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October 30, 2024

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

Attention: Mr. Walter L. Thomas, Jr.
Secretary

Re: Petition for a Certificate of Convenience and Necessity
Docket No. _____

Dear Secretary Thomas,

On behalf of Alabama Power Company, we are submitting for filing the enclosed petition for a certificate of convenience and necessity, along with supporting testimony and exhibits and a proposed form of notice. As the supporting materials include information that is confidential and proprietary to the Company and to third parties, we are providing a public version for inclusion in the docket, along with a non-public confidential version to be retained under seal by the Commission. Also enclosed is a Confidentiality Agreement for interested non-state agency parties that are permitted to intervene in the proceeding and who desire access to the non-public confidential materials under the terms and conditions set forth in that agreement.

If you have questions concerning any aspect of the Company's filing, please contact the undersigned.

Sincerely,

Dan H. McCrary

ALABAMA POWER COMPANY,

Petitioner

PETITION: For a certificate of convenience and necessity for the acquisition of existing combined cycle generating capacity at the Lindsay Hill Generating Station located in Autauga County, Alabama, together with all transmission arrangements, structures, equipment, devices, substations and facilities, environmental control measures, facilities or arrangements for the handling, treatment, transportation, delivery, storage and processing of fuel, and any and all other appliances, appurtenances, facilities, rights, equipment, acquisitions, commitments and accounting authorizations necessary for or incident thereto.

Docket No. _____

TO THE ALABAMA PUBLIC SERVICE COMMISSION:

Alabama Power Company ("Petitioner" or "Company") hereby requests, pursuant to Alabama Code § 37-4-28, that the Commission issue an order in this proceeding granting a certificate of convenience and necessity ("Certificate"). By the Certificate, as described in this Petition and in the testimony and exhibits filed in support thereof, the Commission would authorize the Company to acquire the Lindsay Hill Generating Station, a combined cycle generating facility located in Autauga County, Alabama ("Lindsay Hill" or "Lindsay Hill Facility").

In support of its Petition, the Company states as follows:

1. Petitioner is a corporation organized and existing under the laws of the State of Alabama that owns and operates electric generating plants and has other sources of supply of electric power, all of which are connected by or delivered to transmission lines and facilities forming the Company's interconnected electrical system. Petitioner is engaged as a public utility in the distribution and sale to the public of the electricity so produced and acquired by it, and such utility service is furnished by Petitioner to the public in a large section of the State.

2. In order to meet the demand for electricity in the territory served by the Company and to render adequate and reliable service to the public, as contemplated under Title 37 of the Code of Alabama, Petitioner proposes to acquire the Lindsay Hill Facility located in Autauga County, Alabama. Lindsay Hill is a combined cycle facility that began operation in 2002, with a current winter capacity rating of 895 MW and an estimated remaining life (post-closing) of approximately 17 years.

3. The Lindsay Hill Facility is owned by Tenaska Alabama Partners, L.P. (the "Partnership"), a Delaware limited partnership, which in turn is indirectly owned by Tenaska Energy, Inc. and Tenaska Energy Holdings, LLC. Upon the closing of a Purchase and Sale Agreement, the Company will hold a 100 percent interest in the Partnership, after which all rights, title and interest of the Partnership in its assets (Lindsay Hill, along with related assets and properties) will be transferred into Petitioner. Until May 2027, Lindsay Hill is subject to an off-take agreement with a third party under which the third party is entitled to the capacity of the facility and the associated energy. The third-party agreement will remain in place until it expires, with the Company entitled to receive the associated revenues. Petitioner will thereafter have the same rights and responsibilities associated with Lindsay Hill as with any other generating facility that it owns.

4. Petitioner states that acquisition of the Lindsay Hill Facility, together with all transmission arrangements, structures, equipment, devices, substations and facilities, environmental control measures, facilities or arrangements for the handling, treatment, transportation, delivery, storage and processing of fuel, and any and all other appliances, appurtenances, facilities, rights, equipment, acquisitions, commitments and accounting authorizations necessary for or incident thereto, is necessary, advantageous, efficient and appropriate for the purposes aforesaid and is in the public interest.

5. Petitioner states that the costs associated with Lindsay Hill will be recovered through cost recovery mechanisms established by the Commission (specifically, Rate CNP (Adjustment for Commercial Operation of Certificated New Plant), Rate ECR (Energy Cost Recovery Rate), and Rate RSE (Rate Stabilization and Equalization Factor)), together with such accounting authorizations, directions and clarifications from the Commission as needed in the circumstances.

6. Consistent with the FERC Uniform System of Accounts, Petitioner intends to record the difference between the original cost of the Lindsay Hill Facility (less accumulated depreciation, amortization and other allowed adjustments) and the acquisition costs as an electric acquisition adjustment in FERC Account 114. Petitioner requests that the Commission direct it to depreciate or amortize, as appropriate, the total cost associated with the acquisition (including amounts recorded in FERC Account 114 to FERC Account 406), as of the closing, over the estimated remaining life of the facility. Such accounting authorizations are necessary and appropriate to align costs of the acquisition with the benefits customers will realize over the period of Lindsay Hill's service to customers. Petitioner further proposes to establish a regulatory asset to address a differential in costs and revenues for the remaining term of the off-take agreement, amortize that regulatory asset over a period equal to such remaining term, and include the amortization as part of the projected depreciation expense included in the operation of Subpart A of Rate CNP related to the acquisition, along with a corresponding adjustment to Rate RSE to match any activity recorded in the regulatory asset.

WHEREFORE, Petitioner requests that this Commission, after a public hearing of all parties interested at a time and place fixed by the Commission, grant to the Company a certificate of convenience and necessity pursuant to the provisions of Alabama Code § 37-4-28, approving

and authorizing acquisition of the Lindsay Hill Facility described in this Petition, together with all transmission arrangements, structures, equipment, devices, substations and facilities, environmental control measures, facilities or arrangements for the handling, treatment, transportation, delivery, storage and processing of fuel, and any and all other appliances, appurtenances, facilities, rights, equipment, acquisitions, commitments and accounting authorizations necessary for or incident thereto, and that the Commission make and enter such further orders as may be necessary or appropriate in the circumstances.

This the 28 day of October, 2024.

ALABAMA POWER COMPANY

By: _____
Executive Vice President,
Chief Financial Officer and Treasurer

BALCH & BINGHAM LLP
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Attorneys for Petitioner

BEFORE THE
ALABAMA PUBLIC SERVICE COMMISSION

ALABAMA POWER COMPANY, **Docket No. _____**

Petitioner

DIRECT TESTIMONY OF CHRISTOPHER J. HABIG
ON BEHALF OF ALABAMA POWER COMPANY

Q. STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Christopher J. Habig and my business address is 600 North 18th Street, Birmingham, Alabama 35203.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Alabama Power Company ("Alabama Power" or "Company") as Manager of Resource Planning.

Q. DESCRIBE THE PRINCIPAL BUSINESS ACTIVITY OF ALABAMA POWER.

A. Alabama Power is a public utility company, organized and existing under the laws of the State of Alabama. Alabama Power operates an integrated electric utility system across a large portion of the state. To this end, the Company's primary business activities are the generation, transmission and distribution of electricity to the public.

Q. BRIEFLY SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I graduated from the University of Alabama in 1996 with a Bachelor of Science in Physical Geography and a Minor in Geology. In 1998, I received a Master of Business Administration from Auburn University. I began my career that same year as a consultant with NewEnergy Associates, LLC, supporting domestic and international electric and gas utilities with load and energy price forecasting, generation resource evaluations and

Integrated Resource Plan ("IRP") development. In 2002, I took a position with Southern Company Services, Inc. ("SCS") as an Engineering Analyst, where I worked on large coal plant environmental retrofit projects, request for proposal processes for other Southern Company utilities, and efforts by Southern Power Company relating to generation project offerings for wholesale markets both inside and outside the Southeast. In 2005, I moved to Alabama Power, with my principal responsibility being the development of the industrial load forecast. In 2007, I became Alabama Power's Renewable Resources Manager, where I was responsible for the Company's renewable resource procurement efforts. In 2011, I transitioned back to SCS as Manager of Renewable Generation Development, which was a similar position but with broader management responsibility for renewable resources and development efforts across the Southern retail electric system. In 2014, I returned to Alabama Power, where I held various roles in the Company's Marketing organization. In 2016, I was named to my current position as Manager of Resource Planning.

Q. WHAT ARE YOUR JOB DUTIES AND RESPONSIBILITIES?

A. As Manager of Resource Planning, I have oversight responsibility for the development and implementation of the Company's IRP. Associated responsibilities include managing the issuance of requests for proposals, contract development and negotiation, and the identification of timely and cost-effective additions, expansions, modifications and retirements of resources within Alabama Power's generation portfolio. Finally, as needed, I provide management oversight for the Company's efforts to obtain certificates of convenience and necessity from the Alabama Public Service Commission ("Commission"), including the portfolio of resources in Docket No. 32953 and Docket No. 33182.

Q. ARE YOU FAMILIAR WITH THE COMPANY'S PLANS FOR THE RESOURCE ADDITION DESCRIBED IN THE PETITION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY?

A. Yes.

Q. HAVE YOU READ THE PETITION FILED BY THE COMPANY IN THIS PROCEEDING?

A. Yes.

Q. ARE THE STATEMENTS CONTAINED IN THE PETITION TRUE AND CORRECT TO THE BEST OF YOUR KNOWLEDGE, INFORMATION AND BELIEF?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is basically three-fold and is organized accordingly. irst, I will overview the IRP process used by the Company to determine the amount and timing of new resources needed to continue providing reliable electric service to customers. I will then explain how Alabama Power identified potential resource opportunities for evaluation, including the Request for Proposals ("RFP") process that was used to determine the availability of reliable and cost-effective capacity alternatives from the wholesale market to meet the Company's identified resource needs. Finally, I will summarize the proposed resource addition that the Company has determined will provide reliable service at the lowest practicable total cost.

Q. ARE OTHER WITNESSES TESTIFYING IN SUPPORT OF THE COMPANY'S PETITION?

A. Yes. In addition to my testimony, the Company is offering the testimony of Maria J. Burke and Adam J. Ricks.

Q. WHAT TOPICS ARE ADDRESSED BY THOSE OTHER WITNESSES?

A. Ms. Burke discusses the development and results of the Company's latest load forecast, which determined the expected peak demands used in the IRP process. Mr. Ricks explains the necessary accounting authorizations related to the acquisition, as well as the Company's proposals regarding the operation of applicable cost recovery mechanisms.

Q. HOW DID THE COMPANY DETERMINE THERE IS A RELIABILITY-BASED NEED FOR THE ADDITIONAL CAPACITY THIS ACQUISITION WOULD PROVIDE?

A. The determination of need underlying this certification request is based on the Company's 2024 IRP, updated with available inputs regarding resource availability and the load forecast.

Q. PLEASE DESCRIBE THE IRP PROCESS.

A. Integrated resource planning is a comprehensive, data-intensive process conducted on an annual basis that facilitates the Company's identification of the timing, amount and types of resources needed to serve the long-term expected energy and demand requirements of Alabama Power's customers. The process produces an indicative benchmark plan of resource additions that is reasonably expected to meet anticipated load obligations (including an appropriate reserve margin) at the lowest practicable cost over the planning horizon. These results help guide the Company as it undertakes to develop and implement

a supply-side and demand-side resource strategy that will enable it to continue to provide service that is reliable and cost-effective for customers.

On a triennial basis, the Company develops a summary report that provides additional details regarding the IRP process, including its major steps, tools, and inputs as well as other considerations that together produce the indicative benchmark plan of future resource additions. The most recent report is available on the Company's website at www.alabamapower.com.

Q. HAS THE COMPANY'S IRP PROCESS BEEN ENDORSED BY THIS COMMISSION?

A. Yes. The Company's IRP process has been reviewed and endorsed by the Commission on several occasions. In Docket No. 32953, the Commission stated:

> As a threshold matter, we would observe that the Company's IRP process—of which the reserve margin is a key component—has long served as the basis for petitions to this Commission for certification of new resources required for reliability. Accordingly, we are familiar with that process and the manner in which it is conducted, having reviewed and endorsed its use for this purpose on a number of occasions.
>
> ***
>
> As we stated earlier, Alabama Power has long utilized the IRP to inform decisions regarding future resource additions. The IRP facilitates the Company's ability to identify resource additions that are expected to provide reliable service at the lowest practicable total cost, considering both capacity and energy, over the long run. It is a proven, sound process for guiding these determinations, and we have frequently endorsed its use by the Company. In this proceeding, Alabama Power has adhered to that IRP process as part of its identification of resources to meet the long-term energy and demand requirements of its customers ….
>
> ***
>
> In conclusion, we endorse the Company's IRP process as the appropriate vehicle to inform decisions regarding future resource additions. The use of that process, as summarized in the 2019 Summary Report and discussed in the Company's testimony, continues to benefit customers, leading to the

> selection of reliable and cost-effective resources to satisfy their electricity needs.[1]

The Commission reiterated this conclusion in its order in Docket No. 33182:

> It is well settled that the existence of a future capacity deficit relative to Alabama Power's target reserve margin constitutes a prima facie demonstration of a reliability-based need by the Company. Likewise, the Company's IRP process has long served as the basis for petitions to this Commission for certification of new resources required for reliability. We are familiar with that process and the manner by which it is conducted, having reviewed and endorsed the use of the IRP process for this purpose on a number of occasions.[2]

Q. WAS THAT SAME COMMISSION-ENDORSED IRP PROCESS USED TO PRODUCE THE COMPANY'S IRP RESULTS?

A. Yes. Those results, which I discuss below, were derived using the same IRP process, including the application of seasonal planning and the target reserve margins for the winter and summer periods approved by the Commission in Docket Nos. 32953 and 33182.

Q. WHAT DO THOSE RESULTS SHOW REGARDING THE ADEQUACY OF THE COMPANY'S RESOURCES OVER THE NEXT TEN YEARS?

A. As shown in **Figure 1** below, the Company has a reliability-driven need for additional resources in the winter of 2029 that grows annually through 2035.

[1] August 14, 2020 Order, Docket No. 32953, pp. 19, 27, 31 (footnotes omitted).

[2] July 15, 2022 Order, Docket No. 33182, p. 11(*also citing In re Certificate of Convenience and Necessity* (Barry Steam Plant), APSC Docket No. 26115, pp. 5-6 (Dec. 31, 1997); *In re Certificate of Convenience and Necessity* (Greene Co. Steam Plant), APSC Docket o. 21887, p. 3 (Jan. 24, 1992).

APC Capacity Needs – Winter					
Year	Peak Demand (MW)	Resources (MW)	Projected Reserve Margin (%)	Target Reserve Margin (%)	(Surplus)/Deficit Reserves (MW)
2025	[redacted]	[redacted]	[redacted]	24.61	(108)
2026	[redacted]	[redacted]	[redacted]	24.61	(650)
2027	[redacted]	[redacted]	[redacted]	24.61	(390)
2028	[redacted]	[redacted]	[redacted]	25.13	(150)
2029	[redacted]	[redacted]	[redacted]	25.13	1,179
2030	[redacted]	[redacted]	[redacted]	25.13	1,403
2031	[redacted]	[redacted]	[redacted]	25.13	1,607
2032	[redacted]	[redacted]	[redacted]	25.13	1,639
2033	[redacted]	[redacted]	[redacted]	25.13	1,790
2034	[redacted]	[redacted]	[redacted]	25.13	1,968
2035	[redacted]	[redacted]	[redacted]	25.13	2,478

These results demonstrate that, starting in 2029 and for the remainder of the planning horizon, Alabama Power has a growing reliability-based need for additional resources in the winter.

