprehensive set of minimum requirements for coal ash management and disposal (**CCR Rule**) under Subtitle D of the Resource Conservation and Recovery Act (**RCRA**). EPA designed the rule to be “self-implementing”; however, on December 16, 2016, Congress amended Subtitle D of RCRA to allow states to seek EPA approval of a state Coal Combustion Residuals (**CCR**) permitting program under which individualized facility permits would operate in lieu of the national criteria in the CCR Rule.

EPA’s CCR Rule provided two options to close ash ponds: (1) closure by removal (excavation and transport to a landfill); or (2) closure in place. ADEM implemented a state CCR permit program in 2018 with the same closure provisions as those of EPA. Beginning in 2018 and concluding in December 2021, ADEM provided information to EPA about the state program and requested EPA’s approval. Once EPA approves a state CCR program, the state’s ash pond permit governs the facility instead of federal regulations.

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After completing its regulations, ADEM issued permits to Alabama Power and other utilities to close ash ponds in place. EPA did not object to those permits. Beginning in January 2022, EPA issued new interpretations of its regulations to prohibit closures with ash in contact with groundwater. EPA's actions were subsequently challenged in court and on June 28, 2024, the D.C. Circuit ruled in favor of EPA.

EPA's Proposed Denial of ADEM's Program

On December 9, 2022, ADEM submitted a Notice of Intent to Sue letter to EPA regarding EPA's failure to act on ADEM's proposed state CCR Permitting Program, which was originally submitted to EPA on December 29, 2021. ADEM filed suit against EPA on April 3, 2023. On August 14, 2023, EPA issued its proposed determination to deny ADEM's CCR permit program because, according to EPA, ADEM's program fails to comply with federal CCR standards or alternative criteria that are at least as protective as the federal CCR requirements.

EPA issued a pre-publication version of its final decision on May 23, 2024, formalizing its decision to deny ADEM's CCR Permitting Program. Although ADEM's CCR regulations largely mirror the federal CCR regulations, EPA is denying ADEM's application based on EPA's assessment of ADEM's interpretation of the CCR regulations and implementation of its permit program. The Final Denial became effective 30 days after date of publication in the *Federal Register*, which occurred on June 7, 2024.

On July 15 and 24, 2025, Alabama Power and Southern Company met with EPA to seek reasonable, risk-based regulation of CCR units and proposal resolutions to the differing interpretations of the CCR regulations that are at the heart of EPA's denial of ADEM's program.

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Although the State of Alabama's CCR permit program was not approved by EPA, EPA has begun approving other states' programs.

Notice of Potential Violation (NOPV)

On January 31, 2023, EPA issued Alabama Power a NOPV and Opportunity to Confer letter regarding the ash pond closure at Plant Barry. The letter outlined potential violations of the federal CCR rule, specifically related to closure with ash in contact with groundwater as well as potential violations related to the groundwater monitoring system and emergency action plan. The Company has been proactive and transparent in providing EPA information regarding the technical and regulatory basis for its actions. Alabama Power responded to the NOPV and EPA's additional questions with:

- Five letters between March and July 2023 that provided approximately 85 pages of text and 101 attachments comprising more than 6,200 pages.
- An in-person meeting with EPA's technical experts and attorneys in Atlanta on May 9, 2023.

On December 6, 2023, EPA sent a letter stating that EPA's positions in its January 31 letter had not changed. The letter did not, however, include a formal allegation of violation and instead offered an opportunity for parties to pursue a resolution of the NOPV.

On September 25, 2024, Alabama Power and EPA entered into a Consent Agreement and Final Order for Plant Barry regarding additional actions the Company must take. The agreement resolves EPA's concerns about Alabama Power's groundwater monitoring system and emergency action plan. Importantly, nowhere in the agreement does EPA allege or determine that Alabama Power's CCR compliance program has affected any source of drinking water or otherwise endangered human life, animal or aquatic species, or the environment. Years of testing conducted

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by Alabama Power, as well as third-party expert reviews, have consistently shown no impact to the Mobile River.

As a condition of the agreement, the Company will add new groundwater monitoring wells to the already robust network of 38 wells at the site. The emergency action plan will be modified to include additional wording and descriptions to clarify the Company's preparedness for extreme weather conditions. The agreement also requires Alabama Power to pay a regulatory assessment fee.

On July 29, 2025, the Coosa Riverkeeper filed complaint against Alabama Power for alleged violations of RCRA and CCR regulations arising from the closed CCR unit at Plant Gadsden in Gadsden, Alabama. The complaint was filed the U.S. District Court for the Northern District of Alabama. Alabama Power disputes the allegations and will defend the suit. The Company recently defended the dismissal of a similar lawsuit by the Mobile Baykeeper related to Plant Barry ash pond at oral argument before the Eleventh Circuit on September 18, 2025.

Proposed Regulations

On May 8, 2024, EPA published to the *Federal Register* a final version of the Legacy Impoundment Rule. The rule became effective on November 8, 2024. Utilities and states (including Alabama) have challenged the rule in the D.C. Circuit and environmental groups have intervened. The utilities and states filed opening briefs on January 31, 2025. On February 13, 2025, EPA filed a motion to hold the case in abeyance until June 13, 2025 to allow review by new EPA leadership. EPA filed an additional motion to hold in abeyance until August 11, 2025 for the agency to reconsider the rule in whole or part.

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On July 17, 2025, EPA released a pre-publication of a direct final rule and companion proposed rule to extend compliance deadlines for CCR management units (**CCRMU**). In this direct final rule, EPA is allowing the two parts of the facility evaluation report (**FER**) to be prepared concurrently so long as both reports are submitted no later than February 8, 2027. Additionally, EPA is extending the deadline for certain groundwater monitoring provisions by 15 months, to no later than August 8, 2029. Since the FER and groundwater monitoring requirements serve as prerequisites for other CCRMU requirements, EPA is also making conforming changes to the remaining CCRMU compliance deadlines.

EPA has released a pre-publication version of its action to withdraw the CCRMU Deadline Extension direct final rule and extend the comment period on the companion proposed rule. EPA states it is withdrawing the direct final rule due to receipt of adverse comments, which was an anticipated outcome. For this reason, the comment period for the companion proposed rule has been reopened and comments were accepted through September 15, 2025.

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**ESTIMATED ENVIRONMENTAL CAPITAL EXPENDITURES FOR 2026–2030
Including Cost of Removal (Cost for Closure in Place Pursuant to CCR Rule)
GENERATION**

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**Table 1 – Summary of Generation Environmental Capital Expenditures for 2026–2030
(in thousands)**

2026 Capital Budget*

	2026	2027	2028	2029	2030
NOx Projects (SCRs)	9,048	18,321	14,437	12,089	12,249
SO2 Projects (Scrubbers)	4,439	9,552	1,466	1,420	824
CCR-LAND	2,887	2,488	1,718	1,422	500
Effluent Guidelines/NPDES	82,194	88,239	200,606	50,884	4,300
MATS	-	-	1,461	962	-
Particulate Matter (PM)	6,704	3,530	1,915	1,295	3,323
Hydro Aeration and Minimum Flow Projects	350	500	-	-	-
CEMS Projects	4,001	2,999	562	974	2,294
Sewage Treatment	-	-	300	-	-
Cooling Tower/Intake Structure	8,629	14,649	11,349	3,400	2,845
Environmental Projects - Total	118,252	140,279	233,814	72,446	26,335
Air	24,192	34,402	19,841	16,740	18,690
Land	2,887	2,488	1,718	1,422	500
Water	91,173	103,388	212,255	54,284	7,145
Environmental Projects - Total	118,252	140,279	233,814	72,446	26,335
*Third party offsets are included in the numbers above but are excluded in the Rate CNP Subpart C filing. Beginning May 1, 2027, Lindsay Hill capital items that are in service will be recovered through an application of Rate CNP Subpart C. Projections reflected in this document are subject to change based on various factors, including but not limited to future legislative and regulatory actions. Totals may not sum due to rounding					
Total CCR Expenditures (Including Cost of Removal by Closure in Place)					
	2026	2027	2028	2029	2030
Capital Expenditures for CCR	2,887	2,488	1,718	1,422	500
Cost of Removal (Closure in Place) for CCR (Not included in above dollars)	256,250	265,036	209,205	206,374	186,476
Total CCR	259,137	267,525	210,923	207,797	186,976
Totals may not sum due to rounding					

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Table 2 – Summary by Plant of Environmental Capital Expenditures for 2026–2030
(in thousands)

