



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

CYNTHIA LEE ALMOND, PRESIDENT

LUKE D. BENTLEY IV, EXECUTIVE DIRECTOR

JEREMY H. ODEN, COMMISSIONER, PLACE 1

CHRIS V. BEEKER, III, COMMISSIONER, PLACE 2

September 29, 2026

MEMORANDUM

TO: President Cynthia Lee Almond
Commissioner Jeremy H. Oden
Commissioner Chris V. Beeker, III

FROM: Patricia W. Smith, Director *PWS*
Electricity Policy Division

SUBJECT: Agenda – October 6, 2026 Commission Meeting

The Electricity Policy Division will present the following items at the October 6, 2026 Commission Meeting.

ELECTRICITY

ALABAMA POWER COMPANY

Dockets 18117 Division Report on Rate RSE and Rate ECR as of August 31, 2026
and
18416; The Electricity Policy Division performed the regular monthly examination
18148 of the books and records of Alabama Power Company. Below is a table
containing selected financial highlights concerning Rate RSE and Rate
ECR. Additionally, the Division's calculations and determination of the
December 2026 Weighted Return on Average Retail Common Equity
(WRRCE), actualized through August 2026, can be found on page 2 of this
report.

Rate RSE Forecast		Rate ECR Summary
12 Months Ending DECEMBER 31, 2026		Energy Cost Over/(Under) Recovered for AUGUST 2026
6.53% WRRCE		(\$18,897,689)

*The authorized Weighted Return on Average Retail Common
Equity Range is 5.75% - 6.15%.

ELECTRICITY POLICY DIVISION AGENDA

October 6, 2026 Commission Meeting

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ELECTRICITY POLICY DIVISION
Alabama Power Company
Weighted Return on Average Retail Common Equity Calculation
Forecast - 12 Months Ending December 31, 2026

Common Equity as of August 31, 2026		\$14,691,758,461
Add Budgeted Net Income:		
September through December 2026	\$429,389,813	
Add Budgeted Capital Contributions:		
September through December 2026	\$48,005,680	
Add Other Adjustments:		
September through December 2026	\$0	\$477,395,493
Deduct Budgeted Stock Dividends:		
September through December 2026	\$305,519,354	\$305,519,354
Projected Common Equity for December 31, 2026		\$14,863,634,600
Projected Average Common Equity		
For the 12 Months Ending December 31, 2026		\$14,491,321,943
Projected Retail Investment Separation Factor		97.85%
Projected Average Retail Common Equity		
For the 12 Months Ending December 31, 2026		\$14,179,758,522
Projected Retail Net Income		
For the 12 Months Ending December 31, 2026		\$1,698,591,526
Projected Common Equity Percentage of Capital Structure		
For the 12 Months Ending December 31, 2026		54.48%
Projected Weighted Return on Average Retail Common Equity (WRRCE)		
For the 12 Months Ending December 31, 2026		6.53%

As of August 31, 2026, the Common Equity (Actual) was adjusted using net income, payment of Common Stock and Preferred Stock dividends, Capital Contributions, and Other Adjustments from the Company's 2026 budget. The average common equity is a 12-month average using both actual and budgeted data. The average retail common equity (RCE) was calculated using the retail separation factor of 97.85%. The retail net income (RNI) for average common equity and the common equity percentage (CEP) were calculated using actual data for the eight months ended August 31, 2026, and then adding four months of budget data for September through December 2026. The Other Adjustments, if any, result from the Company adopting FASB Statement 123 (R), which requires reporting stock option expenses.

The Forecast is subject to change due to uncertainties associated with weather, customer usage patterns, and economic conditions across the state.