Q. WHY DOES THE AMOUNT OF SURPLUS CAPACITY SHOWN ON THIS TABLE INCREASE BY MORE THAN 500 MW FROM 2025 TO 2026?

A. The increase in surplus capacity results primarily from the expiration of a wholesale power supply arrangement with the Alabama Municipal Electric Authority on December 31, 2025. For several years, the Company's IRP has included this capacity among the resources that would be used to meet the reliability needs of retail customers.

Q. GIVEN THE RESULTS OF ALABAMA POWER'S IRP PROCESS, HOW MUCH CAPACITY DOES THE COMPANY PROPOSE TO SECURE FOR LONG-TERM RELIABILITY PURPOSES?

A. The IRP results demonstrate a need for the Company to add approximately 1,200 MW of additional resources by the 2029 timeframe. While not fully satisfying the indicated need, the acquisition proposed for certification represents a significant step towards meeting that need with a reliable and dispatchable resource, while at the same time affording the Company flexibility to respond to possible changes in demand, even as it pursues other resource options to address the remaining shortfall.

Q. HOW DID ALABAMA POWER IDENTIFY RESOURCE OPTIONS AND OPPORTUNITIES TO MEET ITS RELIABILITY NEED?

A. The Company's overarching goal in this undertaking was to consider resource opportunities that could be appropriate to meet this capacity need and then subject those potential options to a rigorous and consistent evaluation. These opportunities included the turnkey delivery of new Company facilities as well as various forms of capacity offerings from the wholesale market.

Q. HOW DID ALABAMA POWER OBTAIN LONG-TERM CAPACITY OFFERINGS FROM THE WHOLESALE MARKET?

A. The Company publicized and issued a capacity RFP ("Capacity RFP"). The Capacity RFP (excluding attachments) is appended to my testimony as Exhibit CJH-1.

Q. WAS THE CAPACITY RFP CONDUCTED AT YOUR DIRECTION?

A. Yes.

Q. BRIEFLY DESCRIBE THE CAPACITY RFP.

A. On July 14, 2023, the Company issued the Capacity RFP, soliciting proposals for dispatchable capacity resources either in the form of a power purchase agreement ("PPA") or an agreement for the acquisition of new-build or existing facilities. The RFP specified a service commencement of no later than December 2028, with a capacity rating no smaller than 100 MW and no larger than 1,200 MW. The term of the PPA could be anywhere from five to twenty years. Notice of the RFP was publicized through BusinessWire, a press release distribution service that reaches online, print, broadcast and radio media outlets, reporters and wire services.

Q. WHAT WAS THE LEVEL OF RESPONSE FROM WHOLESALE MARKET PARTICIPANTS?

A. The Company received notices of intent to bid from seven respondents reflecting a total of 5,538 MW from eight projects (excluding the effect of multiple offerings from the same resource). Four bidders submitted formal proposals comprising nine options, representing approximately 4,045 MW of capacity (again excluding the effect of alternative offerings). The electronic bids were opened on September 15, 2023.

Q. WHAT WERE THE MAJOR STEPS IN THE CAPACITY RFP PROCESS AFTER THE PROPOSALS WERE RECEIVED?

A. In general terms, the process consisted of the following steps. For the most part, these are set forth in chronological order, but some overlap may necessarily have occurred.

- Assessment of bids to confirm material compliance with the terms of the Capacity RFP
- Conduct initial evaluation considering unit specifics, fuel plan, initial transmission impacts and other factors.

- Complete initial due diligence (Phase 1) related to proposals to acquire existing facilities.
- Establish the Competitive Tier of proposals.
- Transmission reservation requests made as necessary.
- Initial meetings with each Competitive Tier bidder, encouraging proposal and pricing updates.
- Receipt of updated bid proposals.
- Complete detailed due diligence (Phase 2) related to proposals to acquire existing facilities.
- Complete transmission portfolio analysis.
- Final analysis of the updated bid proposals, including transmission costs and impacts, to determine the Short List.
- Finalize contract negotiations

Q. OVER THE COURSE OF THE EVALUATION PROCESS, WERE THERE DEVELOPMENTS THAT IMPACTED THE NUMBER OF PROPOSALS THAT QUALIFIED FOR THE SHORT LIST?

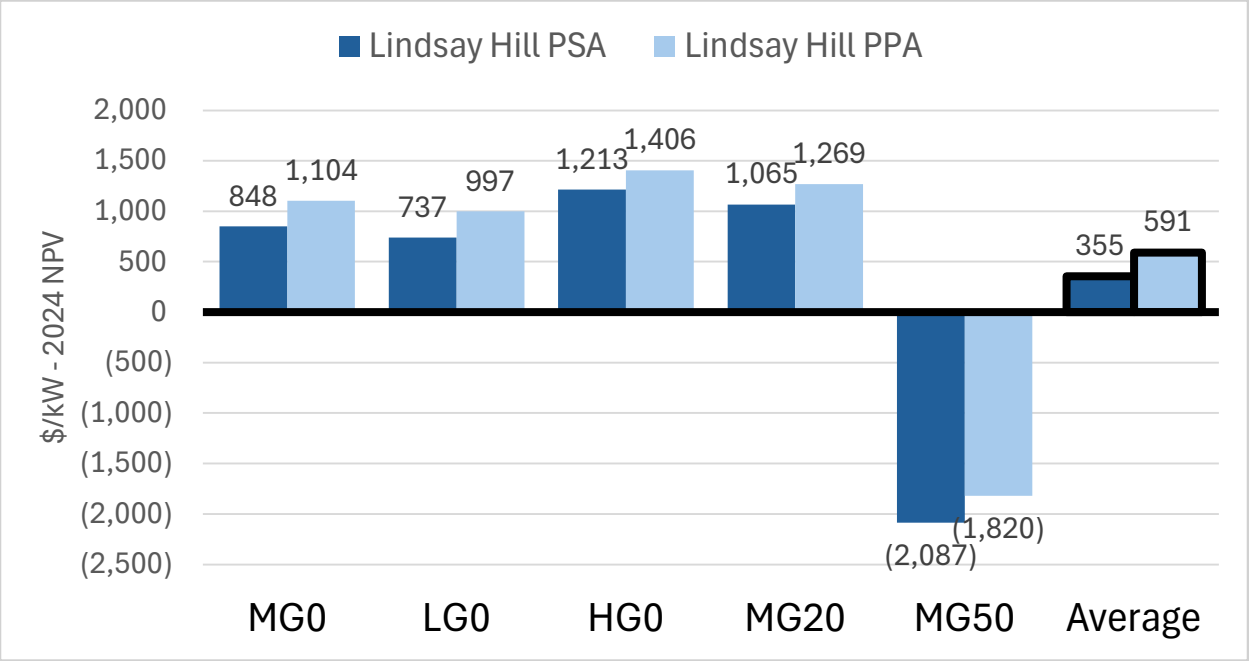
A. Yes. One bid was excluded early on as non-compliant because it did not relate to a specifically identified resource and two other proposals were later withdrawn by the bidders. Due to the limited number of offerings, all remaining bids proceeded to the Competitive Tier stage. At that point, updates to several proposals caused those projects to be removed from further consideration due to cost uncertainties and in-service dates beyond the Company's 2029 year of need. In the end, only two bids remained on the Short List – an acquisition and a PPA – both related to the Lindsay Hill Generating Station ("Lindsay Hill").

Q. WERE THESE COMPETING PROPOSALS EVALUATED IN A COMPARABLE MANNER?

A. Yes. The economic evaluations used throughout this process assessed the costs and benefits associated with these competing proposals in a comprehensive and consistent manner, across a range of scenarios representing alternative fuel costs and costs associated with potential greenhouse gas regulation.

Q. WHAT WERE THE RESULTS OF THAT ANALYSIS?

A. Across all five scenarios under study, the Lindsay Hill acquisition was more competitive than the PPA alternative. The total evaluated costs for those two options, by scenario and on average, are set forth in **Figure 2** below.



Additional details regarding the underlying components of each scenario are contained in my Exhibit CJH-2.

Q. WHAT RESOURCE WAS SELECTED FOR CERTIFICATION BY THE COMPANY, ON THE BASIS OF COST-EFFECTIVENESS AND RELIABILITY, TO MEET THE 2029 CAPACITY NEED IDENTIFIED THROUGH THE IRP PROCESS.

A. As reflected in the Petition for a Certificate of Convenience and Necessity and consistent with the above-described results of the economic evaluation, the Company plans to address this capacity need through the acquisition of Lindsay Hill.

Q. BRIEFLY DESCRIBE LINDSAY HILL.

A. Lindsay Hill is a combined cycle facility commissioned in 2002 and located near Billingsley, Alabama. Lindsay Hill is a sister unit to the Central Alabama Generating Station ("Central Alabama") that was acquired by Alabama Power in 2020 (as authorized by the Commission in Docket No. 32953). Lindsay Hill currently has a winter capacity rating of 895 MW and a summer capacity rating of 856 MW. The facility is owned by Tenaska Alabama Partners, L.P., a Delaware limited partnership. Upon the closing of a Purchase and Sale Agreement ("PSA"), Alabama Power will become the owner of Lindsay Hill. At that point, the facility is expected to have a remaining useful life of approximately 17 years. The PSA is subject to a number of conditions, specifically including receipt of requisite regulatory approvals. The PSA, in its final and agreed form, is appended to my testimony as Exhibit CJH-3.

Until April 30, 2027, Lindsay Hill is subject to a Fuel Conversion Services Agreement ("FCSA") with Mercuria Energy America, LLC ("Mercuria") under which Mercuria is entitled to the capacity of the facility and the associated energy. The FCSA with Mercuria will remain in place until it expires, with Alabama Power entitled to receive

the associated revenues. The Company will thereafter have the same rights and responsibilities associated with Lindsay Hill as with any other generating facility owned by the Company.

Q. ALONG WITH ITS FAVORABLE ECONOMIC EVALUATION, ARE THERE QUALITATIVE CONSIDERATIONS THAT ADD TO THE VALUE OF THE ACQUISITION OPTION?

A. There are several factors and considerations that make the acquisition of Lindsay Hill the appropriate choice for addressing the reliability need identified in the IRP. Foremost is its direct economic benefit, as discussed above. Lindsay Hill also brings the intangible benefit of being a sister unit to Central Alabama, which is in close proximity. This creates opportunities for efficiencies in terms of inventory, labor force, supervision and other actions and activities involving the operation and maintenance of those largely identical units. Yet another opportunity for synergies arises from the fact that Central Alabama has access to natural gas transportation from both Transcontinental Gas Pipe Line Company ("Transco") and Southern Natural Gas Company, whereas Lindsay Hill is served exclusively from Transco. Common ownership of Lindsay Hill and Central Alabama would afford the Company additional optionality in the context of planning and contracting for firm transportation for the natural gas supply for both units.

Q. DO YOU HAVE ANY CONCLUDING REMARKS RELATED TO THE COMPANY'S PETITION?

A. As demonstrated in my testimony, the proposed acquisition of Lindsay Hill represents a unique and cost-effective opportunity for the Company and its customers. The economics alone are quite favorable, and there are additional benefits expected to develop as the

Company explores opportunities for efficiencies and synergies with Central Alabama. Finally, the Company's experiences over the course of the Capacity RFP reflect a capacity market that is becoming increasingly constrained, even as utilities in the Southeast (and elsewhere) seek to address significant load growth in their respective territories. When considered in light of that market reality, this proposed acquisition of Lindsay Hill represents a unique and cost-effective opportunity for the benefit of customers.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

ALABAMA POWER COMPANY,

Petitioner

PETITION: For a certificate of convenience and necessity for the acquisition of existing combined cycle generating capacity at the Lindsay Hill Generating Station located in Autauga County, Alabama, together with all transmission arrangements, structures, equipment, devices, substations, and facilities, environmental control measures, facilities or arrangements for the handling, treatment, transportation, delivery, storage and processing of fuel, and any and all other appliances, appurtenances, facilities, rights, equipment, acquisitions, commitments and accounting authorizations necessary for or incident thereto.

Docket No. _____

DIRECT TESTIMONY OF CHRISTOPHER J. HABIG
ON BEHALF OF ALABAMA POWER COMPANY

STATE OF ALABAMA)

COUNTY OF JEFFERSON)

Christopher J. Habig, being first duly sworn, deposes and says that he has read the foregoing prepared testimony and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.

Christopher J. Habig

Subscribed and sworn to before me
this 28th day of October, 2024.

Notary Public
My Commission Expires: 6/30/25

24417982.1

Testimony of Christopher J. Habig

Exhibit CJH-1

Alabama Power Company

2023

CAPACITY REQUEST FOR PROPOSALS

Issued: July 14, 2023

Forecasting and Resource Planning
Alabama Power Company
600 North 18th Street
Birmingham, AL 35203

Table of Contents

1.0 Introduction

Alabama Power Company ("Company") hereby announces the 2023 Request for Proposals ("RFP") for reliable generating resources. Qualifying proposals submitted through this RFP will afford the Company an opportunity to review market offerings to determine whether there are economic and viable energy projects suitable to provide reliable, dispatchable, cost-effective generation supply to meet the needs of its 1.5 million customers. The Company is seeking resources available to commence service by December 1, 2028, with the total amount depending upon the cost competitiveness of the respective offers as well as options available to the Company. The Company will consider service commencement as early as 2025, provided the early commencement provides adequate additional value. The Company is interested in proposals for:

A. Power Purchase Agreements ("PPAs"); and
B. Asset Purchase and Sale Agreements ("APSAs") for both: (i) existing facilities; and (ii) new-build/transfer facilities (*i.e.*, new facilities to be constructed that will be acquired through a purchase transaction).

All proposals must be for supply side resources that, at a minimum, meet established reliability and performance criteria and that can be dispatched on demand (with appropriate notification) by the Company. Each project proposed must be at least one hundred megawatts (100 MW) in size, and no single resource should exceed twelve hundred megawatts (1,200 MW). Proposals may encompass resources using any type of dispatchable fuel source (*e.g.*, natural gas, biomass). The Company is seeking proposals from projects that will be available and dispatchable year-round with a focus on meeting capacity needs for both its summer (June-September) and winter (December-February) peak demands. This RFP is not open to any affiliate of the Company, including but not limited to Southern Power Company.

Nothing in this RFP, in the accompanying materials or in related exchanges should be considered an offer or acceptance of terms or conditions of a PPA, an APSA, an interconnection agreement, or any other contract or business arrangement. Any proposal that does not satisfy the requirements of this RFP may be considered nonresponsive, and the Company reserves the right to reject any such proposal without opportunity for correction or cure. The Company may, but is under no obligation to, contact any bidder to obtain additional information regarding its proposal. Each participating bidder waives any and all right of recourse against the Company, its parent, and any of their affiliates or subsidiaries (including their officers, directors, employees, agents and representatives) for either rejection of the proposal or for failure to execute an agreement with the bidder for any reason. The Company shall have no obligation or liability to any bidder unless and until a definitive agreement with such bidder has been successfully negotiated, fully executed, and any and all conditions precedent and subsequent to the effectiveness of such agreement are satisfied. The Company reserves the right, in its sole discretion, to determine whether to pursue negotiation and execution of any agreement with any bidder. Further,

any agreement shall be subject to all requisite management approvals of the Company as well as the Company obtaining any and all necessary approvals from governmental regulatory authorities, in a form suitable to the Company in its sole discretion. Proposals submitted pursuant to this RFP will be evaluated in a manner deemed appropriate by the Company, including but not limited to evaluations that measure proposals against one another on a like-kind basis (independent of technology type) and against other power supply options that may be available to the Company. Such other power supply options may include generation resources owned or developed by the Company, other generation resources located in the service territories of the Company and its affiliates, and other proposals for firm capacity generation that are provided to the Company outside of this RFP process. The Company is under no obligation to select any project, nor is the Company limited to choosing from the proposals submitted in response to this RFP. The Company may determine in its sole discretion to procure firm capacity resources outside of this RFP process or to defer the pursuit of any resources, through proposals identified in this RFP or otherwise, until a future date determined by the Company.