2026 Capital Budget

	2026	2027	2028	2029	2030
Total Barry	10,863	20,471	11,708	7,413	3,987
CEMS Projects	700	-	-	-	500
CCR-LAND	1,180	300	-	-	-
NOx Projects (SCRs)	-	3,500	-	-	-
SO2 Projects (Scrubbers)	300	7,150	-	-	-
Effluent Guidelines/NPDES	7,583	4,486	6,037	6,774	3,001
MATS	-	-	500	-	-
Cooling Tower/Intake Structure	300	5,035	5,171	639	486
Particulate Matter (PM)	800	-	-	-	-
Total Gaston	44,452	800	3,918	3,545	3,376
NOx Projects (SCRs)	4,922	-	200	2,499	500
SO2 Projects (Scrubbers)	-	-	-	55	-
Effluent Guidelines/NPDES	35,493	150	248	241	126
Cooling Tower/Intake Structure	438	650	3,170	250	250
Particulate Matter (PM)	3,598	-	-	500	2,500
Sewage Treatment	-	-	300	-	-
Total Greene Co	6,116	6,003	31	31	31
CEMS Projects	333	-	-	-	-
Effluent Guidelines/NPDES	31	31	31	31	31
Cooling Tower/Intake Structure	5,751	5,972	-	-	-
Total Miller	53,321	107,464	214,165	55,564	12,376
NOx Projects (SCRs)	4,126	13,821	13,877	7,142	8,684
Cooling Tower/Intake Structure	23	-	-	-	-
SO2 Projects (Scrubbers)	4,139	2,402	1,466	1,365	824
Particulate Matter (PM)	2,306	3,530	1,915	795	823
CCR-LAND	1,707	2,188	1,718	1,422	500
MATS	-	-	961	962	-
CEMS Projects	2,033	2,449	337	40	827
Effluent Guidelines/NPDES	38,987	83,073	193,892	43,837	718
Total Other*	3,151	5,042	3,993	5,893	6,567
CEMS Projects	935	550	225	934	968
NOx Projects (SCRs)	-	1,000	361	2,448	3,065
Effluent Guidelines/NPDES	100	500	399	-	425
Cooling Tower/Intake Structure	2,116	2,992	3,008	2,511	2,109
Total Hydro	350	500	-	-	-
Hydro Aeration and Minimum Flow Projects	350	500	-	-	-

*Third party offsets are included in the numbers above but are excluded in the Rate CNP Subpart C filing.
Beginning May 1, 2027, Lindsay Hill capital items that are in service will be recovered through an application of Rate CNP Subpart C.
Totals may not sum due to rounding

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Table 2 – Summary by Plant of Environmental Capital Expenditures for 2026–2030 (continued)
(in thousands)

Total CCR Expenditures (Including Cost of Removal by Closure in Place)					
	2026	2027	2028	2029	2030
Barry Capital Expenditures for CCR	1,180	300	-	-	-
Barry Cost of Removal (Closure in Place) for CCR (Not included in above amounts)	89,486	80,352	76,890	92,025	92,759
Barry Total CCR	90,666	80,652	76,890	92,025	92,759
Gadsden Capital Expenditures for CCR	-	-	-	-	-
Gadsden Cost of Removal (Closure in Place) for CCR (Not included in above amounts)	1,072	1,091	1,102	1,122	1,142
Gadsden Total CCR	1,072	1,091	1,102	1,122	1,142
Gaston Capital Expenditures for CCR	-	-	-	-	-
Gaston Cost of Removal (Closure in Place) for CCR (Not included in above amounts)	15,948	21,057	975	20,359	20,723
Gaston Total CCR	15,948	21,057	975	20,359	20,723
Gorgas Capital Expenditures for CCR	-	-	-	-	-
Gorgas Cost of Removal (Closure in Place) for CCR (Not included in above amounts)	63,376	84,758	92,927	89,417	68,339
Gorgas Total CCR	63,376	84,758	92,927	89,417	68,339
Greene Co. Capital Expenditures for CCR	-	-	-	-	-
Greene Co. Cost of Removal (Closure in Place) for CCR (Not included in above amounts)	24,584	18,636	17,536	1,467	1,494
Greene Co. Total CCR	24,584	18,636	17,536	1,467	1,494
Miller Capital Expenditures for CCR	1,707	2,188	1,718	1,422	500
Miller Cost of Removal (Closure in Place) for CCR (Not included in above amounts)	61,785	59,143	19,774	1,984	2,019
Miller Total CCR	63,492	61,331	21,492	3,406	2,519
Totals may not sum due to rounding					

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Table 3(a) – Plant Barry Environmental Capital Expenditures for 2026–2030
(in thousands)

2026 Capital Budget

	DESCRIPTION	2026	2027	2028	2029	2030
BARRY	Barry Unit 5 SCR Catalyst Replacement	-	3,000	-	-	-
BARRY	Barry Unit 5 SCR Expansion Joints	-	500	-	-	-
BARRY	Barry Unit 5 Jet Bubbling Reactor Alignment Grid Replacement	-	4,500	-	-	-
BARRY	Barry Unit 5 Scrubber Duct Expansion Joints	-	1,000	-	-	-
BARRY	Barry Unit 5 Flue Gas Desulfurization Motors	100	100	-	-	-
BARRY	Barry Unit 5 Flue Gas Desulfurization Pumps	200	200	-	-	-
BARRY	Barry Unit 5 Jet Bubbling Reactor Gearbox Replacement	-	1,000	-	-	-
BARRY	Barry Unit 5 Gas Cooling Duct Expansion Joints	-	350	-	-	-
BARRY	Barry Unit 5 Misc Pumps Valves	500	-	600	-	-
BARRY	Barry Unit 5 Bottom Ash Clinker Grinder	180	-	-	-	-
BARRY	Barry Unit 5 Remote Submerged Chain Conveyor Chain Replacement	700	-	-	-	-
BARRY	Barry Unit 5 Remote Submerged Chain Conveyor Motors	100	100	-	-	-
BARRY	Barry Unit 5 Remote Submerged Chain Conveyor Pumps	200	200	-	-	-
BARRY	Barry Common Environmental Transformer	-	1,000	1,996	4,992	-
BARRY	Barry Common Effluent Limitation Guidelines/NPDES	3,000	3,000	3,000	1,500	1,500
BARRY	Barry Common Environmental 4160 Switchgear Bus Breakers	-	50	-	-	-
BARRY	Barry Common Gravity Filter Feed Pump Motor/VFD Replacement	-	-	-	-	102
BARRY	Barry Common Gravity Filter Feed Pump Replacement	-	-	-	-	82
BARRY	Barry Common Lagoon A Pump Motor Replacement	-	-	-	-	60
BARRY	Barry Common Lagoon A Pump Replacement	-	-	-	-	56
BARRY	Barry Common Lagoon B Pump Motor Replacement	-	-	-	-	60
BARRY	Barry Common Lagoon B Pump Replacement	-	-	-	-	54
BARRY	Barry Common Landfill Sump Pump Motor Replacement	-	-	-	-	90
BARRY	Barry Common Landfill Sump Pump Replacement	-	-	-	-	84
BARRY	Barry Common Low Volume Waste Water 4160 Switchgear	-	50	-	-	-
BARRY	Barry Common Low Volume Waste Water 480 MCC Breakers	-	50	-	-	-
BARRY	Barry Common Low Volume Waste Water Collection Sump Pump Motor Replacement	-	-	-	-	50
BARRY	Barry Common Low Volume Waste Water Collection Sump Pump Replacement	-	-	-	-	50
BARRY	Barry Common Low Volume Waste Water Effluent Sump Pump Motor Replacement	-	-	-	-	30
BARRY	Barry Common Low Volume Waste Water Effluent Sump Pump VFD Replacement	-	-	-	-	30
BARRY	Barry Common Low Volume Waste Water Effluent Sump Pump Replacement	-	-	-	-	66
BARRY	Barry Common Low Volume Waste Water Feed Pump Motor/VFD Replacement	-	-	-	-	304
BARRY	Barry Common Low Volume Waste Water Feed Pump Replacement	-	-	-	-	68
BARRY	Barry Common Low Volume Waste Water Simulator Replacement	500	-	-	-	-
BARRY	Barry Common Low Volume Waste Water Storage Tank Modifications	250	-	-	-	-
BARRY	Barry Common Low Volume Waste Water Bulk Chemical Storage Tank	50	52	54	54	57
BARRY	Barry Common Low Volume Waste Freeze Protection	3,000	-	-	-	-
BARRY	Barry Common Gravity Filter Feed Tank	55	57	59	-	-
BARRY	Barry Common Mother Sump Pump Motor Replacement	50	50	50	50	50
BARRY	Barry Common Mother Sump Pump Motor VFD Replacement	38	37	38	38	38
BARRY	Barry Common Mother Sump Pump Replacement	75	75	75	75	75
BARRY	Barry Common Thickener Mechanism Replacement	-	-	-	-	30
BARRY	Barry Common Lab Analyzer Upgrades ECO	65	65	65	65	65
BARRY	Barry Common Mercury Monitor Replacement	-	-	100	-	-
BARRY	Barry Unit 1&2 Stack Work Phase 2	800	-	-	-	-
BARRY	Barry Unit 4 CEMS Data Loggers/NERC CIP CEMS	200	-	-	-	-
BARRY	Barry Unit 1 CEMS	250	-	-	-	250
BARRY	Barry Unit 2 CEMS	250	-	-	-	250
BARRY	Barry Unit 5 Particulate Matter CEMS - MATS	-	-	500	-	-
BARRY	Barry Unit 4 Intake Screens	-	4,535	4,522	-	-
BARRY	Barry Unit 1-3 Intake Screens	-	100	399	139	386
BARRY	Barry Unit 4&5 Intake Screens	300	400	100	500	100
BARRY	Barry Unit 5 ID Fan Lube Oil Cooling Tower Media	-	-	150	-	-
	Total Barry	10,863	20,471	11,708	7,413	3,987
	CEMS Projects	700	-	-	-	500
	CCR-LAND	1,180	300	-	-	-
	NOx Projects (SCRs)	-	3,500	-	-	-
	SO2 Projects (Scrubbers)	300	7,150	-	-	-
	Effluent Guidelines/NPDES	7,583	4,486	6,037	6,774	3,001
	MATS	-	-	500	-	-
	Cooling Tower/Intake Structure	300	5,035	5,171	639	486
	Particulate Matter (PM)	800	-	-	-	-

