Alabama Power

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November 20, 2026



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

Attention: Mr. Devon Beaty
Secretary

Re: Informational Filing – Report on Rate Stability and Corresponding Proposal
Docket Nos. 18117; 18416 and 18148

Dear Mr. Beaty:

Alabama Power Company is pleased to report on its ongoing efforts to provide customers with a measure of rate stability. As reflected in the annual filing submitted today for Rate RSE (Rate Stabilization and Equalization), affected retail rate schedules will see a decrease in rates beginning with January 2027 billings, due to the operation of Rate RSE and the corresponding rate reduction of approximately $160 million. This outcome, which stems from the Company's longstanding contractual process, as overseen by the Commission and recently codified in Alabama law, demonstrates the ability of large load data centers to promote positive benefits to all other customers. One such benefit is the fact that these service agreements cover not only the cost of serving the projects, but also include contributions toward the existing power system. Those contributions help reduce the share of system costs paid by other customers. This rate reduction of $160 million represents these protections at work, with growth in large load data center revenue contributing to lower cost for other customers through the operation of Rate RSE.

In addition, the Company's annual filing under Subpart C of Rate CNP (Adjustment for Commercial Operation of Certificated New Plant), also submitted today, reflects the Company's continuing commitment—pursuant to the December 5, 2025 Order of the Commission in Docket Nos. 18148, et al. (the "December 2025 Order")—to maintain the existing compliance factors in place through cost year 2027. These filings complement other existing commitments of the Company made consistent with the December 2025 Order, including:

- keeping the effective interim energy cost recovery factor under Rate ECR (Energy Cost Recovery Factor) in place through 2027;
- keeping the effective Rate CNP, Subpart B purchase factors in place through March 2028 billings; and
- delaying the Rate CNP, Subpart A plant factors associated with the acquisition of the Lindsay Hill Generating Facility until January 2028 billings.

Working with Commission Staff, Alabama Power has considered its estimated cost of service across cost years 2027 and 2028, respectively, and believes it can modify certain prior commitments to provide customers with further rate stability. First, as described more fully in its November 4, 2026 filing in Docket No. 33756 ("November 4 Filing"), the Company has requested

certain authorizations that, if granted, would result in retail customers seeing no impact in 2028 from the operation of Rate CNP, Subpart A. Second, and subject to issuance of requisite Commission authorizations, the Company can commit to: (i) the continued effectiveness of the current Rate CNP, Subpart B plant factors through March 2029 billings; and (ii) the continued effectiveness of the current Rate CNP, Subpart C compliance factors through cost year 2028. Third, related to Rate ECR, certain near-term actions (as outlined below) could assist with a goal of keeping the current interim ECR factor in place beyond 2027. Finally, the Company can commit to extend the moratorium on any upward adjustment through the operation of Rate RSE to include cost year 2028.

To implement the above, the Company would rely on internal cost containment measures, but also would require authorization from the Commission to:

- Confirm the Company's application of the monetized 2025 nuclear production tax credits to the Rate ECR under-recovered balance (subject to Commission oversight under Docket No. U-5494);
- Apply any customer refund amount resulting from Rate RSE's actual result calculation for 2026 to the Rate ECR under-recovered balance;
- Keep the current Rate CNP, Subparts B and C factors in place for the periods described above; and
- Keep the current interim ECR factor in place through December 31, 2028, subject to continued monitoring of the status of the under-recovered balance and the need to address it.

The Company believes the Commission can provide the required authorizations through the issuance of an appropriate consent order that includes, among other directives, instructions consistent with the December 2025 Order respecting the treatment of under- and over-collections under Rate CNP Subpart C, coupled with the issuance of a separate order respecting the action described in the November 4 Filing. Collectively, these authorizations will facilitate the Company's ability to provide further rate stability for customers. The Company recognizes, however, that as part of routine oversight of the Company's regulated activities, the Commission and its Staff will monitor weather, natural disasters, changes in fuel markets, the under-recovered balance of Rate ECR, and other such events that may impact these commitments and goals. Should events of this nature occur, the Company will work with the Commission to determine what responsive steps would be reasonable and appropriate under the circumstances.

Consistent with Rule 26 of the Commission's Rules of Practice, I certify that a copy of this filing has been physically delivered to the Office of the Attorney General contemporaneously with its filing with the Commission. If the Commission or Staff has any questions, please feel free to contact me.

Sincerely,

Enclosures

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

Secretary of the Alabama Public Service Commission
Mr. Devon Beaty

Executive Director and Chief Administrative Law Judge
The Honorable Luke D. Bentley IV

Director, Electricity Policy Division
Ms. Patricia Smith

Office of the Attorney General
Ms. Olivia W. Martin