2.0 Confidentiality

Participation in this RFP is conditioned on the execution of a standard Confidentiality Agreement. An execution copy of Attachment B – Confidentiality Agreement will be provided via DocuSign to each bidder who submits a Notice of Intent ("NOI").

The Company will take reasonable precautions and use reasonable efforts to protect any confidential information contained in a bid proposal to the extent the bidder clearly identifies such information as confidential on the page on which it appears; provided that the Company reserves the right to disclose confidential information to governmental regulatory authorities in accordance with the provisions of the Confidentiality Agreement. In addition, the Company reserves the right to release such information to agents or contractors of the Company, for the purpose of proposal assessment and evaluation. Under no circumstances will the Company, its parent company, affiliates, subsidiaries, and the officers, directors, employees, agents, or representatives of any of them be liable to any party for any damages resulting from any disclosure of information provided in response to this RFP before, during or after the solicitation process.

3.0 Communications

3.1 Prior to the Submission of Bids

All questions to the Company regarding the RFP should be submitted utilizing the "Capacity RFP Questions" form within the Alabama Power RFP Platform hosted on OnBase ("RFP Platform"). There will also be a link to the "Capacity RFP Questions" form located on the Alabama Power website [http://alabamapower.com/rfp2023] by clicking the "Contact Us" button. Bidders using the specified form of communication to properly submit questions will receive appropriate responses from the Company through email notifications. There is also a "Frequently Asked Questions" portion

contained in this document. Other than questions and answers submitted in the above-prescribed manner, no other explanations or interpretations of this RFP will be given. Questions will be accepted by the Company until 5:00 p.m. CPT on September 1, 2023.

This RFP document will be made available on the Alabama Power website [http://alabamapower.com/rfp2023]. A Notice of Intent to bid ("NOI") will be required for all bidders participating in this RFP. All bidders must submit the required NOI by July 28, 2023, by 5:00 p.m. CPT. The link to access the NOI webform is available on the Alabama Power website [http://alabamapower.com/rfp2023]. Bidders failing to submit a NOI by the specified time and date may have their proposals summarily rejected by the Company, in its sole discretion. Bidders are able to list one primary contact in the NOI. Once the NOI has been received and processed, login credentials for accessing the RFP Platform will be provided, allowing access to the RFP Platform with the Capacity RFP Bid Form ("RFP Bid Form") and all associated RFP attachments. Each bidder will be allowed one set of login credentials for accessing the RFP Platform.

All bidders should familiarize themselves with the RFP document, the RFP Bid Form, and all associated attachments located on the RFP Platform. Interested parties must download this RFP document, complete the attachments and RFP Bid Form, and upload and submit all required information on the RFP Platform by the deadline of September 8, 2023, by 5:00 p.m. CPT. In the event of any conflict between or among this RFP document, the RFP Bid Form or the attachments, this RFP document controls.

Any and all communications regarding this RFP should be submitted through the above-referenced process. Attempts at direct communications with the Company or Southern Company Services regarding the RFP may be disregarded at the Company's discretion.

3.2 Following the Submission of Bids

All communications with bidders following the submission of bids shall be conducted through the Company and shall be confidential. The Company will utilize the RFP Platform as the primary mode of communication to send notifications and requests for additional information. Additional communications may include one or more face-to-face meetings, attended by the Company and other Company representatives and advisors, in order to discuss the bidder's proposal(s). In addition to or in lieu of face-to-face meetings, the Company and other Company representatives or advisors also may conduct telephonic conference calls with a bidder to clarify bid proposals or resolve issues with such bid proposals.

3.3 Following the Execution of the Final Contract

Winning bidders may not announce the execution of any final PPA or APSA through a press release or any other method of public communication without prior approval of the Company.

4.0 Operational Parameters and Requirements

The Company is seeking generating resources that can meet the operational requirements and parameters described in this section in order to meet the Company's reliability needs year-round, with a focus on both the winter and summer peak demands. All bid proposals should provide all pertinent operational information and should identify any inability to fully satisfy all criteria set forth in the "Operating Parameters" tab of the RFP Bid Form.

4.1 Minimum and Maximum Capacity Limits of Resources

Each project proposal, including an aggregate of units at a facility, must be at least one hundred megawatts (100 MW) in total capacity for the resource proposed, and no single resource should exceed twelve hundred megawatts (1,200 MW).

4.2 Seasonal Availability and Capability

All bid proposal projects must provide the capacity ratings of the facility for the winter (December-February) and summer (June-September) seasons. For the winter season, the capacity ratings can be in the form of a separate winter season capacity rating, guaranteed output at various low temperatures, or a guarantee of "as capable" output with an associated temperature-output engineering curve. For PPAs, the resources must be available year-round and not be subject to scheduled outages in either the winter or summer seasons.

4.3 AGC Requirements

All proposals must be sourced from facilities capable of operating on Automatic Generation Control ("AGC"). Bidder shall be responsible for all costs to make the unit capable of responding to the Company's AGC signals. For PPAs, the Company shall have the right, but not the obligation, to dispatch the facility in AGC mode. For PPA proposals involving facilities that are not connected to the Southern Company transmission system, bidders should verify dynamic transfer capability and protocols with the Southern Company transmission system to ensure proper telemetry communications in accordance with the Southern Company Open Access Transmission Tariff ("OATT").

4.4 Run Time Requirements

Combined cycle ("CC") resources must have a minimum down time of no more than 8 hours, and combustion turbine ("CT") resources must have a minimum down time of no more than 4 hours (although a minimum down time of no more than 1 hour is preferred for both CC and CT resources).

4.5 Quick Start Capability (for CTs)

For proposals reflecting CT resources, the Company prefers quick start capability (*i.e.*, 10 minutes or less following notification from the Company).

4.6 Environmental

The Company shall receive all associated environmental attributes associated with output of the resource and shall have the right to sell such environmental attributes (including renewable energy certificates, or "RECs") to third parties, separately or bundled together with energy from the facility or elsewhere.

4.6.1 Greenhouse Gas Compliance

Each bidder proposing a fossil fuel-fired generating technology shall supply a narrative description of its proposed plan for complying with any regulation designed to avoid, reduce, utilize, or sequester air pollutants or greenhouse gases.

4.7 Demineralization

The use of demineralized water supply for a resource should not limit the operations or delivery of capacity. CCs operating on natural gas should be able to support at least fourteen (14) hours of full load generation plus ten (10) hours of full pressure generation (twenty-four (24) hours of total operation).

Demineralized water intended for use in conjunction with fuel oil operation should match the specified storage capacity for fuel oil in Section 4.8 (Fuel Plan). The bidder must also have adequate demineralized water replenishment capabilities at the facility.

4.8 Fuel Plan

4.8.1 Fuel Evaluation for Proposals

Natural Gas prices will be linked to a single monthly forecast of gas prices at a common point (Henry Hub). Delivered gas prices will include the effect of applicable gas transportation charges, fuel retention rates, historical basis differentials and taxes. The requirement to purchase firm gas transportation and storage will be applied as follows for evaluation purposes.

- CC units will be evaluated with sufficient firm gas transportation to allow fourteen (14) hours of operation at full load plus ten (10) hours operation at peaking or secondary modes of operation (twenty-four (24) hours of total operation). CC units will also be evaluated for sufficient gas storage capacity based on firm gas transportation capacity that is consistent with other Company CC units.
- Simple cycle units are preferred to have sufficient fuel oil backup as specified in Section 4.8.2 below. Simple cycle units with sufficient oil backup will not require firm gas transportation provided the oil can be burned year-round. Simple cycle units with sufficient oil backup that cannot burn oil in the summer months will require a minimum of five (5) hours of firm gas transportation during the summer months, with the actual location of the proposed unit potentially resulting in greater than five (5)

hours being required. Gas storage will be evaluated for simple cycle units consistent with other Company CT units. Fuel oil inventory costs will be applied as appropriate.

- For PPAs, the Company preference is a tolling fuel plan arrangement.

4.8.2 Fuel Oil Evaluation for Proposals

The Company prefers fuel oil availability for CT proposals. The supporting facilities (including infrastructure and property interests) and operation for onsite fuel oil storage will be expected to comply with the following standards, including both tolling and non-tolling proposals for PPAs:

- For existing CT facilities, sufficient fuel oil storage to operate the generating facility for twenty-four (24) continuous hours, without replenishments, at full load. The bidder must also have adequate replenishment capabilities at the generating facility.

- For new-build/transfer CT facilities, sufficient fuel oil storage capacity to operate the generating facility for seventy-two (72) continuous hours, without replenishments, at full load. The bidder must also have adequate replenishment capabilities at the generating facility.

- If a bidder cannot meet or exceeds the storage and replenishment capabilities outlined above, the bidder should indicate its storage and replenishment capabilities and the Company will evaluate this as a qualitative, non-price factor. For PPA proposals, the parties will develop the additional requirements and objectives necessary to implement the foregoing standards as a part of the PPA.

5.0 Power Purchase Agreement Proposals

For purposes of this RFP, the Company is interested in PPA bid proposals based upon "tolling" principles for terms ranging from five (5) to twenty (20) years from a dedicated (first-call) generating resource ("Facility"). The proposed PPA must reflect a 100% capacity and energy entitlement from one or more dedicated generating units. Capacity offered under a PPA proposal will have the most value if fully dispatchable and available year-round for first-call twenty-four (24) hours per day and seven (7) days per week for the contracted period. PPA bid proposal prices must include all costs that the bidder expects the Company to pay for the capacity and energy proposed, as well as all associated electrical products (*e.g.*, reactive power, reserves, other ancillary service products). The Company will not be responsible for any other costs associated with the project, including but not limited to station service, test energy, fuel for testing, rail spur construction, fuel handling facilities, transmission system interconnection and all costs necessary to accomplish synchronization. On-site fuel storage or dual-fuel capability is not required, but the non-price factor contribution of such characteristics will be considered. For proposals offering multiple units in a single bid proposal, the bidder should indicate whether each unit may be selected separately by the Company at the $/kW bid capacity

price and the other pricing components proposed for the entire bid. The bid proposal should clearly state if a bidder desires to not offer such unit combinations. If the bidder desires to offer a different pricing structure for such unit combinations, the bidder must specifically identify this alternate pricing in its proposal.

5.1 Delivery of Energy

At all times during the PPA term, the delivery point must be at an available interface into or within the Southern Company transmission system and capable of being designated as a firm network resource as defined under the OATT. The Company will not be responsible for any delivery charges or any costs (*e.g.*, congestion) at or before the point of delivery.

In addition to evaluating facilities and upgrades required for interconnection, an important consideration in the evaluation of proposals will be whether there is adequate transmission to deliver the energy of a proposed project from the proposed point of interconnection to the Company and its customers on a reliable basis. For each project, the Company will determine the facilities and upgrades (and associated costs) needed beyond the point of delivery. The costs of any modifications to the transmission system to reliably deliver energy to the Company and its customers will be taken into account in the evaluation of the project.

Delivery of energy to meet the Company's schedules must be from the Facility identified in a bidder's PPA proposal in response to this RFP. If a bidder expects its Facility will not be available per the Company's specified deadline, the bidder may propose an interim resource in the form of a physical unit, provided that the physical interim resource is clearly identified and committed. The Company will only allow interim resources with a megawatt capacity that is within the range of ten percent (10%) less to five percent (5%) more than the megawatt capacity of the Facility; provided, however, that the period of time a bidder uses an interim resource to fulfill such capacity need may not exceed one (1) year for a PPA term of five (5) to ten (10) years or two (2) years for a PPA term of greater than ten (10) years. In the case of a multiple resource proposal, there must be no change proposed in the amount of capacity offered over the term of the PPA beyond that described above, and all requirements of this RFP shall apply equally to both the proposed and interim resources. Appropriate adjustments to the Pro Forma PPA also will be made, as applicable.

5.2 Firmness of Proposed Resources

To be considered a responsive PPA proposal, including interim PPA resources, bidders are required to provide the proposed capacity and energy to the Company from specific, dedicated generating unit(s) on an unencumbered first-call basis and priority. In the event a resource is not directly connected to the Southern Company transmission system at any time during the term of the PPA, the bidder must secure firm transmission service from the resource to the Southern Company transmission system, with roll-over rights.

In the event a bidder intends to supply the capacity offered in its bid proposal through purchase(s) from a third party, such bid proposal must demonstrate that the generation source for the bidder's purchase(s) will provide the Company with the same unencumbered first-call firmness discussed above as if the bidder owned such generating resources. In addition, appropriate provisions will be added to the Pro Forma PPA to ensure adequate protection for the Company.

5.3 *Interconnection and Transmission Requirements (Projects connected to the Southern Company Transmission System)*

- The costs and benefits of any network transmission system modifications to the Southern Company transmission system that are required to reliably incorporate the proposed resource into the transmission grid will be considered in the evaluation. Southern Company Services, Inc., acting as agent for the Company, will conduct transmission impact studies, as appropriate, to determine an estimate of such costs and benefits for inclusion in the bid evaluation.

- Each PPA bidder should propose the discrete point of electrical interconnection for its project, which will define the point where the generator interconnection facilities connect to the existing transmission system. In proposing the point of interconnection, the bidder will bear cost responsibility for all generation and transmission interconnection facilities from the bidder's generating equipment to the proposed point of interconnection.

    a. The proposed point of electrical interconnection should be consistent with the expected point of electrical interconnection that would be established if the bidder was currently applying for formal interconnection.

    b. If the bidder's Facility has an interconnection agreement in place or has applied for a formal interconnection, the bidder should provide a copy of the interconnection agreement or application and, in the case of an application, a summary of the status (*e.g.*, interconnection granted, pending).

    c. Each bidder must supply a one-line diagram of the electrical system depicting the Facility's generator(s), generator step-up transformer(s), collector bus(ses), high voltage circuit breaker(s) and connections to the transmission system. In addition, each bidder must clearly mark the proposed point of interconnection on such one-line diagram and clearly indicate the line of demarcation (*i.e.*, the change of ownership) between the Facility and the transmission provider's facilities.

    d. The Company may suggest a different point of interconnection (with respect to location and/or voltage) if expected to result in more favorable economic consideration of the bid proposal or as may be required per Company interconnection policy and business practices.

- For the purpose of this RFP, PPA bidders shall be responsible for all transmission interconnection costs from the generating equipment to the bidder's proposed point of interconnection in their bid proposal, as described above. Successful bidders are responsible for all costs they incur related to interconnection of their Facility to the Southern Company transmission system in accordance with their interconnection agreement. In addition, successful bidders will be responsible for any costs for upgrades required to electric systems other than the Company's transmission system as a result of interconnection Affected Systems (as defined in the OATT) improvements.

- Successful PPA bidders will be required to have submitted a valid interconnection request for study within one week of short list notification. It is each bidder's responsibility to contact the appropriate transmission provider to obtain all relevant information regarding interconnection requirements for their Facility. For more information on Southern Company's interconnection process, see the Generator Interconnection Business Practices document located at https://www.oasis.oati.com/SOCO under the Generator Interconnection folder.

- Successful PPA bidders must demonstrate that they can reliably deliver energy to the bidder's proposed point of interconnection. The Company will accept no risk of failure to so deliver.

- The Company is seeking proposals for which firm network integration transmission can be available to serve the Company's loads at the commencement and throughout the term of the PPA. The Company will determine whether network integration capability exists and the likely cost to maintain such status over the term of the PPA. Bidders may desire to obtain additional information regarding the Southern Company transmission system and capabilities by using Southern Company's Open Access Same Time Information System ("OASIS") web site (located at https://www.oasis.oati.com/SOCO).