Totals may not sum due to rounding

Total Plant Barry CCR Expenditures (Including Cost of Removal by Closure in Place)

	DESCRIPTION	2026	2027	2028	2029	2030
Barry	Barry Capital Expenditures for CCR	1,180	300	-	-	-
Barry	Barry Cost of Removal (Closure in Place) for CCR (Not included in above amounts)	89,486	80,352	76,890	92,025	92,759
	Barry Total CCR	90,666	80,652	76,890	92,025	92,759

Totals may not sum due to rounding

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Table 3(b) – Plant Gadsden Environmental Capital Expenditures for 2026–2030
(in thousands)

2026 Capital Budget

Total Plant Gadsden CCR Expenditures (Including Cost of Removal by Closure in Place)		2026	2027	2028	2029	2030
	DESCRIPTION					
Gadsden	Gadsden Capital Expenditures for CCR	-	-	-	-	-
Gadsden	Gadsden Cost of Removal (Closure in Place) for CCR (Not included in above amounts)	1,072	1,091	1,102	1,122	1,142
	Gadsden Total CCR	1,072	1,091	1,102	1,122	1,142

Totals may not sum due to rounding

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Table 3(c) – Plant Gaston Environmental Capital Expenditures for 2026–2030
(in thousands)

2026 Capital Budget

	DESCRIPTION	2026	2027	2028	2029	2030
GASTON	Gaston Unit 5 Add CO Catalyst	2,922	-	-	2,499	-
GASTON	Gaston Unit 5 ECO Replace SCR Air Compressors	-	-	200	-	-
GASTON	Gaston Unit 5 SCR Catalyst Replacement	2,000	-	-	-	500
GASTON	Gaston Unit 5 Gypsum Clear Pond Pumps	-	-	-	55	-
GASTON	Gaston Unit 5 Cooling Tower Bleach Dechlorination Pump	-	-	20	-	-
GASTON	Gaston Unit 5 Cooling Tower Bleach Injection Tank	80	-	-	-	-
GASTON	Gaston Unit 5 Cooling Tower Fill Replacement	-	-	2,500	-	-
GASTON	Gaston Unit 5 Cooling Tower Gearboxes/Blades	250	250	250	250	250
GASTON	Gaston Unit 5 Repl Power Feed to Cooling Tower	-	400	400	-	-
GASTON	Gaston Unit 5 Closed Cycle Cooling Monitor	108	-	-	-	-
GASTON	Gaston Unit 5 Dry Stack Expansion Joints	600	-	-	-	-
GASTON	Gaston Unit 5 Dry Stack Phase 2 & 3	2,999	-	-	-	-
GASTON	Gaston Unit 5 Precipitator Bypass Ductwork	-	-	-	500	2,500
GASTON	Gaston Unit 5 Gas Conversion Project	35,386	-	-	-	-
GASTON	Gaston Unit 5 Low Volume Waste Water Pond Chemical Island Pumps	-	40	-	25	-
GASTON	Gaston Unit 5 Low Volume Waste Water Analyzers	-	-	45	-	-
GASTON	Gaston Unit 5 Replace ECO Fan Yard Sumps	107	110	112	126	126
GASTON	Gaston Unit 5 Chemical Tanks and Piping	-	-	90	90	-
GASTON	Gaston Unit 5 Sewage Plant Filter Replacement	-	-	50	-	-
GASTON	Gaston Unit 5 Sewage Plant Screen Replacement	-	-	250	-	-
	Total Gaston	44,452	800	3,918	3,545	3,376
	NOx Projects (SCRs)	4,922	-	200	2,499	500
	SO2 Projects (Scrubbers)	-	-	-	55	-
	Effluent Guidelines/NPDES	35,493	150	248	241	126
	Cooling Tower/Intake Structure	438	650	3,170	250	250
	Particulate Matter (PM)	3,598	-	-	500	2,500
	Sewage Treatment	-	-	300	-	-
Totals may not sum due to rounding						
Total Plant Gaston CCR Expenditures (Including Cost of Removal by Closure in Place)						
	DESCRIPTION	2026	2027	2028	2029	2030
Gaston	Gaston Capital Expenditures for CCR	-	-	-	-	-
Gaston	Gaston Cost of Removal (Closure in Place) for CCR (Not included in above amounts)	15,948	21,057	975	20,359	20,723
	Gaston Total CCR	15,948	21,057	975	20,359	20,723
Totals may not sum due to rounding						

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Table 3(d) – Plant Gorgas Environmental Capital Expenditures for 2026–2030
(in thousands)

2026 Capital Budget

Total Plant Gorgas CCR Expenditures (Including Cost of Removal by Closure in Place)						
	DESCRIPTION	2026	2027	2028	2029	2030
Gorgas	Gorgas Capital Expenditures for CCR	-	-	-	-	-
Gorgas	Gorgas Cost of Removal (Closure in Place) for CCR (Not included in above amounts)	63,376	84,758	92,927	89,417	68,339
	Gorgas Total CCR	63,376	84,758	92,927	89,417	68,339
Totals may not sum due to rounding						

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Table 3(e) – Plant Greene Co. Environmental Capital Expenditures for 2026–2030
(in thousands)

2026 Capital Budget

DESCRIPTION		2026	2027	2028	2029	2030
GREENE CO	Greene County Unit 1&2 Low Volume Waste Water	31	31	31	31	31
GREENE CO	Greene County Unit 1&2 CEMS Shelter and Analyzers	333	-	-	-	-
GREENE CO	Greene County Unit 1&2 Intake Screens	5,751	5,972	-	-	-
	Total Greene Co	6,116	6,003	31	31	31
	CEMS Projects	333	-	-	-	-
	Effluent Guidelines/NPDES	31	31	31	31	31
	Cooling Tower/Intake Structure	5,751	5,972	-	-	-
Totals may not sum due to rounding						
Total Plant Greene Co. CCR Expenditures (Including Cost of Removal by Closure in Place)						
DESCRIPTION		2026	2027	2028	2029	2030
Greene Co.	Greene Co. Capital Expenditures for CCR	-	-	-	-	-
Greene Co.	Greene Co. Cost of Removal (Closure in Place) for CCR (Not included in above amounts)	24,584	18,636	17,536	1,467	1,494
	Greene Co. Total CCR	24,584	18,636	17,536	1,467	1,494
Totals may not sum due to rounding						

Table 3(f) – Plant Miller Environmental Capital Expenditures for 2026–2030
(in thousands)

