



STATE OF ALABAMA

PUBLIC SERVICE COMMISSION
P.O. BOX 304260
MONTGOMERY, ALABAMA 36130

TWINKLE ANDRESS CAVANAUGH, PRESIDENT

JOHN A. GARNER, EXECUTIVE DIRECTOR

JEREMY H. ODEN, ASSOCIATE COMMISSIONER

CHRIS "CHIP" BEEKER, JR., ASSOCIATE COMMISSIONER

**Alabama Power Company,
Petitioner**

Petition: For approval of Rate RMC
(Residential My Choice) and Rate
RMCP (Residential My Choice Plus).

Docket No. U-5224

ORDER

BY THE COMMISSION:

By petition filed with the Alabama Public Service Commission ("the Commission") on May 25, 2017, Alabama Power Company ("Alabama Power" or "the Company") seeks approval of two new rate schedules: Rate RMC (Residential My Choice) and Rate RMCP (Residential My Choice Plus). Both rates are part of a restricted residential research pilot program that will serve to educate customers on various rate components, while also demonstrating the billing impacts associated with changing customer usage patterns. The Company has also stated that the new rate designs provide a more precise means of cost capture and recovery.

The principal feature of the two new rates is the shift of fixed cost recovery away from a variable energy component to a fixed charge component. Under the Rate RMC option, a greater percentage of fixed costs are recovered through a larger monthly base charge of \$60.00, as compared to the current base charge of \$14.50 in the standard residential rate (Rate FD - Family Dwelling). In recognition of the higher base charge, the energy charge in Rate RMC is fixed at 5.6 cents per kWh, a reduction from the current standard residential energy charge. Similarly, Rate RMCP utilizes a higher monthly base charge of \$38.00, but this option employs a peak period demand charge of \$8.50 per kW. As explained more fully in the rate, the customer's monthly demand is determined by measuring the maximum integrated (i.e., average) demand over a sixty-minute period during applicable peak hours.

Under Rate RMCP, the customer pays the lowest residential energy charge offered by the Company, 3.5 cents per kWh.

As part of a restricted pilot, the rates are not available to all customers. The Company intends to offer the options to randomly selected customers, with participation strictly voluntary and at the election of the selected customers. In addition, the pilot rates are available for service for a period not to exceed 12 months and will not extend beyond December 2018. After that time, a participating customer's electric service will transition back to the standard Rate FD, absent the customer's request to be placed on another optional rate for which the participating customer is eligible. Notably, under the terms of both rates, should a customer leave either rate prior to the end of the 12-month term, the customer will be required to pay the difference between the service charges incurred under the pilot rate and the charges that would have been incurred under Rate FD for an equivalent amount of electricity usage.

In connection with the pilot research and to incentivize participation in the pilot program, the Company will provide and install a smart thermostat for certain customers in the Birmingham area. The Birmingham area was selected due to its accessibility by technical support staff. Those customers not receiving a thermostat will receive a one-time \$50.00 bill credit at the end of the pilot program. Customers must participate for the complete 12-month term and provide the Company with information in response to research surveys conducted during that time to qualify for the incentive. Additional terms and conditions will apply, particularly for those customers receiving a smart thermostat.

Our staff has reviewed the proposed new rate schedules and the associated Terms and Conditions, has discussed them with Alabama Power, and recommends approval of them as part of the research pilot described above. We have examined Alabama Power Company's filing and concur with the recommendation of our Staff. In view of the foregoing, the Commission **FINDS** that Rate RMC and Rate RMCP, as set forth in the filing of Alabama Power, is hereby approved.

IT IS, THEREFORE, ORDERED BY THE COMMISSION that the proposed Rate RMC (Residential My Choice) and Rate RMCP (Residential My Choice Plus), as set out in the above-referenced petition, be hereby approved effective for July, 2017 billings.

IT IS FURTHER ORDERED BY THE COMMISSION that the pilot rates approved above will expire at the end of December, 2018, absent further action by this Commission.

IT IS FURTHER ORDERED BY THE COMMISSION that jurisdiction in this cause is, hereby, retained for any further order or orders that this Commission may find just and reasonable under the circumstances.

IT IS FURTHER ORDERED BY THE COMMISSION that this Order shall be effective as of the date hereof.

DONE at Montgomery, Alabama, this 8th day of, June, 2017.

ALABAMA PUBLIC SERVICE COMMISSION



Twinkle Andress Cavanaugh, President



Jeremy H. Oden, Commissioner



Chris "Chip" Beeker, Jr., Commissioner

ATTEST: A True Copy



Walter L. Thomas, Jr., Secretary