5.4 Transmission Requirements (Projects not connected to the Southern Company Transmission System)

While the Company prefers proposals that are directly connected to the Southern Company transmission system, PPA proposals for Facilities not connected to the Southern Company transmission system will be considered. However, any bidder proposing a Facility not connected to the Southern Company transmission system must demonstrate that it has firm transmission service for the entire term of the PPA to deliver the entire capacity and energy of the Facility to the interface with the Southern Company transmission system. The PPA will include provisions that require the successful bidder(s) to (a) acquire firm physical transmission rights, and (b) guarantee physical delivery of the Company's energy entitlement from the Facility to the designated interface with the Southern Company transmission system. The Company will bear no transmission price or congestion cost responsibilities relative to any

transmission service through or out of other transmission systems or balancing authorities. The successful bidder will be responsible for, and proposed prices must include, any costs associated with satisfying the foregoing requirements, as well as all costs related to the interconnection of its Facility to the other transmission system in accordance with its interconnection agreement with such other transmission service provider.

5.5 Options to Mitigate Short-Term Transmission Constraints

The Company is seeking PPA proposals for which firm transmission service can be available to serve the Company's obligations by the service commencement date and throughout the term of the PPA. The Company recognizes that some proposals could have value to customers but may have potential transmission constraints that are either (i) limited in time, or (ii) could be cured or mitigated by reducing the megawatt capacity of the Facility. In such event, the Company will consider options to cure or mitigate such transmission constraints where (i) a transmission cure cannot be effectuated prior to the required commercial operation date, or (ii) the cost to cure the constraints would make the bid non-competitive. Such options may include, but are not limited to, (i) reducing the capacity amount proposed for a portion of or the entire term of the PPA, (ii) shortening the term of the PPA, (iii) identifying an Alternate Resource or interim resource to supply the capacity and energy during such constrained periods, (iv) providing financial settlement in the form of replacement power cost, or (v) providing financial settlement in the form of liquidated damages.

In determining the applicability of an option, the Company will consider the reliability impacts of implementing the option as well as the value provided by the bid as compared to other proposals. If the Company proposes an option to a bidder, the bidder will not be allowed to change the fixed pricing (capacity and fixed O&M) components. If the solution requires a reduction in the capacity of the Facility, the bidder will be allowed to propose changes to the operational characteristics and energy pricing commensurate with the reduction in Facility capacity offered.

5.6 Interconnection Guidance

Proposed resources for a PPA will either (i) interconnect to the transmission system of the Company or (ii) be deliverable to the Southern Company transmission system on a firm basis.

Bidders are responsible for submitting requests to interconnect their generation resources and to obtain all relevant information regarding the interconnection process. General information about generator interconnections to the Company's transmission system (>40 kV) can be found on Southern Companies' OASIS website [https://www.oasis.oati.com/SOCO], under the Generator Interconnection folder. If a bidder has a site-specific question about the interconnection process, bidders may submit a pre-application report request, as described on Southern Companies' OASIS website [https://www.oasis.oati.com/SOCO], under the Generator Interconnection/Small Generator Interconnection folder.

The submission of a proposal in response to this RFP does not constitute an interconnection request. Interconnection requests must be submitted to the Southern transmission function pursuant to the applicable interconnection process. Additional costs associated with submitting an interconnection request may apply. All such costs are the bidder's sole responsibility.

Bidders selected for the "short list" must promptly submit all required interconnection requests, to the extent not already submitted, in order to remain eligible for further consideration under this RFP. Allowing sufficient lead time for study of an interconnection request (typically 12-15 months) and for construction of the required interconnection facilities and upgrades (typically 24 months or longer) is critical to meeting any target in-service date.

Each short list bidder shall provide all relevant information regarding the status of its interconnection request(s), the interconnection facilities that will be required to interconnect the proposed resource and the costs to interconnect, including any contingent facilities (*e.g.,* prior-planned or prior-queued projects). The Company shall be entitled to make inquiries as needed to obtain such information.

Each bidder proposing a PPA for a Facility that is interconnected to the Company transmission system will be required to enter into an interconnection agreement (to the extent the resource would interconnect to the Company's transmission system), which carries a monthly administration fee of $5,000 and operations and maintenance charges specific to each project. This monthly administration fee does not vary with project size and is applicable to any bidder proposing a PPA for a Facility interconnected to the Southern Company transmission system. These costs should be considered in the bidder's pricing. The Generator Interconnection Agreement will also require the bidder to provide security for all interconnection costs (including interconnection upgrades, potential tax liability, and any contingent facilities) until the project achieves full commercial operation.

In addition to facilities and upgrades required for interconnection on the Company's side of the interconnection facilities, an important consideration in the evaluation of proposals will be whether there is adequate transmission capability to reliably deliver the energy of a proposed project from the proposed point of interconnection to the Company and its customers for their use. Therefore, the Company, or a designated agent of the Company, will conduct assessments, as appropriate, to determine the costs of any transmission system modifications that are necessary to deliver energy from a proposed resource for them to be appropriately considered in the bid evaluation. Also, any Affected System (as defined in the OATT) improvements for interconnection and delivery may require further studies and Affected System improvement agreements with other utilities.

5.7 Availability and Alternate Delivery

The Company will rely, in part, on the contracted power supplied by any selected PPA bid to provide dependable and reliable electric service to meet the needs of its

customers. Accordingly, the Company will require stringent protection for the Company and its customers against failures by the PPA bidder to deliver contracted capacity and energy in accordance with the PPA. The Company expects that, with the exception of scheduled outages and force majeure events, the Facility will be available for dispatch at all times. If the Facility is unable to meet the Company's dispatch schedules, the seller will be responsible for reimbursing the Company for its replacement power costs. However, in lieu of incurring such costs when the Facility is unavailable, the bidder will have the option to meet dispatch schedules with capacity and energy delivered from an alternate resource on a firm basis subject to the alternate delivery provisions in the Pro Forma PPA.

5.8 Performance Security

Any PPA that the Company enters into must provide reasonable assurance that the Company will be able to readily recover its actual damages in the event of any default by the seller. Accordingly, simultaneously with the execution of the PPA and thereafter for the term of the PPA, the bidder shall provide and maintain performance security in a form and amount acceptable to the Company in order to secure bidder's performance obligations. Such performance security may be in the form of a letter of credit, parent guaranty from a creditworthy guarantor acceptable to the Company, or other security acceptable to the Company. The specific requirements for PPA security are set forth in the Pro Forma PPA. The indicative security "Exposure Risk" requirements are set forth in Attachment I – Indicative Performance Security; however, the Company may determine to increase these security amounts prior to PPA execution.

5.9 Environmental

All bidders will be responsible for compliance with federal, state and local environmental laws and regulations, including but not limited to regulated environmental air pollutants and emissions limits to which the Facility is subject. The seller should provide all permits for the Facility under federal, state and local environmental regulations, as required by the Company for review. The Company will not excuse any failure to deliver energy that, in whole or in part, is due to non-compliance with any permit or environmental law or regulation at the Facility.

The bidder shall provide the Company with the benefit of an appropriate pro rata portion of all environmental allowances (if any) allocated to the Facility by any governmental authority at no cost to seller. Such pro rata portion of environmental allowances will be equal to the amount of capacity designated to the Company in the PPA proposal. The Company will be responsible for any required environmental allowances that exceed the pro rata portion allocated to the Company. The specific requirements for PPA environmental requirements are set forth in the Pro Forma PPA.

5.10 Energy Price

PPA bidders are encouraged to bid variable costs consistent with their actual realized variable costs. The Company prefers guaranteed variable costs that closely

approximate actual unit cost and performance. If the bid variable components are not consistent with design specifications of the Facility, the Company may request that a bidder modify its proposal(s). This cost-based pricing approach should reflect, but is not limited to, the following components:

- Variable O&M
- Start Cost
- Heat Rate

5.11 Fixed O&M Price

The Company prefers the inclusion of fixed O&M cost in the capacity price. However, if a PPA bidder elects to have a fixed O&M price separate from the capacity price, the bid fixed O&M price should be consistent with the bidder's expected actual costs.

5.12 Operating Flexibility

Bidders proposing a CC may bid a Facility with 1-on-1 configuration, 2-on-1 configuration, or any other configuration as desired. Bidders of 2-on-1 configured CC Facilities must offer operation in the 1-on-1 mode if technically feasible by design. Operating in 1-on-1 mode entails the ability to operate a single CT, one HRSG and the steam turbine, while the second CT is shut off. Bidders of the Facility must offer cycling from 2-on-1 mode of operation down to 1-on-1 mode and back up to 2-on-1 mode if technically feasible by design.

Bidders of 2-on-1 configured CC Facilities should offer pricing for 1-on-1 mode of operation based on the cost of operating in this mode. This should entail a start charge that accurately represents the cost of starting the Facility in the 1-on-1 mode and the cost of moving from 1-on-1 mode to 2-on-1 mode. Bidders should also provide heat rate curves consistent with the actual cost of 1-on-1 mode operation.

In the event a bidder proposes a resource with other operational capabilities, (*e.g.,* 3-on-1 configuration, power augmentation, full pressure), such bidder's proposal must offer such operational flexibility consistent with the Facility's capabilities and pricing based on the cost of providing such operational flexibility.

For PPA bids with multiple modes of operation, bidders must specify the guaranteed nominal capacity of each mode, quote a single capacity bid price for the entire output of the Facility, and insert those capacities and that price into the "Operating Parameters" tab of the RFP Bid Form. In the event during any contract year the capacities designated by mode are different from their respective guaranteed nominal capabilities by mode, the seller will be subject to remedies described in the Pro Forma PPA.

5.13 Fuel Plan for PPA Proposals

PPA Bidders must provide details regarding the fuel supply plan to the proposed Facility they are proposing for a PPA. Any such proposal would have to adhere to the

fuel plan provisions provided above in the Operating Parameters and Requirements section in this RFP document.

The Company prefers a fuel tolling arrangement (*i.e.*, an arrangement in which the Company as buyer is responsible for fuel supply and transportation). As an alternative, the bidder may propose a non-tolling agreement.

5.13.1 Tolling PPA Proposals

- With respect to resources for which the bidder has a pre-existing fuel transportation arrangement, the Company prefers release and/or an assignment of the pre-existing fuel transportation arrangement. With respect to resources for which the bidder does not have a pre-existing fuel transportation arrangement, the Company prefers the bidder provide a fuel transportation proposal from the connecting interstate pipeline company. The Company would anticipate receiving assignment of the proposal upon execution. The bidder should provide specific data regarding the costs and rates under the fuel transportation arrangement or any proposal from the pipeline company. All such arrangements, as well as their release and/or assignment to the Company, must comply with applicable regulatory requirements. The Company, at its sole discretion, may choose to reject a proposed fuel transportation arrangement and impute its own fuel supply plan.
- The bidder must propose a pre-existing fuel transportation arrangement or propose a new transportation arrangement for the term of the PPA. Alternatively, the bidder must reasonably demonstrate that the Company could secure a satisfactory fuel transportation arrangement matching the PPA term.
- The Company will be responsible for delivering to the agreed-upon gas delivery point sufficient quantities of natural gas necessary to generate energy pursuant to the Company's energy schedules. The Company shall bear the risk of loss of natural gas until it is delivered to the delivery point. The party responsible for causing any imbalances shall be responsible for payment of any imbalance charges assessed by the pipeline operator.

5.13.2 Non-Tolling PPA Proposals

- In the case of resources for which a PPA bidder does have a pre-existing fuel transportation arrangement and the bidder proposes a non-tolling fuel plan in its bid, then the bidder must provide complete details (*e.g.*, costs, rates, term) of its fuel transportation arrangements and fuel plan with its proposal.
- A successful bidder that proposes a non-tolling fuel plan will not be excused from a failure to meet the Company's energy schedules as a result of the inability to provide natural gas to the Facility unless such an event affects dedicated firm transportation and constitutes a force majeure event under

the applicable pipeline tariff, or is the result of an operational flow order that is not directed toward such bidder's failure to comply with the applicable pipeline tariff. Unless excused by the preceding sentence, such bidder shall be responsible to reimburse the Company for its incremental replacement power costs. The PPA will also contain provisions such that if the Company has concerns about the reliability of the Facility due to the fuel plan, the Company shall have the right to take over the fuel supply to the Facility.

5.14 Additional Options for PPA Bidders

The Company anticipates that most PPA proposals will be able to conform to the PPA product definition as described above. However, in the event a bidder needs additional flexibility in order to conform to the PPA product definition or to improve the value of a proposal offering given the bidder's circumstances, the following options will be considered by the Company:

5.14.1 Consolidated Bids

The Company will accept a consolidated bid submitted jointly by two entities. The bid should be comparable to that submitted by a single entity in all substantive respects. For example, a single bid must include a consolidated performance security response and a clear indication of the party responsible for development, construction, maintenance and operations. For purposes of the relationship interactions with the Company and for bidding into the RFP, the bid will be treated as though it is from a single entity. The Company retains the right to evaluate the bidder's qualifications to perform under the PPA. If the bid is selected, the Company will require that prior to PPA execution the two entities form or designate a single entity, such as an LLC or LLP, to serve as the counterparty.

5.14.2 Multiple Facilities Bids

The Company will accept a bid in which a bidder utilizes two separate Facilities to develop a response for a five (5) to twenty (20) year term proposal. For example, if a bidder only had the right to capacity and energy of Facility A for 8 years, the options available to the bidder would be as follows:

a) Bid an 8-year proposal from Facility A;
b) Bid a 10-year proposal comprising 8 years of Facility A and 2 years of Facility B;
c) Bid a 15-year proposal comprising 8 years of Facility A and 7 years of Facility B;
d) Bid a 20-year proposal comprising 8 years of Facility A and 12 years of Facility B.

It would be acceptable for such bidder to submit all four proposals; provided, however, that each Facility must be clearly identified and committed to the contract for its portion of the full term, and the bid must include all pricing information (*e.g.*, capacity price, variable O&M, heat rate guarantees) required by the RFP for both Facilities. Each facility will require a separate RFP Bid Form to be completed, and the bidder should indicate the multiple facility bid type in a proposal summary attached to the RFP Bid Form.

5.14.3 Term Extensions

The Company will accept bids that offer a Facility for a five (5) to twenty (20) year term and provide the Company an option to extend the agreement for a specified additional term of one (1) to five (5) years. The pricing for the additional term must be no higher in any contract year than the pricing for the final contract year of the conforming term. The Company is not under any obligation to execute the extension. This optionality will be a non-price consideration in the evaluation.

5.14.4 Early Service Commencement Date

The Company will accept bids that provide the option to set an early service commencement date (*i.e.*, a point earlier than the service commencement date of December 1, 2028, as defined in the Pro Forma PPA), but no earlier than December 1, 2025. For proposals offering an early service commencement date, bidders should include PPA pricing for each year of the extension. The bidder's proposal offering a service commencement date as defined in the Pro Forma PPA will be evaluated against all other proposals received in the RFP. If the bid is selected as a winning proposal and the bidder is offering an early service commencement date that provides adequate additional value to customers, the parties would execute a PPA with the early service commencement date. If it is determined that the extension does not provide adequate additional value, the parties would execute a PPA with a service commencement date as defined in the Pro Forma PPA. The bidder's pricing information for this option is to be entered in "Early Start Pricing" tab of the RFP Bid Form.

In the event a bidder desires to submit a bid utilizing one or more of the aforementioned options, the bidder should clearly state in the bid that such option is being offered and provide sufficient detail to support the bid. To the extent practical, the bidder should utilize the RFP Bid Form and applicable attachments to this RFP for each Facility offered and provide supplemental information as necessary to communicate the bid terms. For instance, a bidder utilizing the Multiple Facility option would complete an NOI and RFP Bid Form, as well as Attachments E, F.1, F.2, and G for each Facility and indicate in the bid the periods in which each Facility is offered. The Company reserves the right to request additional information necessary to consider and evaluate the bid.