2026 Capital Budget

	DESCRIPTION	2026	2027	2028	2029	2030
MILLER	Miller Unit 1 Replace Unit Seg Valves	69	-	-	-	69
MILLER	Miller Unit 1 Replace Precip Inlet Exp Joint	459	918	-	-	-
MILLER	Miller Unit 1 Replace SCR Ammonia Vaporization Skid	390	92	-	-	-
MILLER	Miller Unit 1 Replace SCR Catalyst	1,333	4,593	618	2,229	1,197
MILLER	Miller Unit 1 Replace Screw Feeder	-	184	-	-	-
MILLER	Miller Unit 1 Precipitator Control & Management System	-	28	-	-	-
MILLER	Miller Unit 1 Replace Clinker Grinders	-	344	-	-	-
MILLER	Miller Unit 1 Replace Fly Ash Seg/Dust Valves	-	-	73	73	73
MILLER	Miller Unit 1 Replace Fly Ash Air Compressors	-	-	367	-	-
MILLER	Miller Unit 1 Replace Dry Stack Exp Joint	-	69	-	-	-
MILLER	Miller Unit 1 Replace SCR Ash Popcorn Screens	-	-	-	918	-
MILLER	Miller Unit 1 Replace SCR Air Cannons	92	-	-	-	-
MILLER	Miller Unit 1 Replace FGD Absorber Duct Work Expansion Joints	-	46	-	-	-
MILLER	Miller Unit 1 Replace FGD Mist Eliminator Piping	-	321	-	-	-
MILLER	Miller Unit 1 Replace Fly Ash Seg/Dust Valves	71	74	73	66	72
MILLER	Miller Unit 1 Replace Precip Elevator	695	-	-	-	-
MILLER	Miller Unit 1 Replace Flue Gas Desulfurization Recycle Pumps	276	-	-	-	-
MILLER	Miller Unit 2 Replace Precip Inlet Exp Joint	459	918	-	-	-
MILLER	Miller Unit 2 Replace SCR Ammonia Vaporization Skid	390	92	-	-	-
MILLER	Miller Unit 2 Replace SCR Catalyst	1,325	4,661	689	2,296	1,378
MILLER	Miller Unit 2 Replace Unit Seg Valves	-	69	-	-	-
MILLER	Miller Unit 2 Replace FGD Absorber Duct Work Expansion Joints	-	46	-	-	-
MILLER	Miller Unit 2 Replace FGD Mist Eliminator Piping	-	321	-	-	-
MILLER	Miller Unit 2 Replace FGD Recycle Pumps	-	276	-	-	-
MILLER	Miller Unit 2 Replace Screw Feeder	-	-	184	-	-
MILLER	Miller Unit 2 Replace Fly Ash Air Compressors	-	-	367	-	-
MILLER	Miller Unit 2 Replace Clinker Grinders	-	-	-	344	-
MILLER	Miller Unit 2 Replace SCR Air Cannons	90	-	-	-	-
MILLER	Miller Unit 2 Replace Fly Ash Seg/Dust Valves	36	73	73	73	73
MILLER	Miller Unit 2 Replace Dry Bottom Ash Transport Line	743	-	-	-	-
MILLER	Miller Unit 3 Replace Dry Bottom Ash Transport Line	500	500	-	-	-
MILLER	Miller Unit 3 Replace SCR Air Cannons	-	100	-	-	-
MILLER	Miller Unit 3 Replace SCR Catalyst	-	1,500	5,000	750	2,610
MILLER	Miller Unit 3 Replace Unit Seg Valves	-	-	75	-	-
MILLER	Miller Unit 3 Replace Clinker Grinders	-	-	375	-	-
MILLER	Miller Unit 3 Replace SCR Ammonia Vaporization Skid	-	-	100	-	-
MILLER	Miller Unit 3 Replace SCR FGAS Fans	-	-	650	-	-
MILLER	Miller Unit 3 Replace FGD Recycle Pumps	-	-	300	-	-
MILLER	Miller Unit 3 Replace FGD Absorber Duct Work Expansion Joints	-	-	50	-	-
MILLER	Miller Unit 3 Replace FGD Mist Eliminator Piping	-	-	350	-	-
MILLER	Miller Unit 3 Replace SCR Ash Popcorn Screens	-	-	-	-	1,000
MILLER	Miller Unit 3 Dry Ash Exhaust Piping	-	-	-	-	-
MILLER	Miller Unit 3 Replace Screw Feeder	200	-	-	-	-
MILLER	Miller Unit 3 Replace Fly Ash Seg/Dust Valves	40	230	80	80	80
MILLER	Miller Unit 4 Replace Fly Ash Air Compressors	75	400	-	-	-
MILLER	Miller Unit 4 Replace Dry Bottom Ash Transport Line	-	400	400	-	-
MILLER	Miller Unit 4 Replace SCR Ammonia Vaporization Skid	-	100	-	-	-
MILLER	Miller Unit 4 Replace SCR Catalyst	-	1,445	5,449	748	2,500
MILLER	Miller Unit 4 Replace SCR Ash Popcorn Screens	-	750	250	-	-
MILLER	Miller Unit 4 Replace SCR FGAS Fans	-	150	650	-	-
MILLER	Miller Unit 4 Replace FGD Recycle Pumps	-	-	-	300	-
MILLER	Miller Unit 4 Replace FGD Absorber Duct Work Expansion Joints	-	-	50	-	-
MILLER	Miller Unit 4 Replace FGD Mist Eliminator Piping	-	50	-	-	-
MILLER	Miller Unit 4 Replace Unit Seg Valves	-	-	-	75	-
MILLER	Miller Unit 4 Replace Screw Feeder	-	-	-	200	-
MILLER	Miller Unit 4 Replace Clinker Grinders	-	-	-	-	375
MILLER	Miller Unit 4 Dry Ash Exhaust Piping	-	483	-	-	-
MILLER	Miller Unit 4 Replace Fly Ash Seg/Dust Valves	80	85	81	82	80
MILLER	Miller Common Units 1-4 Replace Bottom Ash Air Compressors	48	422	767	37	-
MILLER	Miller Common Units 1-4 Dry Ash Client & Server Upgrade	128	384	-	-	-
MILLER	Miller Common Units 1-4 Replace FGD Air Compressors	192	192	192	192	-
MILLER	Miller Common Units 1-4 Replace Silo Condition Water Pumps	-	-	96	-	98
MILLER	Miller Common Units 1-4 Replace Flue Gas Desulfurization WW Off Spec Agitator	-	192	-	-	-
MILLER	Miller Common Units 1-4 Replace Flue Gas Desulfurization WW HCOF Agitator	-	-	-	34	-
MILLER	Miller Common Units 1-4 Replace Flue Gas Desulfurization WW Large Agitator Gearbox	-	-	-	86	-
MILLER	Miller Common Units 1-4 Replace Waste Water Chemical Sump & Motor	-	-	-	-	48
MILLER	Miller Common Units 1-4 Replace Waste Water Misc Valves	94	94	94	94	94
MILLER	Miller Common Units 1-4 Replace Waste Water Pipe Trains Ballast to Polymer Tank	73	-	-	-	-
MILLER	Miller Common Units 1-4 Waste Water Client & Server Upgrade	661	-	-	-	477
MILLER	Miller Common Units 1-4 Combustion Residual Leachate Zero Liquid Discharge System	5,575	13,758	27,540	5,716	-
MILLER	Miller Common Units 1-4 FGDW Zero Liquid Discharge Treatment System	31,998	69,220	166,162	38,027	-
MILLER	Miller Common Units 1-4 Install Freeze Prot ECO	535	-	-	-	-
MILLER	Miller Common Units 1-4 ECO HVAC Replacements	244	244	244	244	244
MILLER	Miller Common Units 1-4 Install Flue Gas Desulfurization Makeup Water UV Treatment	2,155	-	-	-	-
MILLER	Miller Common Units 1-4 Replace Racking Motors ECO	48	48	48	48	48
MILLER	Miller Common Units 1-4 Flue Gas Desulfurization Dewatering Cloth Filter Belt B	38	-	38	-	38
MILLER	Miller Common Units 1-4 Flue Gas Desulfurization Dewatering Main Filter Belt B	631	-	-	-	-
MILLER	Miller Common Units 1-4 Replace Flue Gas Desulfurization Hydrocyclone A&B	245	-	-	-	-
MILLER	Miller Common Units 1-4 Replace Flue Gas Desulfurization Waste Water Misc Valves	68	94	94	94	94
MILLER	Miller Common Units 1-4 Replace Flue Gas Desulfurization Waste Water Sludge Pump Skids	242	-	-	-	-

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Table 3(f) – Plant Miller Environmental Capital Expenditures for 2026–2030
(in thousands)

2026 Capital Budget

DESCRIPTION		2026	2027	2028	2029	2030
MILLER	Miller Common Units 1-4 Replace Bottom Ash Transport Exhausters	288	-	-	288	-
MILLER	Miller Common Units 1-4 PM CEMS - MATS	-	-	961	962	-
MILLER	Miller Common Units 1&2 Replace SCR Air Compressors	138	138	138	-	-
MILLER	Miller Common Units 1&2 Precip Outlet Duct Expansion Joints	321	321	-	-	-
MILLER	Miller Common Units 1&2 Replace Cooling Tower Sulfuric Acid Tanks	23	-	-	-	-
MILLER	Miller Common Units 1&2 Replace FGD Inlet Expansion Joint	-	-	-	367	-
MILLER	Miller Common Units 1&2 Install A Auto transfer switch 480v source	-	46	-	-	-
MILLER	Miller Common Units 1&2 Install B Auto transfer switch 480v source	-	46	-	-	-
MILLER	Miller Common Units 1&2 Replace FGD DGA Monitors on Transformers	-	230	-	-	-
MILLER	Miller Common Units 1&2 Replace FGD Inlet CEMS Sample Umbilical	-	115	-	-	-
MILLER	Miller Common Units 1&2 Replace FGD Stack CEMS Sample Umbilical	-	161	-	-	-
MILLER	Miller Common Units 1&2 Replace Dry Bottom Ash Transport Line	-	-	551	597	-
MILLER	Miller Common Units 1&2 Replace PA Compressor for FGD Inlet CEMS Shelter	-	-	37	-	-
MILLER	Miller Common Units 1&2 Replace Mercury Inlet CEMS Shelter	-	-	-	-	827
MILLER	Miller Common Units 1&2 Replace Flue Gas Desulfurization Inlet CEMS Shelter	328	11	-	-	-
MILLER	Miller Common Units 1&2 Replace Flue Gas Desulfurization Stack CEMS Shelter	710	24	-	-	-
MILLER	Miller Common Units 1&2 Replace Mercury Inlet CEMS Sample Umbilical	234	8	-	-	-
MILLER	Miller Common Units 1&2 Replace Stack Mercury CEMS Shelter	761	31	-	-	-
MILLER	Miller Common Units 3&4 Precip Outlet Duct Expansion Joints	-	-	350	-	-
MILLER	Miller Common Units 3&4 Replace Mercury Inlet CEMS Sample Umbilical	-	200	-	-	-
MILLER	Miller Common Units 3&4 Replace Flue Gas Desulfurization Inlet CEMS Shelter	-	350	-	-	-
MILLER	Miller Common Units 3&4 Replace Flue Gas Desulfurization Stack CEMS Shelter	-	750	-	-	-
MILLER	Miller Common Units 3&4 Replace Stack Mercury CEMS Shelter	-	800	-	-	-
MILLER	Miller Common Units 3&4 Replace FGD Inlet CEMS Sample Umbilical	-	-	125	-	-
MILLER	Miller Common Units 3&4 Replace FGD Stack CEMS Sample Umbilical	-	-	175	-	-
MILLER	Miller Common Units 3&4 Install A Auto transfer switch 480v source	-	-	50	-	-
MILLER	Miller Common Units 3&4 Install B Auto transfer switch 480v source	-	-	50	-	-
MILLER	Miller Common Units 3&4 Replace FGD DGA Monitors on Transformers	-	250	-	-	-
MILLER	Miller Common Units 3&4 Replace Dry Bottom Ash Transport Line	-	-	-	500	500
MILLER	Miller Common Units 3&4 Replace PA Compressor for FGD Inlet CEMS Shelter	-	-	-	40	-
MILLER	Miller Common Units 3&4 Replace FGD Inlet Expansion Joint	-	-	-	-	400
MILLER	Miller Install Stormwater Ditch	26	-	-	-	-
MILLER	Miller Common Units 3&4 ECO Replace CT Sulfuric Acid Tanks	25	-	-	-	-
MILLER	Miller Common Units 3&4 Replace SCR Air Compressors	166	17	150	-	-
	Total Miller	53,321	107,464	214,165	55,564	12,376
	NOx Projects (SCRs)	4,126	13,821	13,877	7,142	8,684
	Cooling Tower /Intake Structure	23	-	-	-	-
	SO2 Projects (Scrubbers)	4,139	2,402	1,466	1,365	824
	Particulate Matter (PM)	2,306	3,530	1,915	795	823
	CCR-LAND	1,707	2,188	1,718	1,422	500
	MATS	-	-	961	962	-
	CEMS Projects	2,033	2,449	337	40	827
	Effluent Guidelines/NPDES	38,987	83,073	193,892	43,837	718
Totals may not sum due to rounding						
Total Plant Miller CCR Expenditures (Including Cost of Removal by Closure in Place)						
DESCRIPTION		2026	2027	2028	2029	2030
Miller	Miller Capital Expenditures for CCR	1,707	2,188	1,718	1,422	500
Miller	Miller Cost of Removal (Closure in Place) for CCR (Not included in above amounts)	61,785	59,143	19,774	1,984	2,019
	Miller Total CCR	63,492	61,331	21,492	3,406	2,519
Totals may not sum due to rounding						

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Table 4 – Other Generation Environmental Capital Expenditures for 2026–2030
(in thousands)

2026 Capital Budget

	DESCRIPTION	2026	2027	2028	2029	2030
LINDSAY HILL	Cooling Tower Drift Eliminator Media	-	-	500	-	-
LINDSAY HILL	Cooling Tower Fan	161	-	172	-	184
LINDSAY HILL	Cooling Tower Structure	51	82	50	84	50
LINDSAY HILL	Cooling Tower Gearboxes	114	61	123	67	135
LINDSAY HILL	SCR	-	-	361	1,448	-
LINDSAY HILL	CEMS Analyzers	88	-	-	-	-
WASHINGTON CO	Cooling Tower Drift Eliminator Media	-	-	100	-	-
WASHINGTON CO	Cooling Tower Media	-	-	350	-	-
WASHINGTON CO	Cooling Tower Structure	300	300	300	300	300
WASHINGTON CO	Waste Water Cooling Tower	-	-	-	200	-
WASHINGTON CO	Cooling Tower Gearboxes	80	80	80	80	80
WASHINGTON CO	Waste Water Cooling Tower Media	-	-	-	100	-
WASHINGTON CO	Neutralization Tank and System	-	200	-	-	-
WASHINGTON CO	Service Water Tower	-	-	-	-	300
WASHINGTON CO	Service Water Tower Media	-	-	-	-	125
THEODORE	Cooling Tower Gearboxes	-	-	-	156	-
THEODORE	Cooling Tower Structure	300	300	300	350	360
THEODORE	Neutralization Tank Pumps (Waste water)	100	200	-	-	-
THEODORE	Water Plant	-	100	399	-	-
GREENE CO CT	Greene County CT CEMS	747	-	-	-	-
LOWNDES	Lowndes County Cogen CEMS	-	250	-	-	-
BARRY CC	Barry Unit 6 Replace CEMS Monitoring Equipment	-	-	-	351	366
BARRY CC	Barry Unit 7 Replace CEMS Monitoring Equipment	-	-	-	351	366
BARRY CC	Barry Unit 6&7 CEMS Building HVAC	-	200	-	-	-
BARRY CC	Barry Unit 6&7 Cooling Tower Structure	300	1,101	301	301	300
BARRY CC	Barry Unit 6&7 Cooling Tower Gear Box Vibration Monitoring System	-	250	-	-	-
BARRY CC	Barry Unit 8 Cooling Tower Structure	100	100	100	100	100
BARRY CC	Barry Unit 6 Cooling Tower Gearbox	80	80	80	80	80
BARRY CC	Barry Unit 7 Cooling Tower Gearbox	80	80	80	80	80
BARRY CC	Barry Unit 8 Cooling Tower Fill/Drift Eliminator	-	-	-	400	-
BARRY CC	Barry Unit 6 SCR Catalyst	-	-	-	-	1,500
BARRY CC	Barry Unit 7 SCR Catalyst	-	-	-	-	1,500
BARRY CC	Barry Unit 8 SCR Catalyst	-	1,000	-	1,000	-
CENTRAL ALABAMA	Cooling Tower Fan	161	-	172	-	184
CENTRAL ALABAMA	Cooling Tower Fan Gearbox	114	61	127	-	135
CENTRAL ALABAMA	Cooling Tower Make-Up Pump & Motor	-	60	66	-	-
CENTRAL ALABAMA	Cooling Tower Structure	51	83	51	84	56
CENTRAL ALABAMA	Cooling Tower pH Tank	175	200	-	-	-
CENTRAL ALABAMA	Cooling Tower Riser Valves	50	53	57	61	66
CENTRAL ALABAMA	Cooling Tower Vibration System	-	100	-	-	-
CENTRAL ALABAMA	Cooling Tower Fan Gearbox	-	-	-	67	-
CENTRAL ALABAMA	Ammonia Vaporizers	-	-	-	-	65
CENTRAL ALABAMA	Stack Expansion Joint	-	-	125	-	-
CENTRAL ALABAMA	Stack Expansion Joint	-	-	-	-	135
CENTRAL ALABAMA	Stack Expansion Joint	-	-	-	132	-
CALHOUN	Common CEMS	100	100	100	100	100
	Total Other*	3,151	5,042	3,993	5,893	6,567
	CEMS Projects	935	550	225	934	968
	NOx Projects (SCRs)	-	1,000	361	2,448	3,065
	Effluent Guidelines/NPDES	100	500	399	-	425
	Cooling Tower/Intake Structure	2,116	2,992	3,008	2,511	2,109