5.15 VIE and Finance Lease Considerations

Given the length of the terms that PPA proposals may cover in response to this RFP, and the business structure a bidder may choose to adopt, accounting and tax rules may require either (i) that a PPA be accounted for by the Company as a Finance Lease[1] or Operating Lease, or (ii) the seller under the PPA be consolidated as a Variable Interest Entity[2] ("VIE") onto the Company's books. For each PPA proposal, a bidder must include certain statements, based on consideration of the factual matters and its understanding of applicable accounting standards, using Attachments H.1 (Variable Interest Entity Certification) and H.2 (Finance Lease Certification). The Company is unwilling to be subject to accounting or tax treatment that results from VIE treatment. All proposals that the Company deems likely to subject the Company to VIE treatment will be rejected and considered a non-conforming bid. At PPA execution, the chief financial officer or an officer responsible for financial matters for the bidder must provide certification that the Company will not be subject to VIE treatment and that the PPA is not a Financial Lease, if applicable. Further, any PPA that the Company executes will require that (i) the seller covenant that the Company will not be subject to VIE treatment at any point during the term of the PPA, and (ii) in the event that the PPA causes the Company to be subject to VIE treatment at any point during the term of the PPA, unless cured, such treatment will constitute an event of default under the PPA, entitling the Company to terminate the PPA.

If the proposal constitutes a Finance Lease, the bid evaluation will include the cost to the Company resulting from capitalization of PPA costs on its balance sheet. In any case for which the bidder determines the proposal is not a Finance Lease, the bidder is required to provide supporting information sufficient to enable the Company to independently verify that Finance Lease treatment will not occur.

Each bidder with a proposal selected for the short list of proposals for further evaluation must agree to make available all financial and business data associated with the bidder, the Facility and the PPA that the Company deems necessary to independently make accounting determinations related to VIE and Finance Lease considerations. Such information may include, but may not be limited to, data supporting the economic life, the fair value, investment tax credits associated with or other costs associated with the Facility including debt specific to the asset proposed. Financial data contained in and otherwise supporting the bidder's financial statements (*e.g.*, income statements, balance sheets) may also be required.

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[1] "Finance Lease" shall have the meaning as set forth in the Accounting Standards Codification ("ASC") Topic 842, Leases, as issued and amended from time to time by the Financial Accounting Standards Board.
[2] "Variable Interest Entity" or "VIE" - shall have the meaning as set forth in ASC Topic 810, Consolidation, as issued and amended from time to time by the Financial Accounting Standards Board.

5.16 Bidder's Qualification Screen and Project Development Requirements

In the event a PPA bid proposing to develop a new project is identified by the Company as one of the most competitive bids, the bidder will be required to submit within two (2) weeks of such selection a certification signed by an officer of the bidder to the effect that the bidder has the ability to implement such project, including a full description of all development activities completed or pending including, without limitation, negotiations for partnership agreements, equipment supplier agreements, financing, permitting, and design work. Note, however, that the bidder must submit, at the time of the proposal, verification that the bidder's contractor(s) are properly licensed to perform such work in the State of Alabama (or other State, as applicable). The Company may require bidders to provide copies of such development documentation as a condition of further evaluation of their proposal(s). It will be the bidder's sole responsibility to obtain any financing associated with the project and any PPA entered into by the Company shall not be contingent upon the bidder obtaining such financing.

6.0 Asset Purchase and Sale Agreement Proposals

As indicated above, the Company will consider purchasing existing generating resources as well as new-build/transfer facilities (*i.e.*, new facilities to be constructed that will be acquired through a purchase transaction) that are in commercial operation as of the specified delivery period ("APSA bids"). APSA bids will be subject to the receipt of all required regulatory approvals, on terms and conditions acceptable to the Company. The bidder must offer 100% ownership of the facility or the business entity owning the facility, including appurtenant works and generation interconnection facilities (as opposed to just a unit(s) of the facility or percentage ownership of the facility or the owning business entity). Proposed facilities should have no major operational limitations that reduce their ability to run for extended periods. The Company will consider the acquisition of a generation facility or facilities owned by multiple owners provided that the owners submit a joint proposal where full ownership of the facility or facilities is being offered. If an APSA bid makes the short list of competitive proposals, the bidder may be asked by the Company to also submit an offer to purchase the business entity that holds the generating resource, if such was not done as part of the initial bid. In the evaluation process, the Company will give preference to proposals that afford flexibility to purchase either the generating resource or the generating resource together with the business entity.

In the evaluation process, APSA bids will receive comparable treatment to PPA bids. APSA bids must complete the NOI, RFP Bid Form, and Attachments E, F.1, and F.2 which indicate the information the Company must receive from the bidder in order to perform preliminary evaluation and associated Phase 1 Due Diligence.

The Company will only accept APSA proposals for generation facilities located inside the State of Alabama and that either are interconnected or have the ability to interconnect to the Southern Company transmission system. Any proposal for the sale of a generation facility or facilities not interconnected to the Southern Company transmission system must include additional interconnection costs in the bid proposal. APSA bids for new-

build/transfers should follow the "Interconnection Guidance" section under PPA proposals in this document as it pertains to the facility needs for interconnection.

APSA bidders must provide an "all-in" price that includes all customary and reasonable facilities necessary for the reliable operation of the offered resource, including but not limited to transmission interconnection, land and any other facilities (collectively the "Asset Facility"). The Asset Facility shall include but not be limited to the asset's major equipment and all auxiliary equipment and facilities necessary or used for the production, control, delivery and monitoring of electricity produced on the property, as well as the appropriate rights to the land. All equipment and other facilities installed on the bidder's side of the transmission interconnection point and, if applicable, the primary gas delivery point shall be considered a part of the Asset Facility. The proposed price must include all costs associated with the project up to the point where the project facilities will connect to the interconnection facilities to be constructed and owned by the Company including but not limited to engineering, construction, equipment, insurance, and land. Each project must comply with all the applicable federal, state, and local laws and regulations. All federal, state, and local approvals, permits, licenses, and safety and environmental regulations and associated fees or other costs are the responsibility of the bidder, including any rezoning, land-use permits and other discretionary approvals that may be required by the local, state or federal governments. All data provided in the RFP Bid Form and applicable attachments (*e.g.*, capacity, heat rate, O&M costs) must be based on testing, past performance, and good faith estimates, as applicable. Bidders should expect the Company to conduct all due diligence assessments deemed necessary, in its sole judgment and discretion, for APSA proposals to determine cost estimates to own and operate the Asset Facility.

If a bidder proposing an APSA for a new-build/transfer generation resource is a winning bid of competitive proposals, the bidder will be asked by the Company to submit monthly progress reports of construction and meet the project milestones proposed by the Company in the APSA. The bidder may be subject to delay damages if the project does not achieve the commercial operation date by the specified delivery date.

6.1 Fuel Supply for APSA

Bidders must provide details regarding the existing fuel supply to the proposed generation facility, as well as a description of anticipated fuel supply agreements in the future. Any such proposal should comply with the fuel plan provisions provided above in the Operating Parameters and Requirements section of this RFP document.

6.2 Environmental and Land Information for APSA

All bidder's facilities should be in compliance with applicable federal, state and local environmental regulations including but not limited to regulated environmental air pollutants and emissions limitations. The bidder should provide all permits for the facility under federal, state, and local environmental regulations as well as any historical environmental and land citations against the facility, as required by the Company for review.

A legal description of the land being used for the project must be included in the bid in addition to supporting documents to describe the nature of the possession of the real property at the time of construction as either fee simple ownership or lease (*e.g.*, copy of option contract, copy of deed, copy of lease agreement). All documentation that is currently available for the real property referenced in the RFP Bid Form under the tab "Land Information" (*e.g.*, Title insurance/Commitment, Title Abstract, ALTA Survey, Boundary and/or Topographic Survey, Phase 1 Environmental Assessment, Wetland delineations, Threatened & Endangered Species report, Land Patent and Geotechnical Analysis) must be provided with each bid. Any of the above documentation that becomes available at a later date should be supplied at that time. The bidder should include detailed information regarding site control of the land.

6.3 Due Diligence Assessment for APSA

A competitive APSA bidder should be prepared to provide, within fifteen (15) days of being so notified, all necessary information to facilitate the performance by the Company of full Phase 2 and Phase 3 Due Diligence assessments. This data is expected to be made readily available electronically or in a data room setting to be copied and reviewed by the Company. Additional data may be required depending on an initial review of the provided information.

- In addition to a review of all pertinent documentation associated with any APSA bid, the Company's due diligence assessment (for both existing and new-build/transfer APSA proposals) will require on-site visits by a Company team, including personnel from all Company areas required for an adequate assessment of the proposed generation, including but not limited to the following:

  - Generation Project Development
  - Accounting
  - Operations & Maintenance
  - Environmental
  - Safety and Health
  - Risk Management

7.0 Notice of Intent to Bid ("NOI") Submittal Process

1. All bidders are required to submit the electronic NOI form linked to on the Alabama Power website [http://alabamapower.com/rfp2023] to be considered complete, as stated in Section 3.0 Communications.

2. Multiple bid proposals can be submitted on a single NOI form by clicking the "Add" button.

3. The required NOI form must be submitted by 5:00 p.m. CPT on July 28, 2023.

8.0 Bid Evaluation

Bid proposals submitted pursuant to this RFP will be considered and evaluated together. Such evaluation will include a review of transmission and ancillary service requirements,

as appropriate, to determine the total cost impacts. The Company may revise or change the schedule for this RFP at any point during the RFP process or negotiations. Further, this RFP and associated documents are subject to modification or withdrawal at any time in the sole discretion of the Company.

8.1 *Bidder Evaluation Fees; Multiple Bids*

For each project submitted, there will be a nonrefundable bidder evaluation fee ("Bid Fee") of $15,000. Electronic payment for the bid evaluation fee is to be made to Alabama Power Company. Bidders will be sent Attachment A.3 – Electronic Payment Instructions via DocuSign once an executed Attachment B – Confidentiality Agreement is received by the Company.

A bid is not complete and will not be evaluated unless the appropriate Bid Fee has been received by the RFP deadline of 5:00 p.m. CPT on September 8, 2023.

Utilizing the guidance below, the Company shall determine in its sole discretion whether a bidder's proposals constitute one or more proposals for purposes of assessing the foregoing fees.

Bidders may submit multiple bid proposals in response to this RFP. Bid proposals for the same site and the same generation technology and size that are offered with options in the fuel plan and/or fixed cost components will be considered a single bid proposal. In addition, bid proposals for the same site containing options in the number of generating units offered or portions thereof will be considered a single bid if the technology is the same and the operational parameters and variable pricing are the same in all proposals. In the event a bidder submits separate proposals that vary regarding certain critical parameters, including but not limited to the site, output, electrical characteristics and technology (*e.g.*, CT, CC, cogeneration, primary fuel), such bidder will be required to pay a Bid Fee of fifteen thousand dollars ($15,000) for each such proposal.

Submission of PPA proposals for terms ranging from five (5) to twenty (20) years with all operational parameters and characteristics and variable pricing characteristics remaining the same shall be considered one bid. However, a maximum of three (3) such variations can be proposed under a single Bid Fee. If more than three (3) term lengths are proposed with identical performance and variable pricing characteristics, additional Bid Fees will be required.

- In addition to the non-refundable Bid Fee, all PPA bidders selected for the competitive tier must submit a due diligence evaluation fee of fifty thousand dollars ($50,000) for each bid selected, which must be submitted within fifteen (15) days of being so notified. Any portion of the due diligence fee that remains

after deducting the Company's costs and expenses will be refunded to the PPA bidder.

All bids, whether or not separate Bid Fees are paid, must be separately described in the NOI form.

For APSA proposals, bidders will also be required to submit all "due diligence fees," including the preliminary Phase 1 Due Diligence fee, the Phase 2 Due Diligence fee for competitive tier APSA proposals and the Phase 3 Due Diligence fee for short-listed APSA proposals. Further information is provided in Attachment A.2 – Bidders Fees and Due Diligence Fees.

- APSA bidders (both existing and new-build/transfer proposals) must submit a preliminary Phase 1 Due Diligence evaluation fee of $10,000 in addition to the required non-refundable Bid Fee of $15,000 by the RFP deadline of September 8, 2023 by 5:00 p.m. CPT. Any portion of the Phase 1 Due Diligence fee that remains after deducting the Company's costs and expenses will be refunded to the APSA bidder or applied to the Phase 2 Due Diligence fee (if applicable).

- Any APSA proposal that is deemed competitive after the preliminary Phase 1 Due Diligence evaluation must submit a Phase 2 Due Diligence evaluation fee of $300,000 within fifteen (15) days of being so notified. Any portion of the Phase 2 Due Diligence fee that remains after deducting the Company's costs and expenses will be refunded to the APSA bidder or applied to the Phase 3 Due Diligence fee (if appliable).

- Any APSA proposal that is deemed competitive and short-listed after the Phase 2 Due Diligence evaluation must submit a Phase 3 Due Diligence evaluation fee of $425,000 within fifteen (15) days of being so notified. Any portion of the Phase 3 Due Diligence fee that remains after deducting the Company's costs and expenses will be refunded to the APSA bidder.

Bidders should refer to Attachment A.2 - Bidder Fees and Due Diligence Fees for more guidance on due diligence fees.

9.0 **Company's Reservation of Rights and Disclaimers**

The Company reserves the right, without qualification and in its sole discretion, to reject as nonresponsive any bid proposals received for failure to meet any requirement of this RFP. Any proposal that does not satisfy the requirements of this RFP may be considered nonresponsive, and the Company reserves the right to reject any such proposal without opportunity for correction or cure. By way of example and not by limitation, the following shall constitute nonresponsive bids: a bid proposal offering non-firm capacity; a demand-side bid proposal; an uncured, incomplete, or non-specific bid proposal; or a bid proposal that fails to materially comply with the provisions of the Pro Forma PPA. The Company also reserves the right to contact any bidder for additional information or in an effort to cure a deficiency in the proposal but is under no obligation to do so.

The Company further reserves the right without qualification and in its sole discretion to decline to enter into a PPA or APSA with any bidder for any reason. Nothing in this RFP or in the associated materials provided should be considered an offer or acceptance of terms or conditions of a PPA, an APSA, an interconnection agreement, or any other contract or business arrangement. The Company shall have no obligation or liability to any bidder unless and until an agreement with such bidder has been successfully negotiated, fully executed, and all conditions to the effectiveness of such agreement are satisfied. The Company reserves the right, in its sole discretion, to determine whether to pursue negotiation and execution of any agreement with any bidder. Further, any agreement shall be subject to all requisite management approvals of the Company as well as the Company obtaining any and all necessary approvals from governmental regulatory authorities, in a form suitable to the Company in its sole discretion.

Each bidder who submits a proposal(s) in response to this RFP waives any and all right of recourse against the Company, its parent, and any of their affiliates for either rejection of the proposal or for failure to execute an agreement with the bidder for any reason or for any modification or withdrawal of this RFP. The Bid Fees submitted by any bidder will not be refunded (unless otherwise determined in the sole discretion of the Company) in the case of any modification or withdrawal of this RFP, rejection of any bid proposal for non-responsiveness or other reason, failure to execute a PPA, or failure to execute an APSA. All costs related to each bidder's preparation of a response to this RFP are the sole responsibility of the bidder. The Company will not reimburse and is in no way responsible for costs associated with any bidder's proposal in response to this RFP.

A bidder's submission of a proposal to the Company shall constitute that bidder's acknowledgement and acceptance of all the terms, conditions, and requirements of this RFP. All proposals submitted may be used by the Company for any reasonable purpose.

Proposals submitted pursuant to this RFP will be evaluated in a manner deemed appropriate by the Company, including (but not limited to) evaluations that measure proposals against one another on a like-kind basis (independent of technology type) and against other power supply options that may be available to the Company. Such other power supply options may include generation resources owned or developed by the Company, other generation resources located in the service territories of the Company and its affiliates, and other proposals for capacity that are provided to the Company outside of this RFP process. The Company is under no obligation to select any project, nor is the Company limited to choosing from the resources submitted in response to this RFP.

10.0 Tentative Solicitation Schedule

DATE	EVENT
July 14, 2023	Solicitation Issued
July 28, 2023	NOI Deadline
September 8, 2023	Bid Proposals Deadline
June 11, 2024	Short List/ Reserve List Determination

11.0 Guidance to Bidders and Instructions for Completing Forms

1. Frequently Asked Questions ("FAQ"), in addition to those provided in Section 13.0 of this document, will be made available to all bidders.

2. All bidders must complete and submit Notice of Intent to Bid "NOI" Forms by the NOI Deadline, July 28, 2023, by 5:00 p.m. CPT.

3. Each bidder must submit the electronic RFP Bid Form and all applicable documents on the RFP Platform by the Bid Proposals Deadline, September 8, 2023, by 5:00 p.m. CPT.

4. All bid proposals and fees must be received by 5:00 p.m. CPT on September 8, 2023. Any bid proposal that does not contain **all** of the required information by 5:00 p.m. CPT on September 8, 2023, will be subject to rejection by the Company as non-responsive.

5. In the event that a bidder discovers an error or omission in its bid after submitting the RFP Bid Form, the bidder must submit updated documentation or information via the "Additional Documents" tab within the RFP Platform by 5:00 p.m. CPT on September 8, 2023.

6. For each PPA bid, bidder must include a copy of the Pro Forma PPA (Attachment G) with (i) all blank spaces completely filled in except those that are to be completed by the Company, (ii) any and all proposed changes to the Pro Forma PPA shown with specificity in a mark-up and accompanied by a summary of such changes, including the specific identification of any changes to the PPA being requested by a third party if the bidder is subject to a third party agreement, and (iii) a statement by the bidder that the terms and conditions of the applicable Pro Forma PPA as proposed by the bidder are acceptable to the bidder.

7. A PPA bidder may submit a proposal sourced from a Facility owned by another entity if the bidder has a contractual unencumbered first-call right to capacity and energy from the Facility (*e.g.*, a tolling agreement). The bidder must include the modifications to the Pro Forma PPA necessary to conform the Pro Forma PPA to that agreement. However, the Company will only accept changes that, when taken as a whole, the Company determines do not materially affect the value to customers and risk allocation inherent in the Pro Forma PPA. Such changes should be limited to those specific to operations, scheduling and maintenance, including any

limitations on the Facility's operations, inherent to the pre-existing agreement. The bidder is encouraged to submit a redacted version of the pre-existing agreement along with the Pro Forma PPA, but the bidder is not required to submit such agreement with the bid if the bidder provides a markup of the Pro Forma PPA incorporating the provisions necessary to conform to the Pro Forma PPA. The Company will require submission of such agreement if the proposal subsequently is considered one of the more competitive proposals. The bid evaluation will consider whether the bidder's proposed changes can be accommodated, and if so, will conduct a quantitative and qualitative evaluation of the impact of such proposed changes. If the bidder's proposed changes cannot be accommodated, the bid may be rejected.

8. The concepts and material provisions of the Pro Forma PPAs are non-negotiable except as provided in these instructions. Bidder's proposals must conform to the Pro Forma PPAs in all material respects except where (1) the bidder offers provisions that the Company determines do not materially affect the value to customers and risk allocation inherent in the Pro Forma PPA provisions, or (2) the Pro Forma PPA assumptions do not conform to the specific characteristics of a proposal. For example, if a bidder's proposal conforms with the requirements of the RFP and the bidder offers a fuel other than natural gas or a secondary fuel supply, then the bidder may propose changes to the applicable Pro Forma PPA, only to the extent needed to conform a Pro Forma PPA's provisions to such fuel supply factors. The Company will consider the bidder's proposed changes as part of the evaluation of the proposal. The Company may propose its own changes to conform the Pro Forma PPA to the bidder's proposal and may discuss proposed changes with the bidder before making a decision on the bidder's proposal. Depending on the type of proposal that a bidder is offering, more extensive changes to the Pro Forma PPA may be needed. In accordance with these instructions, if the bid is conditioned on any changes to the applicable Pro Forma PPA, then the bidder must expressly so state and must provide the specific language changes that the bidder proposes to the applicable Pro Forma PPA by red-lining the copy of the Pro Forma PPA attached to the bid such that it shows the specific additions (bold and underlined) and deletions (strike-through) that the bidder proposes.

9. All rates for PPA bid proposals should be submitted with escalation rates at (1) Actual GDPIPD (and will be evaluated based on projected GDPIPD) or (2) a fixed, annual escalation rate that (a) does not exceed the projected cumulative GDPIPD over the term of the agreement, (b) does not have any year with a negative escalation rate, and (c) does not have any year with greater than four percent (4%) escalation rate.

10. All energy prices must be quoted as dollars per megawatt-hour ($/MWh) (as applied to variable operation and maintenance ("VOM")) and as heat rates (as applied to fuel cost), if applicable.

11. PPA bid proposal prices must include all costs that the bidder expects the Company to pay for the capacity and energy proposed. The Company will not be responsible

for any other costs associated with the project, including but not limited to, station service, test energy, fuel for testing, gas lateral construction, electrical interconnection and all costs incurred necessary to accomplish synchronization.

12.0 Compliance with Laws; Regulatory Approvals

It shall be the complete and sole responsibility of the bidder to take all necessary actions to satisfy any regulatory requirements, licenses and permits that may be imposed on the bidder by any federal, state, or local governmental authority concerning the permitting, development, construction, operation, maintenance, addition, renewal, retirement, and disposal of the Facility, or concerning the generation, sale and/or delivery of power. The Company will cooperate with the successful bidder(s) to provide information or such other assistance as may reasonably be requested by a bidder to satisfy such regulatory requirements, subject to appropriate safeguards for any confidential Company information. The bidder shall likewise provide such information and assistance to the Company in connection with Company obtaining any and all necessary regulatory approvals from governmental regulatory authorities.

13.0 Frequently Asked Questions ("FAQs")

1. **What types of generation projects will be considered?** The Company is accepting proposals for any type of generating resource, provided that the resource must be fully dispatchable and available year-round, with an emphasis on availability in both the winter (December-February) and summer (June-September) seasons.

2. **Should I bid a solar facility in this firm capacity RFP or in the Renewable RFP?** This capacity RFP is soliciting only reliable, dependable supply resources with firm fuel availability. Intermittent renewable resources such as solar may be bid into the Company's next Renewable RFP.

3. **Can I bid an Energy Storage System?** Only a mechanically driven, generator-based storage system such as pumped storage hydro or compressed air energy storage would be solicited under this capacity RFP. The Company will explore non-generator-based storage systems separately from this RFP.

4. **What size project can be proposed?** Each project proposal, including an aggregate of units at a facility, must be at least one hundred megawatts (100 MW) in total capacity for the resource proposed and no single resource should exceed twelve hundred megawatts (1,200 MW).

   Example 1: If Facility A has two 70 MW units, then a bidder must bid both units as a complete resource for a total resource capacity of 140 MW.

   Example 2: If Facility B has Unit 1 with a capacity rating of 1,300 MW and Unit 2 with a capacity rating of 1,000 MW, only Unit 2 qualifies to be proposed in this RFP.

5. **Where must projects be located?** For Power Purchase Agreements ("PPAs"), Alabama Power's preference is that at all times during the PPA service term facilities be directly interconnected to the Southern Company transmission system (this is a non-quantitative factor in the evaluation); however, facilities not interconnected to the Southern Company transmission system at any time during the service term must obtain physically firm transmission service to the Southern Company transmission interface and provide the name of the balancing authority area in which the project is located. For Asset Purchase and Sales Agreements ("APSAs"), the project must be interconnected or have the ability to interconnect to the Southern Company transmission system and must be located in the State of Alabama.

6. **When must the projects be operational?** For PPAs, the service commencement date should be December 1, 2028. However, an early service commencement date starting after December 1, 2025 may be offered as a PPA option. For APSAs, existing facilities may be acquired prior to December 1, 2028, subject to receipt of required regulatory approvals. No proposal will be accepted with a commercial operation date after December 1, 2028.

7. **Is there a limit to the number of proposals one company can submit?** There is no limit on the number of proposals from an entity; however, separate bid evaluation fees may be required for each proposal as described in the RFP document. Regardless of the fee requirement, information must be provided for each bid via the electronic NOI form.

8. **What is the Bidder's fee for a project submittal?** For each project submitted, there will be a nonrefundable bidder evaluation fee of $15,000. If the same project is being submitted with a change to the business arrangement, the additional proposal must have a separate bid evaluation fee of $15,000. However, if a PPA project is being proposed and there is only a contract term change (*e.g.*, 5-year versus 20-year), no additional bid evaluation fee is required, except as discussed in Section 8.1.

   Electronic payment for the bid evaluation fee is to be made to Alabama Power.

   The bid is not complete and will not be evaluated unless the appropriate bid evaluation fee has been received by the RFP deadline of 5:00 p.m. CPT on September 8, 2023.

9. **When is the best time to submit an interconnection study request?** While an interconnection study request will not be required until a short list is determined, there is a potentially long study time and construction lead time that could impact the commercial operation date of a project. Information for submitting an interconnection request is available to the bidders in the RFP document in Section 5.6 "Interconnection Guidance" under PPA proposals.

10. **What should the price of the project include?** The proposed project price (for PPAs and APSAs) should include the land and all facilities associated with the project up to the point of interconnection. This price should include all ongoing operation and maintenance costs for the project facilities up to the point of interconnection, including the monthly administration fee under the interconnection agreement (applicable to bidders proposing a PPA with the Company) for the term of that agreement.

11. **Will there be an opportunity later to change the price offered?** The Company reserves the right to further negotiate the bid proposal and to request updates to the bid price.

12. **Will evaluation details such as avoided costs and proposal rankings be made available?** No, such information is considered confidential and will not be provided to the bidders or to the public.

13. **What is the best method of submitting a question during the RFP?** All questions to the Company regarding the RFP should be submitted utilizing the "Capacity RFP Questions" form within the RFP Platform. There will also be a link to the "Capacity RFP Questions" form located on the Alabama Power website [http://alabamapower.com/rfp2023] by clicking "Contact Us".

14.0 RFP Attachments Summary

All RFP attachments are available for bidders to download from the RFP Platform. This RFP document and attachments with forms will be available until September 8, 2023. Below is a summary of the electronic RFP Bid Form and RFP attachments available on the RFP Platform along with a summary of uploads and requested documentation to be submitted with the bid proposal. Bidders should maintain the naming convention of attachments where applicable.

- Notice of Intent to Bid Form (Link provided on APC website [http://alabamapower.com/rfp2023])
- RFP Bid Form (RFP Platform, hosted on OnBase)
    - General Information Tab
    - Operating Parameters Tab
    - Fuel Supply Plan Tab
    - Generation Annual Info (PPA-specific)
    - Early Start Pricing (PPA-specific)
    - Land Information (APSA) Tab

- Land Information (PPA) Tab
- APSA Bid Price Tab
- Upload Documents Tab
- Submit Final Bid Tab

- Attachment A.1 – Non-Price and Other Qualitative Considerations
- Attachment A.2 – Bidder Fees and Due Diligence Fees
- Attachment D.1 – Contractor Compliance Background Certification Form
- Attachment D.2 – Contractor Statistical Data
- Attachment D.3 – Supplier Self-Certification Form
- Attachment E – Turnkey Land Questionnaire
- Attachment F.1 – Interconnection Information Summary
- Attachment F.2 – Stability Analysis Information
- Attachment G.1 – Pro Forma PPA – Terms and Conditions
- Attachment G.2 – Pro Forma PPA – CT Appendices
- Attachment G.3 – Pro Forma PPA – CC Appendices
- Attachment H.1 – Variable Interest Entity Certification
- Attachment H.2 – Finance Lease Certification
- Attachment I – Indicative Performance Security
- Capacity RFP Platform Guidance

15.0 Required Uploads for Bids

- Summary Letter describing bid
  - Include a narrative description of compliance strategy with respect to greenhouse gas regulation (for proposals including fossil fuel-fired technology)
- Attachment D.1: Contractor Compliance Background Certification Form (PDF) and required attachments

- Attachment D.2: Contractor Statistical Data (PDF) and required attachments
- Attachment D.3: Supplier Self-Certification Form (PDF)
- Attachment E: Environmental Questionnaire (PDF)
- Attachment F.1: Interconnection Information Summary (Excel)
    - A map indicating the Facility location and known or proposed interconnection to the transmission system
    - Assumptions regarding the interconnection costs included in the bid price
    - Detailed description of the interconnection arrangements that have been made to effect delivery to APC's electric system
    - Provide a copy of site relay list and trip scheme.
    - Generator vendor data sheets, reactive capability curve at 95°F, and generator saturation curves
- Attachment F.2: Stability Analysis Information (Excel)
    - Provide curve for correcting power output by adjusting dry bulb temperature and relative humidity to Reference Conditions.
    - Provide curve for correcting power output by adjusting barometric pressure to Reference Conditions.
    - Provide curve for correcting power output by adjusting reactive power output to unity power factor.
- Copy of existing interconnection agreement or application (if already in place)
- Single Line Diagram Showing generator(s), generator step-up transformer(s), collector bus(ses), high voltage circuit breaker(s), and connections to the transmission system
- Financial and Credit Information (for Bidder Company and Parent Company)
    - Annual reports and Form 10-K for the past three years (if not available, audited financial statements – including Management Discussion & Analysis – for last three years will be accepted)
    - Credit rating(s) of the Bidder Company's senior debt securities
    - Any additional documentation needed to determine Bidder Company's financial strength and/or the strength of any corporate parents

- Title V Operating Permit
- For APSA Bids
    - Land Information (APSA) documentation
    - Title Insurance / Commitment
    - Title Abstract
    - ALTA Survey
    - Boundary and/or Topographic Survey
    - Land Patent
    - Phase 1 Environmental Assessment
    - Wetlands delineation
    - Threatened and Endangered Species Report
    - Geotechnical Analysis
    - Independent Engineering Report
    - All permits for the facility under applicable federal, state and local environmental regulations
    - Historical environmental and land citations against the facility
    - A legal description of the land being used for the project
    - Supporting documents to describe the nature of the possession of the real property at the time of construction as either fee simple or lease
- For PPA Bids
    - Attachment G: Pro Forma PPA(s)

Testimony of Christopher J. Habig

Exhibit CJH-2

CONFIDENTIAL INFORMATION REDACTED

Alabama Power Company Capacity RFP

Shortlist Economic Analysis Summary

Total Evaluated Cost - Average All Scenarios

Costs reflect NPV in 2024 dollars

Rank	Resource Description	Capacity Winter	MG0	LG0	HG0	MG20	MG50	Average
		MW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW
1	Lindsay Hill Purchase & Sale Agreement (PSA)	959	848	737	1,213	1,065	(2,087)	355
2	Lindsay Hill PPA	895	1,104	997	1,406	1,269	(1,820)	591

Alabama Power Company Capacity RFP

Shortlist Economic Analysis Details – MG0

Costs reflect NPV in 2024 dollars

Rank	Resource Description	Capacity Summer	Capacity Winter	Term or Remaining Life	Capacity Costs	Fixed O&M	Fixed Fuel	Subtotal Fixed Costs	Energy Benefit	Transmission Costs	Total Term Costs	Term/ Capacity Equalization	Total Evaluated Costs
		MW	MW	Yrs	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW
1	Lindsay Hill PSA	889	959	17.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	848
2	Lindsay Hill PPA	856	895	15.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1,104

Shortlist Economic Analysis Details – LG0

Costs reflect NPV in 2024 dollars

Rank	Resource Description	Capacity Summer	Capacity Winter	Term or Remaining Life	Capacity Costs	Fixed O&M	Fixed Fuel	Subtotal Fixed Costs	Energy Benefit	Transmission Costs	Total Term Costs	Term/ Capacity Equalization	Total Evaluated Costs
		MW	MW	Yrs	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW
1	Lindsay Hill PSA	889	959	17.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	737
2	Lindsay Hill PPA	856	895	15.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	997