*Third party offsets are included in the numbers above but are excluded in the Rate CNP Subpart C filing.
Beginning May 1, 2027, Lindsay Hill capital items that are in service will be recovered through an application of Rate CNP Subpart C.
Totals may not sum due to rounding

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Table 5 – Hydro Generation Environmental Capital Expenditures for 2026–2030
(in thousands)

2026 Capital Budget

	DESCRIPTION	2026	2027	2028	2029	2030
HYDRO	Coosa System - Adaptive Mgmt Plan for Habitat of Endangered Species	350	500	-	-	-
	Total Hydro	350	500	-	-	-
	Hydro Aeration and Minimum Flow Projects	350	500	-	-	-
Totals may not sum due to rounding						

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ESTIMATED ENVIRONMENTAL O&M EXPENSE FOR 2026–2030

Table 6 – Environmental O&M Expense for 2026–2030

2026 O&M Budget and Forecast

Work Type	Environmental Activities	2026	2027	2028	2029	2030
E316A	316A Regulation	146,052	147,177	149,270	150,577	144,240
E316B	316B Regulation	886,319	887,444	929,126	910,069	895,292
EDISPD, EDISPS	Enviro Disposal Activity-Enviro Affairs Compliance	515,363	517,682	533,456	530,256	503,152
EHYDR1	Coosa/Warrior/Tallapoosa Shoreline Studies, ESA studies & cons	819,930	822,318	854,029	842,777	827,922
EHYDR6	Enviro Trout Stocking - Smith Tailrace	39,520	40,714	38,758	43,271	40,219
EHYDR11	Enviro Fish Culture Facility	664,494	665,688	695,155	682,527	661,608
EHYDR12	Enviro Fisheries Habitat Enhancement	493,241	494,435	514,744	506,828	489,541
EHYDR9	Enviro Wildlife Habitat Enhancement&Restoration	1,216,673	1,217,867	1,276,864	1,249,046	1,249,129
EMERC	Environmental Mercury Rata Testing	1,598,286	1,624,741	1,679,581	1,685,317	1,638,553
COMPENO,COMPENS,COMPENV	Compliance-Environmental	82,594,176	88,396,800	69,316,932	68,484,579	70,996,109
ASHSALE	Ash Sales	(10,792,000)	(9,783,840)	(9,979,517)	(10,179,107)	(10,382,690)
GYPSALE	Gypsum Sales	(1,251,401)	(1,016,129)	(881,149)	(796,460)	(820,229)
ASLUICE	Ash Sluice	99,164	97,035	101,265	105,925	110,865
BASH	Bottom Ash	2,962,604	4,514,424	3,556,990	3,175,064	3,250,883
FASH	Fly Ash	4,620,190	3,511,263	3,389,702	1,925,557	1,993,897
ADISP,ADCOST	Ash Disposal	2,252,165	2,255,229	2,281,066	2,317,515	2,387,602
PRECIP	Precipitator	770,616	858,137	1,647,034	1,606,645	1,697,280
BAGHOUSE	Bag House	1,075,164	172,075	175,307	178,928	182,788
STACK	Stack	849,435	888,974	827,220	832,290	826,762
CEMS,CEMSO,CEMSS	CEMS-All Assoc. Devices	4,631,774	4,890,335	4,971,808	4,970,911	5,183,291
INJECT, INJECTCHEM	Injection Systems	1,088,299	1,105,450	1,129,349	1,015,446	1,047,402
DUSTCOAL, DUSTCHEM, DUSTMAINT	Dust Suppression	2,944,312	3,011,056	3,073,871	3,112,153	3,208,194
COOLT	Cooling Towers	5,667,292	6,147,149	6,816,258	6,596,960	6,839,007
WASTEWTR	Waste Water	931,765	968,263	988,009	999,640	1,036,654
PROCWTR	Plant Process Waste Water Treatment	8,462,205	8,649,667	8,360,952	8,324,863	8,581,681
HYDROENV/OXYGEN	Environmental Projects (Hydro)	4,746,782	4,931,205	5,076,094	5,121,464	5,326,263
FGHAND	Flue Gas Handling	1,843,984	1,574,864	1,606,361	603,806	621,921
LIME, LIMEHAND	Limestone Handling	12,753,222	10,462,520	10,647,534	9,559,080	9,700,344
GHAND	Gypsum Handling	2,637,759	2,350,661	1,377,675	676,167	696,452
OXAIR	Oxidation Air	263,454	77,983	79,543	47,870	49,307
SWATER	Water Treatment	243,088	170,950	148,869	34,749	35,791
FGDBUILD	Service Facilities-Scrubber Sys	1,958,965	1,479,924	1,505,691	1,415,187	1,460,857
FGDFIRE	Fire Protection-Scrubber Sys	135,668	138,781	141,973	94,713	97,779
SWSTWTR	Waste Water Treatment	3,276,799	3,077,183	1,929,375	1,950,959	2,010,980
SCRUBV, SRESPRAY	Scrubber Vessel	6,581,446	6,405,674	5,295,439	4,526,260	5,048,041
SCRCHEM	Ammonia Injection Grid	8,342,652	8,520,717	8,702,155	7,813,321	7,997,546
SCRMAINT	Selective Catalytic Reduction	4,903,024	3,823,202	5,734,499	3,497,541	4,172,768
		\$ 160,972,979	\$ 164,097,618	\$ 144,691,287	\$ 134,612,694	\$ 139,807,202

*Third party offsets are included in the numbers above but are excluded in the Rate CNP Subpart C filing.
 Above totals include Lindsay Hill. See August 13, 2025 Order, as amended August 21, 2025, Docket No. 33513. Beginning May 1, 2027, Lindsay Hill O&M costs will be recovered through an application of Rate CNP Subpart C.
 Projections reflected in this document are subject to change based on various factors, including but not limited to future legislative and regulatory actions.
 Totals may not sum due to rounding.

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**ESTIMATED ENVIRONMENTAL CAPITAL PLACED IN SERVICE FOR 2026
GENERATION & POWER DELIVERY**

Table 7 – Environmental Generation & Power Delivery Capital Placed In Service for 2026