Shortlist Economic Analysis Details – HG0

Costs reflect NPV in 2024 dollars

Rank	Resource Description	Capacity Summer	Capacity Winter	Term or Remaining Life	Capacity Costs	Fixed O&M	Fixed Fuel	Subtotal Fixed Costs	Energy Benefit	Transmission Costs	Total Term Costs	Term/ Capacity Equalization	Total Evaluated Costs
		MW	MW	Yrs	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW
1	Lindsay Hill PSA	889	959	17.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1,213
2	Lindsay Hill PPA	856	895	15.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1,406

Alabama Power Company Capacity RFP

Shortlist Economic Analysis Details – MG20

Costs reflect NPV in 2024 dollars

Rank	Resource Description	Capacity Summer	Capacity Winter	Term or Remaining Life	Capacity Costs	Fixed O&M	Fixed Fuel	Subtotal Fixed Costs	Energy Benefit	Transmission Costs	Total Term Costs	Term/ Capacity Equalization	Total Evaluated Costs
		MW	MW	Yrs	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW
1	Lindsay Hill PSA	889	959	17.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1,065
2	Lindsay Hill PPA	856	895	15.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1,269

Shortlist Economic Analysis Details – MG50

Costs reflect NPV in 2024 dollars

Rank	Resource Description	Capacity Summer	Capacity Winter	Term or Remaining Life	Capacity Costs	Fixed O&M	Fixed Fuel	Subtotal Fixed Costs	Energy Benefit	Transmission Costs	Total Term Costs	Term/ Capacity Equalization	Total Evaluated Costs
		MW	MW	Yrs	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW	$/kW
1	Lindsay Hill PSA	889	959	17.3	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	(2,087)
2	Lindsay Hill PPA	856	895	15.0	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	(1,820)

Testimony of Christopher J. Habig

Exhibit CJH-3

CONFIDENTIAL AND OMITTED

BEFORE THE
ALABAMA PUBLIC SERVICE COMMISSION

ALABAMA POWER COMPANY, **Docket No. _____**

Petitioner

DIRECT TESTIMONY OF MARIA J. BURKE
ON BEHALF OF ALABAMA POWER COMPANY

Q. STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Maria J. Burke and my business address is 600 North 18th Street, Birmingham, Alabama 35203.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Alabama Power Company ("Alabama Power" or "Company") as the Forecasting Manager.

Q. BRIEFLY SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. I graduated from Auburn University in August 1986 with a Bachelor of Science in Chemical Engineering and received a Master of Business Administration from Samford University in 2001. In 1986, I began my career with Southern Company at a research facility in Wilsonville, Alabama as a process engineer, and then as its environmental engineer.

I continued my environmental permitting work with Southern Electric International in 1990, helping to develop independent power projects both domestically and internationally. I joined the System Planning Department of Southern Company Services, Inc. ("SCS") in November 1992 and spent the next six years in various engineering and supervisory positions. I was involved in supply-

side bid evaluations from December 1996 through March 2000 and testified for Gulf Power Company in the certification proceeding for Smith Unit 3. After working for three years in SCS Transmission and a short time in SCS Engineering as the Scrubber Program Manager, I moved to Alabama Power as the Forecasting Manager, where I have been since 2005.

Q. WHAT ARE YOUR JOB DUTIES AND RESPONSIBILITIES?

A. As the Forecasting Manager, my responsibilities include development of Alabama Power's peak demand and energy forecasts.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?

A. Yes. I provided pre-filed rebuttal testimony in 2020 in Docket No. 32953, and also testified at the public hearing in that proceeding.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to: (i) outline the analytical approach Alabama Power uses to develop energy and peak demand forecasts (collectively, the "load forecast") that reflect the anticipated electricity needs of our customers in the coming years; and (ii) present the most recent results of that annual process. As relevant here, the load forecast is used to anticipate the need for resource additions to support continued system reliability.

Q. BRIEFLY EXPLAIN THE COMPANY'S LOAD FORECASTING PROCESS.

A. The load forecasting process begins with an evaluation of the number of customers in Alabama Power's three primary customer classes: residential, commercial, and industrial. Specifically, Alabama Power evaluates historical trends to forecast the

number of customers in each of those classes across the forecast horizon. Then detailed class-level projections of energy and peak demand requirements of these customers are created. Finally, the energy and peak demand forecasts are adjusted for other known and projected effects, such as the expiration of wholesale contracts and the impact of passive demand response programs.

Q. HOW ARE THE NUMBER OF RETAIL CUSTOMERS FORECASTED?

A. Residential customer growth is forecasted using an econometric model that correlates historical gains in Alabama Power residential customers with historical gains in statewide economic variables, such as employment, number of households, and housing starts. Commercial customer gains are also forecasted using an econometric model, correlating historical gains in Alabama Power commercial customers with residential customer gains as well as other economic variables like interest rates. Economic projections used in the models are supplied by S&P Global. These projections incorporate recently benchmarked employment and demographic data, available historical information, and other economic indicators for the State of Alabama and the country as a whole. These economic data are provided in a monthly format, which corresponds to the level of granularity the econometric models use to forecast customer growth and energy projections. Industrial customer count is forecasted using historical trends within Alabama Power's industrial customer groups.

Q. WHAT LEVELS OF CUSTOMER GROWTH ARE PROJECTED FOR THE VARIOUS CUSTOMER CLASSES?

A. In recent history, residential customer compound annual growth rate has been approximately 0.6 percent, while the current residential customer forecast projects slightly lower growth at 0.5 percent. Similar to the residential class, the commercial customer count is forecasted to grow at approximately 0.5 percent over the forecast horizon. The projected customer count in the industrial class declines at a 0.1 percent rate – a trend the Company has seen since the 2017-2019 timeframe.

Q. HOW ARE THE RESIDENTIAL AND COMMERCIAL ENERGY FORECASTS DERIVED?

A. The first step is to calculate the monthly class level usage per customer. Starting with the historical usage patterns for these classes, the models account for their respective responsiveness to weather and changes in end-use efficiencies. The effects of weather are quantified using the customer consumption under historical actual weather conditions, as defined by Heating Degree Hours ("HDH") and Cooling Degree Hours ("CDH") by class. Forecasted HDH and CDH reflect the average HDH and CDH for each month since 1980. Monthly energy efficiency adoption trends over time are developed by analyzing changes in the load response to weather. The energy forecasts for residential and commercial classes are the product of the forecasted monthly number of customers and the monthly use per customer.

Q. WHY USE HDH AND CDH INSTEAD OF TEMPERATURE IN THESE MODELS?

A. In the monthly models, a single temperature observation – like maximum and minimum temperature – is not sufficient to build strong correlations with overall monthly usage. The hourly temperature by itself is also insufficient because it is directly correlated with increasing load in the summer but inversely correlated with load in the winter. Instead, HDH and CDH calculations are made to create an input weather variable that is directly correlated with changing load across all seasons. In the hourly models used to create appropriate hourly shapes for the weather sensitive classes, coincident hour HDH and CDH, as well as preceding accumulation of HDH and CDH, are employed to determine the impact of heat and cold buildup on customer usage.

Q. ARE ANY COMPONENTS OF THESE ENERGY FORECASTS DEVELOPED SEPARATELY FROM THE MODELED RESULTS?

A. Yes. The forecast for electric vehicle charging usage is compiled separately with information provided by the Electric Power Research Institute and this energy is added to the residential class forecast. In addition, the forecast for large data centers is compiled separately in a similar fashion to future economic development projects in the industrial class. The data center energy is included within the monthly commercial sales forecast as an addition to the results of the statistical modeling.

Q. WHY ARE THE LARGE DATA CENTERS CONSIDERED COMMERCIAL CUSTOMERS INSTEAD OF INDUSTRIAL CUSTOMERS?

A. Data center operation is covered under the 2022 North American Industry Classification System ("NAICS") code 518, which classifies the operations as Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services. This NAICS classification code establishes data centers as commercial customers.

Q. EXPLAIN HOW ALABAMA POWER DEVELOPS ITS INDUSTRIAL LOAD FORECAST.

A. Alabama Power's monthly industrial energy forecast relies on three sources of industrial information: survey data drawing directly from existing large customers' operational expectations; equipment estimates associated with new customers; and monthly econometric regression models developed by segment for the longer term. Through the survey process, the Company collects specific information about its customers' anticipated facility expansions, long-term maintenance and modernization plans, and other activities impactful to load.

Q. WHY DOES ALABAMA POWER USE BOTH SURVEY DATA AND ECONOMETRIC MODELS IN INDUSTRIAL FORECASTING?

A. Industrial class usage, which represents more than 40 percent of Alabama Power's retail sales, is not temperature sensitive. Relative to residential and commercial demand, industrial hourly demand can change quickly due to the normal ebb and flow of manufacturing schedules to match their consumer demand, onsite maintenance requirements, and individual customer expansion plans designed to grow their

businesses. Given the complexity inherent in forecasting industrial load and the significant amount of such load, layering econometric analysis and survey results enables the Company to better assess industrial customers' future electricity needs.

Q. WHY IS THE INDUSTRIAL ENERGY FORECAST CATEGORIZED BY SEGMENT?

A. Historically we have seen that drivers of growth can be different for each industrial segment. For example, in recent years the transportation segment and the primary metals segment have been growing, while the textile and apparel segments have experienced declines. Capturing those changes within the segments enhances the accuracy of the industrial energy forecast. Additionally, in the peak demand forecast, the forecasted energy by segment can be matched with an hourly segment load shape to provide more precision in determining the industrial coincident peak demand.

Q HOW DO YOU ACCOUNT FOR NEW LARGE CUSTOMERS OR EXPANSIONS THAT MAY BE PLANNING TO COME TO ALABAMA?

A. Like the industrial survey, information is collected regarding potential large incremental load additions in the coming years. Each such customer or expansion is vetted internally to determine which projects are sufficiently probable to warrant inclusion in the forecast and the timing for the associated incremental addition.

Q. EXPLAIN HOW THE COMPANY FORECASTS PEAK DEMAND.

A. The peak demand forecast is based upon three major inputs. The first is the monthly forecasts of class or segment energy, as discussed earlier. Second, historical hourly load research data for each retail class or segment are used to develop appropriate hourly shapes and load response functions with respect to relevant weather and

calendar influences (for example, December 25 can fall on a weekday or weekend day). The nineteen industrial hourly segment shapes are periodically refreshed with analysis of data validated and compiled from the most recent five years. Third, historical hourly temperature data coincident with the historical usage are incorporated into the ITRON Metrix ND hourly models, which simulate CDH, HDH, and associated buildup as part of its development of the hourly class level load shapes. For the forecast period, hourly temperatures are drawn from a separate periodic study that defines the Typical Meteorological Year.

Q. WHAT WAS LEARNED FROM THE ACTUAL SYSTEM PEAK OBSERVATIONS IN JANUARY 2024?

A. On January 17, 2024, at hour ending ("HE") 8:00 AM, Alabama Power experienced a winter peak of 15,222.5 MW, at a temperature of 15.5°F. This peak observation accounts for approximately 260 MW of retail load interrupted through active demand side management programs. Customer demand remained high across the following hour, even as temperatures rose. In fact, weather normalizing the HE 8 demand and the HE 9 demand demonstrates that the higher weather normal peak occurred during HE 9. Equally notable was the fact that the loads and temperatures, when weather normalized, yielded almost identical peak observations: 15,034.4 MW for HE 8 and 15,036.6 MW for HE 9. These weather normal peaks were 550 MW higher than the official forecast for January 2024.

Q. WHAT IS THE SIGNIFICANCE OF THIS EVENT FOR PURPOSES OF THE WINTER DEMAND FORECAST?

A. Alabama temperatures tend to be more volatile in the winter than in the summer. As a result, the Company does not always see an annual minimum temperature close to the design winter peak weather expectation (16.6°F hourly minimum), in contrast to the maximum summer temperature that will often reach the peak weather expectation (95°F hourly maximum). Thus, winter observations of actual customer response to a temperature at or near the design temperature occur less frequently. Moreover, unlike summer peak maximum temperature observations, winter peak minimum temperature observations in the design range typically persist for only a few days. On January 17, 2024, the coincident hourly temperature to the load peak hour, HE 8, was 15.5°F – just 1.1°F below the winter peak design temperature – which leads to a small weather normalization adjustment to 16.6°F. Additionally, this peak observation occurred on a non-holiday weekday, making the actual winter load response an excellent benchmark for the winter peak model simulations. Furthermore, the hourly temperature coincident with the demand in the following hour (HE 9) was 18.6°F – just 2.0°F above the benchmark temperature – which also results in a small weather normalization adjustment. The strength of the load response to those temperatures coincides with the results of our models and validates the peak demand in the most recent forecast.

Q. WHAT IS THE MOST RECENT ("B2025") WINTER PEAK DEMAND FORECAST FOR THE NEXT TEN YEARS?

A. **Table 1** below reflects the B2025 forecasted winter peak demand for that period.

Year	*Winter Peak Demand (MW)*
2025	[redacted]
2026	[redacted]
2027	[redacted]
2028	[redacted]
2029	[redacted]
2030	[redacted]
2031	[redacted]
2032	[redacted]
2033	[redacted]
2034	[redacted]

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

ALABAMA POWER COMPANY,

Petitioner

PETITION: For a certificate of convenience and necessity for the acquisition of existing combined cycle generating capacity at the Lindsay Hill Generating Station located in Autauga County, Alabama, together with all transmission arrangements, structures, equipment, devices, substations, and facilities, environmental control measures, facilities or arrangements for the handling, treatment, transportation, delivery, storage and processing of fuel, and any and all other appliances, appurtenances, facilities, rights, equipment, acquisitions, commitments and accounting authorizations necessary for or incident thereto.

Docket No. _____

DIRECT TESTIMONY OF MARIA J. BURKE
ON BEHALF OF ALABAMA POWER COMPANY

STATE OF ALABAMA)

COUNTY OF JEFFERSON)

Maria J. Burke, being first duly sworn, deposes and says that she has read the foregoing prepared testimony and that the matters and things set forth therein are true and correct to the best of her knowledge, information and belief.

Maria J. Burke

Maria J. Burke

Subscribed and sworn to before me
this 28th day of October, 2024.

Notary Public

My Commission Expires: 6/30/25

Public Version

BEFORE THE
ALABAMA PUBLIC SERVICE COMMISSION

ALABAMA POWER COMPANY, **Docket No. _____ _**

Petitioner

DIRECT TESTIMONY OF ADAM J. RICKS
ON BEHALF OF ALABAMA POWER COMPANY

Q: STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Adam J. Ricks. I am Assistant Comptroller for Alabama Power Company ("Alabama Power" or "Company"). My business address is 600 North 18th Street, Birmingham, Alabama 35203.

Q: WHAT IS YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE?

A: I earned a Bachelor of Science degree in accounting in 1999 and a Master of Accountancy in 2000, both from the University of Georgia. I obtained my Certified Public Accountant license in 2003 and continue to maintain my licensure in good standing. I joined Alabama Power in 2006 as a senior accountant and have served in a number of capacities within its Accounting Department, with responsibilities over matters including taxes, research, internal controls, fuels, reconciliations, nonprofits and regulatory accounting. I was appointed Assistant Comptroller in 2022, having served as Corporate Accounting Manager since 2014. Prior to joining Alabama Power, I spent six years in public accounting, mostly with KPMG in Atlanta and Birmingham, as part of its Information, Communication and Entertainment group. I also led a team specializing in the banking, manufacturing and healthcare industries.

Q: DESCRIBE YOUR PROFESSIONAL RESPONSIBILITIES AS ASSISTANT COMPTROLLER.