Plant & Unit	Project	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	2026 Total
Barry CC Unit 6	Cooling Tower Gearbox												80,000	80,000
Barry CC Unit 7	Cooling Tower Gearbox												80,000	80,000
Barry CC Unit 8	Cooling Tower Structure												100,000	100,000
Barry CC Units 6&7 Common	Cooling Tower Structure												300,000	300,000
Subtotal Barry CC														
Barry Unit 1	Continuous Emissions Monitoring System												250,000	250,000
Barry Unit 2	Continuous Emissions Monitoring System												250,000	250,000
Barry Unit 4	Continuous Emissions Monitoring System Data Loggers/NERC CIP												200,000	200,000
Barry Unit 5	Bottom Ash Classifier Grinder												180,000	180,000
Barry Unit 5	SCR Bypass Seal Air Fan		230,913										230,913	230,913
Barry Unit 5	Remote Submerged Chain Conveyor Replacement												700,000	700,000
Barry Unit 5	Remote Submerged Chain Conveyor Pumps												200,000	200,000
Barry Unit 5	Remote Submerged Chain Conveyor Motors												100,000	100,000
Barry Unit 5	Flue Gas Desulfurization Pumps												200,000	200,000
Barry Unit 5	Flue Gas Desulfurization Motors												100,000	100,000
Barry Unit 5	Miscellaneous Pumps/Valves												500,000	500,000
Barry Unit 5	Stack Work Phase 2												800,000	800,000
Barry Units 1&2 Common	Intake Screens												300,000	300,000
Barry Units 4&5 Common	Effluent Limitation Guidelines/NPDES												3,000,000	3,000,000
Barry Units 1-5 Common	Low Volume Waste Water Simulator Replacement												500,000	500,000
Barry Units 1-8 Common	Low Volume Waste Water Storage Tank Modifications												250,000	250,000
Barry Units 1-8 Common	Low Volume Waste Freeze Protection												3,000,000	3,000,000
Barry Units 1-8 Common	Mother Sump Pump Motor Replacement												50,000	50,000
Barry Units 1-8 Common	Mother Sump Pump Motor VFD Replacement												38,000	38,000
Barry Units 1-8 Common	Mother Sump Pump Replacement												75,000	75,000
Barry Units 1-8 Common	Lab Analyzer Upgrades												65,000	65,000
Subtotal Barry Steam Plant														
Central Alabama CC	Cooling Tower Fan							160,560						160,560
Central Alabama CC	Cooling Tower Fan Gearbox							114,185						114,185
Central Alabama CC	Cooling Tower pH Tank							174,984						174,984
Central Alabama CC	Cooling Tower Bleed Valves							50,000						50,000
Central Alabama CC	Cooling Tower Structure							50,711						50,711
Subtotal Central Alabama CC														
Gas Unit 5	Gas Conversion Project													58,599,278
Gas Unit 5	Cooling Tower Bleach Injection Tank													80,000
Gas Unit 5	Closed Cycle Cooling Monitor							108,457						108,457
Gas Unit 5	Dry Stack Phase 2&3													2,998,788
Gas Unit 5	Dry Stack Expansion Joints													600,000
Gas Unit 5	Add CO Catalyst													2,922,467
Gas Unit 5	Cooling Tower Gearboxes / Blades													249,899
Gas Unit 5	SCR Catalyst Replacement													1,999,192
Gas Unit 5	Replace Fan Yard Stumps													106,957
Subtotal Gaston Steam Plant														
Greene County Units 1&2 Common	Continuous Emissions Monitoring System									462,442				462,442
Greene County Units 1&2 Common	Low Volume Waste Water													31,049
Subtotal Greene County Steam														
Greene County CT Common	Continuous Emissions Monitoring System													1,388,376
Lindsay/Hill CC	Cooling Tower Fan													160,530
Lindsay/Hill CC	Continuous Emissions Monitoring System Analyzers													88,000
Lindsay/Hill CC	Cooling Tower Structure													50,681
Lindsay/Hill CC	Cooling Tower Gearboxes													114,490
Subtotal Lindsay/Hill CC														
Miller Unit 1	Replace SCR Catalyst													288,343
Miller Unit 1	Replace SCR Air Cans													92,348
Miller Unit 1	Replace Precip Elevator													694,192
Miller Unit 1	Replace Flue Gas Desulfurization Recycle Pumps													276,093
Miller Unit 1	Replace Fly Ash Sigs/Dust Valves													70,788
Miller Unit 1	Replace Sig Valves													2,283,333
Miller Unit 2	Replace Dry Bottom Ash Transport Line													1,420,078
Miller Unit 2	Replace SCR Air Cans													90,444
Miller Unit 2	Replace SCR Catalyst													288,343
Miller Unit 2	Replace Fly Ash Sigs/Dust Valves													361,778
Miller Unit 2	Replace Precip Inlet Exp Joints													2,166,749
Totals may not sum due to rounding														

Table 7 – Environmental Generation & Power Delivery Capital Placed In Service for 2026

Alabama Power Company 2026 Environmental Projects Placed In Service Generation and Power Delivery														
Plant & Unit	Project	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	2026 Total
Miller Unit 3	Replace Screw Feeder												200,070	200,070
Miller Unit 3	Replace Fly Ash Ssg/Dust Valves												32,980	32,980
Miller Unit 3	Replace Dry Bottom Ash Transport Line												506,723	506,723
Miller Unit 4	Replace Fly Ash Ssg/Dust Valves												80,443	80,443
Miller Unit 4	Replace Fly Ash Air Compressors												74,561	74,561
Miller Units 1&2 Common	Replace Precip Outlet Duct Exp Joints												475,399	475,399
Miller Units 3&4 Common	Miller Install Stormwater Ditch												1,060,979	1,060,979
Miller Units 3&4 Common	Replace CT Sulfuric Acid Tanks												25,087	25,087
Miller Units 3&4 Common	Replace SCR Air Compressors												90,213	90,213
Miller Units 1-4 Common	Install Freeze Protection												2,970,648	2,970,648
Miller Units 1-4 Common	Replace Waste Water Solids Rejects Slid Flow Control Valves												129,167	129,167
Miller Units 1-4 Common	Replace Waste Water Pipe Traine Ballastro Polymer Tank												145,116	145,116
Miller Units 1-4 Common	Replace Flue Gas Desulfurization Hydroxide ABB												350,225	350,225
Miller Units 1-4 Common	Flue Gas Desulfurization Ductwork Main Filter Bolt B												631,405	631,405
Miller Units 1-4 Common	Replace Flue Gas Desulfurization Waste Water Sludge Pump Skids												477,165	477,165
Miller Units 1-4 Common	HVAC Replacements												243,613	243,613
Miller Units 1-4 Common	Replace Bottom Ash Transport Exhausters												288,358	288,358
Miller Units 1-4 Common	Waste Water Clean & Service Upgrade												661,235	661,235
Miller Units 1-4 Common	Replace Waste Water Mix Valves												94,462	94,462
Miller Units 1-4 Common	Flue Gas Desulfurization Descending Cloth Filter Bolt B												37,795	37,795
Miller Units 1-4 Common	Flue Gas Desulfurization Makeup Water UV Treatment												2,155,304	2,155,304
Miller Units 1-4 Common	Replace Racking Motors												48,225	48,225
Miller Units 1-4 Common	Replace Flue Gas Desulfurization Waste Water Mix Valves												67,615	67,615
Miller Units 1-4 Common	Replace Bottom Ash Air Compressors												357,631	357,631
Thunders Eden	Subtotal Miller Steam Plant				576,604			1,169,435					17,283,464	18,930,897
Thunders Eden	Cooling Tower Structure												300,000	300,000
Thunders Eden	Neutralization Tank Pumps (Waste Water)												300,000	300,000
Washington County CC	Subtotal Theodore CC												400,000	400,000
Washington County CC	Cooling Tower Structure												300,000	300,000
Washington County CC	Cooling Tower Gearboxes												300,000	300,000
	Subtotal Washington County CC												380,000	380,000
	Total Generation Placed In Service	230,913	-	-	-	576,604	46,242	1,169,435	-	499,729	680,000	-	98,011,891	101,631,014
	Total Generation Retirements	(23,091)	-	-	-	(57,660)	(46,244)	(116,944)	-	(49,973)	(68,000)	-	(2,408,210)	(24,444,023)
	Generation Cumulative Placed In Service 2026 Budget Process	4,989,122,116	4,989,122,116	4,989,122,116	4,989,641,059	4,990,057,557	4,991,109,749	4,991,559,505	4,992,171,505	4,992,171,505	4,992,171,505	4,992,171,505	5,066,101,285	
	Power Delivery Cumulative Placed In Service 2026 Budget Process	37,359,644	37,359,644	37,359,644	37,359,644	37,359,644	37,359,644	37,359,644	37,359,644	37,359,644	37,359,644	37,359,644	37,359,644	
	Total Cumulative Placed In Service 2026 Budget Process	5,026,481,760	5,026,481,760	5,026,481,760	5,027,000,703	5,027,416,901	5,028,469,392	5,028,919,148	5,029,531,148	5,029,531,148	5,029,531,148	5,029,531,148	5,103,460,929	
	Third Party Offset Placed In Service 2026 Budget Process	1,920,461	1,920,461	1,920,461	1,920,461	1,920,461	1,920,461	1,920,461	1,944,298	1,944,298	1,944,298	1,944,298	1,952,174	
	Lindsay Hill Plant In Service 2026 Budget Process												413,670	
	Total Cumulative Placed In Service, Excluding Third Party Offset and Lindsay Hill, 2026 Budget Process*	5,024,561,299	5,024,561,299	5,024,561,299	5,025,080,242	5,025,496,440	5,026,548,932	5,026,974,850	5,027,586,850	5,027,586,850	5,027,586,850	5,027,586,850	5,101,095,085	

* Includes adjustments related to third party arrangement, includes Lindsay Hill. See August 13, 2025, Docket No. 33513. Beginning May 1, 2027, Lindsay Hill capital items that are in service will be recovered through an application of Rate CNP Subpart C. Totals may not sum due to rounding.

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ESTIMATED ENVIRONMENTAL O&M EXPENSE FOR 2026

Table 8 – Environmental O&M Expense for 2026**2026 O&M Budget and Forecast**

Work Type	Environmental Activities	2026
E316A	316A Regulation	146,052
E316B	316B Regulation	886,319
EDISPD, EDISPS	Enviro Disposal Activity-Enviro Affairs Compliance	515,363
EHYDR1	Coosa/Warrior/Tallapoosa Shoreline Studies, ESA studies&cons	819,930
EHYDR6	Enviro Trout Stocking - Smith Tailrace	39,520
EHYDR11	Enviro Fish Culture Facility	664,494
EHYDR12	Enviro Fisheries Habitat Enhancement	493,241
EHYDR9	Enviro Wildlife Habitat Enhancement&Restoration	1,216,673
EMERC	Environmental Mercury Rata Testing	1,598,286
COMPENO,COMPENS,COMPENV	Compliance-Environmental	82,594,176
ASHSALE	Ash Sales	(10,792,000)
GYPSALE	Gypsum Sales	(1,251,401)
ASLUICE	Ash Sluice	99,164
BASH	Bottom Ash	2,962,604
FASH	Fly Ash	4,620,190
ADISP,ADCOST	Ash Disposal	2,252,165
PRECIP	Precipitator	770,616
BAGHOUSE	Bag House	1,075,164
STACK	Stack	849,435
CEMS,CEMSO,CEMSS	CEMS-All Assoc. Devices	4,631,774
INJECT, INJECTCHEM	Injection Systems	1,088,299
DUSTCOAL, DUSTCHEM, DUSTMAINT	Dust Suppression	2,944,312
COOLT	Cooling Towers	5,667,792
WASTEWTR	Waste Water	931,765
PROCWTR	Plant Process Waste Water Treatment	8,462,205
HYDROENV/OXYGEN	Environmental Projects (Hydro)	4,746,782
FGHAND	Flue Gas Handling	1,843,984
LIME, LIMEHAND	Limestone Handling	12,753,222
GHAND	Gypsum Handling	2,637,759
OXAIR	Oxidation Air	263,454
SWATER	Water Treatment	243,088
FGDBUILD	Service Facilities-Scrubber Sys	1,958,965
FGDFIRE	Fire Protection-Scrubber Sys	135,668
SWSTWTR	Waste Water Treatment	3,276,799
SCRUBV, SRESPRAY	Scrubber Vessel	6,581,446
SCRCHEM	Ammonia Injection Grid	8,342,652
SCRMAINT	Selective Catalytic Reduction	4,903,024
		\$ 160,972,979
<p>*Third party offsets are included in the numbers above but are excluded in the Rate CNP Subpart C filing. Above totals include Lindsay Hill. See August 13, 2025 Order, as amended August 21, 2025, Docket No. 33513. Beginning May 1, 2027, Lindsay Hill O&M costs will be recovered through an application of Rate CNP Subpart C. Totals may not sum due to rounding.</p>		

APPENDIX A

ACRONYMS AND ABBREVIATIONS

ACE	Affordable Clean Energy Rule
ADEM	Alabama Department of Environmental Management
ADROP	Alabama Drought Response Operating Proposal
AIR	Additional Information Request
APC	Alabama Power Company
APEA	Applicant Prepared Environmental Assessment
BA	Biological Assessment
BATW	Bottom Ash Transport Water
BACT	Best Available Control Technology
BART	Best Available Retrofit Technology
BAT	Best Available Technology
BO	Biological Opinion
BSER	Best System of Emission Reduction
BTU	British Thermal Unit
CAA	Clean Air Act
CAAA	Clean Air Act Amendments of 1990
CASAC	Clean Air Scientific Advisory Committee
CAIR	Clean Air Interstate Rule
CAM	Compliance Assurance Monitoring
CAMR	Clean Air Mercury Rule
CAVR	Clean Air Visibility Rule
CCS	Carbon Capture and Sequestration

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CCR or CCRs	Coal Combustion Residuals
CEMS	Continuous Emissions Monitoring System
CMMS	Continuous Mercury Monitoring System
CFR	Code of Federal Regulations
CPP	Clean Power Plan
CO	Carbon Monoxide
CO ₂	Carbon Dioxide
COHPAC	Compact Hybrid Particulate Collector
CSAPR	Cross-State Air Pollution Rule
CUR	Capacity Utilization Rating
CWA	Clean Water Act
DOJ	Department of Justice
DRR	Data Requirement Rule
DSEIS	Draft Supplemental Environmental Impact Statement
EGU	Electric Generating Unit
EIS	Environmental Impact Statement
ELG	Effluent Limitation Guidelines
EPA	Environmental Protection Agency
EPRI	Electric Power Research Institute
EPCRA	Emergency Planning and Community Right-to-Know Act
ESA	Endangered Species Act
ESP	Electrostatic Precipitator
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FIP	Federal Implementation Plan

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FPA	Federal Power Act
FR	Federal Register
FWS	Fish and Wildlife Service – Department of Interior
GHG	Greenhouse Gases
HAP	Hazardous Air Pollutant
HAT	Harris Action Team
Hg	Mercury
LAER	Lowest Achievable Emission Rate
LNB	Low-NO _x Burner
MACT	Maximum Achievable Control Technology
MATS	Mercury and Air Toxics Standards
NAAQS	National Ambient Air Quality Standards
NBP	NO _x Budget Trading Program
NEPA	National Environmental Policy Act
NH ₃	Ammonia
NMFS	National Marine Fisheries Service
NO ₂	Nitrogen Dioxide
NO _x	Nitrogen Oxides
NOI	Notice of Intent
NOPP	Notice of Planned Participation
NPDES	National Pollution Discharge Elimination System
NSPS	New Source Performance Standards
NWP12	U.S. Army Corps of Engineers Nationwide Permit 12
OFA	Overfire Air

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O&M	Operation and Maintenance
PAD	Preliminary Application Document
PCAMS	Precipitator Control and Management System
PCCC	Permanent Cessation of Coal Combustion
PLP	Preliminary License Proposal
PM	Particulate Matter
PM2.5	Particulate Matter less than 2.5 micrometers in size
PM10	Particulate Matter less than 10 micrometers in size
PME	Protection Mitigation and Enhancement
PPB	Parts per billion
PPM	Parts per million
PPT	Parts per trillion
PRB	Powder River Basin
PSD	Prevention of Significant Deterioration
RACT	Reasonably Available Control Technology
RCRA	Resource Conservation and Recovery Act
RES	Renewable Electricity Standard
RHS	Rough Hornsnail
RTR	Residual Risk and Technology Review
SAMC	Sulfuric Acid Mist Control
SCR	Selective Catalytic Reduction
SIP	State Implementation Plan
SO ₂	Sulfur Dioxide
SO ₃	Sulfur Trioxide
T-Fired	Tangential or tangentially fired

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T&E	Threatened and Endangered
TR	Transformer/Rectifier
TRI	Toxics Release Inventory
USWAG	Utility Solid Waste Activities Group
UWAG	Utility Water Act Group
UVB	Ultraviolet-B
VOC	Volatile Organic Compounds
WOTUS	Waters of the United States
ZLD	Zero Liquid Discharge

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FORWARD-LOOKING STATEMENT CAUTIONARY NOTE

Certain information contained in this report is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning current and proposed environmental regulations and related compliance plans and estimated expenditures. Alabama Power cautions that there are various factors that could cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Alabama Power; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Alabama Power's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory changes, including environmental and other laws and regulations to which Alabama Power is subject, as well as changes in application of existing laws, regulations, and guidance; the extent and timing of costs and legal requirements related to coal combustion residuals; current and future litigation or regulatory investigations, proceedings, or inquiries; available sources and costs of fuels and commodities the ability to control costs and avoid cost and schedule overruns during the development, construction, and operation of facilities or other projects; legal proceedings and regulatory approvals and actions related to past, ongoing, and proposed construction projects; the ability to construct facilities in accordance with the requirements of permits and licenses, to satisfy any environmental performance standards and the requirements of tax credits and other incentives, and to integrate facilities into the Southern Company system upon completion of construction; advances in technology; state and federal rate regulations and the impact of pending and future rate cases and negotiations; global and U.S. Economic conditions, including impacts from geopolitical conflicts, recession, inflation, changes in trade policies (including tariffs and other trade measures) of the United States and other countries, interest rate fluctuations, and financial market conditions, and the result of financing efforts; catastrophic events such as fires, earthquakes, explosions, floods, tornadoes, hurricanes and other storms, droughts, pandemic health events, political unrest, wars, or other similar occurrences; and the direct or indirect effects on Alabama Power's business resulting from incidents affecting the U.S. electric grid or operation of generating resources. Alabama Power expressly disclaims any obligation to update any forward-looking information contained in this report, except in accordance with the rules and requirements of, and rate schedules on file with, the Alabama Public Service Commission.