A: In this capacity, I am primarily responsible for oversight of the Company's accounting functions related to taxes, research, internal controls, fuels, reconciliations, nonprofits and regulatory accounting. As it relates to my specific duties, I have responsibility for coordinating the Company's accounting activities related to generating facility integrations.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A: The purpose of my testimony is to describe the proposed regulatory accounting treatment that will facilitate the integration of the Lindsay Hill Generating Station ("Lindsay Hill") into the Company's retail cost of service if the Company is granted the requested certificate of convenience and necessity for the acquisition of that resource.

Q: IS THE PROPOSED ACCOUNTING TREATMENT SIMILAR TO THAT PREVIOUSLY EMPLOYED IN DOCKET NOS. 32953 AND 33182?

A: Yes. As with the acquisition of the Central Alabama Generating Station ("Central Alabama") approved in Docket No. 32953 and the acquisition of the Calhoun Power Facility approved in Docket No. 33182, Alabama Power would, consistent with the FERC Uniform System of Accounts, record as an electric plant acquisition adjustment in FERC Account 114 the difference between the original cost of Lindsay Hill (net of accumulated depreciation, amortization and other allowed adjustments) and the acquisition costs of Lindsay Hill. As reflected in the petition, the Company requests the Commission direct the Company to amortize the amounts recorded in FERC Account 114 to FERC Account

406 over the remaining life of the facility (which at this time is estimated to be approximately 17 years).

Q. ARE THERE OTHER SIMILARITIES TO PREVIOUS ACTION BY THE COMMISSION?

A. Yes. As with the acquisition of Central Alabama, Alabama Power will, upon closing of the acquisition, assume an existing power sales agreement (Fuel Conversion Services Agreement, or "FCSA") under which the full output of Lindsay Hill remains committed to a third party through April 30, 2027. Consistent with the approach in Docket No. 32953, the Company proposes that the operation of Subpart A of Rate CNP (Adjustment for Commercial Operation of Certificated New Plant) ("Rate CNP") be postponed until the term of the FCSA ends. When Subpart A operates, the corresponding plant factor would reflect a retail revenue requirement on the acquisition cost (net of amortization, depreciation and other allowed adjustments) and adjustments to plant balances. This total retail revenue requirement would then be allocated to the respective rate schedules subject to Rate CNP in accordance with the allocation formula selected by the Commission. In this respect, the Company is requesting that the Commission specify use of the Revenue Allocation formula, consistent with Paragraph (8) of Subpart A, as the facility is being certificated based on a capacity need. Beginning May 2027, other costs not captured in the plant factor would be recovered as appropriate under Subpart C of Rate CNP, Rate ECR (Energy Cost Recovery Rate), or Rate RSE (Rate Stabilization and Equalization Factor).

Q. HOW DOES THE COMPANY PROPOSE TO TREAT COSTS AND REVENUES ARISING DURING THE TERM OF THE FCSA (THE "INTERIM PERIOD"), SUCH AS COSTS OF OWNERSHIP AND FCSA REVENUES?

A. Under Generally Accepted Accounting Principles ("GAAP"), the Company is required to record an adjustment in its books and records at the acquisition date to reflect the estimated value of the costs and revenues associated with the FCSA based on the current market value of that contract ("Fair Value"). The Fair Value would be recorded as part of the electric plant acquisition adjustment I discussed earlier, and as a liability associated with costs of ownership during the Interim Period. GAAP provides specific requirements for determining the Fair Value that do not align with the costs of ownership, resulting in costs that exceed the combined value of the FCSA revenues and the liability (collectively, "the Offsets").

Absent direction from the Commission, the described cost differential would be recovered during the Interim Period through the operation of Rate RSE. To avoid that result, the Company proposes to establish a regulatory asset to which the Company would record such costs of ownership in excess of the Offsets. Then, as authorized by the Commission, the Company would amortize the regulatory asset beginning in May 2027 over a period equivalent to the Interim Period and include the amortization as part of the projected depreciation expense captured in the operation of Subpart A. The Company would further propose that any activity recorded in the regulatory asset be reflected in the corresponding Rate RSE filings as a Commission-Required Adjustment.

Q: WHAT IS THE EXPECTED COST PRESSURE ON RATES ASSOCIATED WITH THE PROPOSED ACQUISITION?

A: Assuming certification of Lindsay Hill, the associated costs and estimated fuel savings would be incorporated into rates through the various rate mechanisms I have discussed. Once the FCSA ends, the Company estimates that the net cost pressure on rates through

the various mechanisms would equate to approximately $3.80 per month on a typical residential bill. This estimated impact takes into account both the cost of the acquisition as well as energy savings (primarily fuel savings) expected to result as Lindsay Hill displaces higher-cost output from other facilities.

Q: DOES THIS CONCLUDE YOUR TESTIMONY?

A: Yes.

ALABAMA POWER COMPANY,

Petitioner

PETITION: For a certificate of convenience and necessity for the acquisition of existing combined cycle generating capacity at the Lindsay Hill Generating Station located in Autauga County, Alabama, together with all transmission arrangements, structures, equipment, devices, substations, and facilities, environmental control measures, facilities or arrangements for the handling, treatment, transportation, delivery, storage and processing of fuel, and any and all other appliances, appurtenances, facilities, rights, equipment, acquisitions, commitments and accounting authorizations necessary for or incident thereto.

Docket No. _____

DIRECT TESTIMONY OF ADAM J. RICKS
ON BEHALF OF ALABAMA POWER COMPANY

STATE OF ALABAMA)

COUNTY OF JEFFERSON)

Adam J. Ricks, being first duly sworn, deposes and says that he has read the foregoing prepared testimony and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.

Adam J. Ricks

Subscribed and sworn to before me
this 28th day of October, 2024.

Notary Public

My Commission Expires: 6/30/25

24417984.1

_____, 2024

NOTICE OF PENDING PETITION

Alabama Power Company

Petitioner

Docket _____

PETITION: For a certificate of convenience and necessity for the acquisition of existing combined cycle generating capacity at the Lindsay Hill Generating Station located in Autauga County, Alabama, together with all transmission arrangements, structures, equipment, devices, substations and facilities, environmental control measures, facilities or arrangements for the handling, treatment, transportation, delivery, storage and processing of fuel, and any and all other appliances, appurtenances, facilities, rights, equipment, acquisitions, commitments and accounting authorizations necessary for or incident thereto.

Interested parties are hereby advised that the above-captioned Petition by Alabama Power Company was filed with and received by the Commission on October 30, 2024. All petitions for leave to intervene in this matter must be filed by 5:00 PM (CDT) on _____, 2024. Petitions shall set forth the basis for the proposed intervention, including the position and interest of the petitioner in the proceeding. The above-described deadline and requirements governing interventions by any interested parties will be strictly adhered to for purposes of this proceeding. A subsequent procedural order pertaining to the hearing on the Company's Petition, as well as any attendant matters, will be issued soon thereafter.

By the Commission:

Walter L. Thomas, Jr.
Secretary of the Commission

CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT ("Agreement"), entered into and made effective as of the ___ day of _____, is by and between Alabama Power Company ("Company"), [_____] ("Intervenor"), and its Reviewing Representatives, as defined below.

W I T N E S S E T H:

WHEREAS, the Company has filed a petition for a certificate of convenience and necessity with the Alabama Public Service Commission in Docket No. _____ (the "Petition"); and

WHEREAS, the non-public version of the Petition includes information that is proprietary and confidential to the Company and one or more third parties, the public disclosure of which could materially and adversely affect the effective and successful conduct of the Company's and/or the third parties' businesses, result in competitive disadvantage and business injury to them, and/or cause harm to other customers of the Company; and

WHEREAS, Intervenor has sought leave to intervene in Docket No. _____ and has been granted party status, with all rights and privileges as directed by the Commission in accordance with applicable law; and

WHEREAS, in connection therewith, Intervenor desires access to the non-public version of the Petition and other Confidential Information, as defined below; and

WHEREAS, to avoid any harmful outcomes, the Company desires to put in place this Agreement in order to safeguard against the intentional or inadvertent disclosure of any and all Confidential Information to third parties; and

WHEREAS, as evidenced by their execution of this Agreement, Intervenor and its Reviewing Representatives are willing to accept and be legally bound by the terms and conditions set forth herein, as a precondition for the production of Confidential Information by the Company to them.

NOW, THEREFORE, in consideration of the mutual promises and covenants made herein, and with the intent to be legally bound hereby, the Company, Intervenor and Reviewing Representatives agree as follows:

1. As used in this Agreement, "Confidential Information" means: (i) any testimony and exhibits of the Company marked Confidential; and (ii) all information produced by the Company in response to discovery or at a hearing on the Petition that has been designated, orally or in writing, as Confidential Information. In the event the Company orally designates Confidential Information, the Company shall thereafter provide a copy of the Confidential Information marked accordingly and any unmarked copy previously supplied shall be returned to the Company. Confidential Information also includes "Attorneys' Eyes Only" information, as designated by Company in accordance with Paragraph 7 below. The Company has the discretion to determine what Confidential Information it will make available under this Agreement; provided, however, Intervenor may timely object to any such determinations by the Company, first to the

Company, and, if necessary, upon failure of the Company and Intervenor to timely resolve such objection, to the Alabama Public Service Commission. In any case, the Company's determinations as to Confidential Information shall in no way diminish or restrict Intervenor's discovery rights as permitted by the Alabama Public Service Commission.

2. Confidential Information shall not include information which:

(i) is or becomes generally available to the public other than as a result of acts by Intervenor or a Reviewing Representative, anyone to whom either supplies the Confidential Information, or anyone whose possession of the Confidential Information also is governed by a confidentiality agreement;

(ii) is disclosed to Intervenor or a Reviewing Representative by a third party that is not, to the knowledge of either, prohibited from disclosing such information by a contractual, legal or other duty to the Company; or

(iii) is provided to Intervenor or a Reviewing Representative by the Company and is not designated or identified as "Confidential Information", at the time or subsequently, in accordance with this Agreement.

3. In the event Confidential Information is addressed in a deposition, the Company, within five (5) business days of the receipt of the deposition transcript, shall provide written notice to Intervenor of the deposition pages that constitute Confidential Information hereunder.

4. In the event the Company determines that Confidential Information has been disclosed without having been so marked, the Company reserves the right to designate the Confidential Information by providing contemporaneous notice to Intervenor and, as necessary, providing a copy of the Confidential Information marked accordingly. Thereafter, such Confidential Information shall be subject to the terms and conditions of this Agreement.

5. As used in this Agreement, "Reviewing Representative" means a person who has signed the attached Appendix, or who has executed a separate copy of this Agreement, for purposes of reviewing or receiving Confidential Information, who is:

(i) an employee of Intervenor who has been granted party status in Docket No. _____;

(ii) an attorney representing Intervenor;

(iii) attorneys, paralegals and other employees associated with an attorney described in Paragraph 5(ii) for purposes of Intervenor's participation in Docket No. _____; or

(iv) an expert, consultant, or outside law firm (or an employee of such expert, consultant, or outside law firm) retained by Intervenor for purposes of Intervenor's participation in Docket No. _____.

Intervenor shall provide the Company with a list of all its Reviewing Representatives and shall promptly update such list when any new Reviewing Representative is added.

6. Except as provided in Paragraph 7(ii), nothing in this Agreement shall be construed to impose liability on Intervenor for the mishandling of confidential information by a Reviewing Representative who falls into the category of persons set forth in Paragraph 5(iv) above; provided, however, that such Reviewing Representative has executed an agreement in form and substance comparable with this Agreement prior to receiving any Confidential Information from Intervenor and Intervenor is not otherwise in breach of this Agreement.

7. Attorneys' Eyes Only: For Confidential Information that is proprietary and confidential to third parties, the Company reserves the right to designate such information Attorneys' Eyes Only and limit production of such information only to the following:

(i) an attorney, paralegal, or other employee associated with the representing Intervenor;

(ii) upon representation of necessity by Intervenor's attorney, to the category of persons set forth in Paragraph 5(iv); provided, however, that in the event any such person breaches this Agreement with respect to Attorneys' Eyes Only information, Intervenor shall be jointly and severally liable for any resulting damages; or

(iii) attorneys, paralegals, or other employees of the Alabama Public Service Commission or the Office of the Attorney General of the State of Alabama.

Any challenge to the Company's designation "Attorneys' Eyes Only" shall follow the process set forth in Paragraph 1 for objections to a Company determination that information is Confidential Information.

8. Intervenor and its Reviewing Representatives independently agree to protect and maintain the confidentiality of all Confidential Information and shall not, directly or indirectly, in whole or in part, or in any derivative form:

(i) use such Confidential Information for any purpose other than in connection with Intervenor's direct participation in Docket No. _____; provided, however, that the use of Confidential Information in connection with the above shall include appropriate protections to maintain the confidential nature of the information including, without limitation, the employment of redactions, sealed pleadings, and other such measures; or

(ii) disclose such Confidential Information to any person who is not a signatory to this Agreement, without regard to whether such person is an officer, employee or staff member of Intervenor; holds a membership interest in or affiliation with Intervenor; or is an officer, employee or staff member of an affiliate or subsidiary of Intervenor.

For the avoidance of doubt, nothing in this paragraph shall be deemed to restrict Intervenor from lawfully seeking through discovery in any other administrative or judicial proceeding information or materials produced in this proceeding in accordance with this Agreement.

9. In the event Intervenor or a Reviewing Representative becomes aware of an actual or potential breach of this Agreement including, without limitation, the actual or potential disclosure or review of Confidential Information by any person who has not executed this Agreement, or any actual or potential unauthorized use of Confidential Information, Intervenor or the Reviewing Representative shall, to the extent practicable, take steps to prevent such actual or potential breach and shall also promptly give written notice to the Company of such facts.

10. Intervenor and each Reviewing Representative expressly understands and agrees that in the event of any breach or threatened breach of this Agreement, the Company could be irreparably and immediately harmed and may not be made whole by monetary damages and may be entitled to, in addition to any other remedy to which it may be entitled at law or in equity, seek injunctive relief. In the event of a breach of this Agreement, the Company shall be entitled to all remedies available at law or in equity, including all costs and expenses (including reasonable attorneys' fees) incurred by the Company in connection with efforts to enforce the terms and conditions of this Agreement.

11. The Parties agree that this Agreement shall be construed in accordance with the laws of the State of Alabama, without reference to its conflict of laws principles. The Company, Intervenor and each Reviewing Representative further agree to submit to the jurisdiction of the state and federal courts situated in Jefferson County, Alabama, to enforce the terms and conditions of this Agreement. THE COMPANY, INTERVENOR AND EACH REVIEWING REPRESENTATIVE WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT. Any judgment awarded may be enforced by any court having competent jurisdiction thereof.

12. Intervenor and each Reviewing Representative expressly understand and agree that by gaining access to Confidential Information in accordance with this Agreement, they shall be deemed ineligible, for a period of three (3) years from the date of such access, from:

(i) any involvement in the development of proposals to, or the negotiation and preparation of any contracts or other arrangements with, the Company or any of its affiliates within the Southern Company system related to the supply of capacity, energy, and/or renewable attributes associated with any generating facility; or

(ii) any participation in a Request for Proposal ("RFP"), or any consultation with or representation of a participant in an RFP, that is extended by the Company or any of its affiliates within the Southern Company system and that solicits proposals for such supply of capacity, energy, and/or renewable attributes associated with any generating facility.

13. All Confidential Information in the possession of Intervenor or a Reviewing Representative at the conclusion of proceedings related to Docket No. _____ shall be returned or destroyed at the election of the Company, including all originals, copies, translations, notes, or any other form of said material, as well as any and all written, printed, or other material or other information derived from the Confidential Information. To the extent the Company directs the destruction of Confidential Information, Intervenor and each Reviewing Representative shall

promptly provide written or electronic confirmation to the Company that the requirements of this paragraph have been satisfied. If Intervenor or a Reviewing Representative determines it no longer has a need to retain the Confidential Information, it may elect to so notify the Company and wait ten (10) days for the Company to state a preference for its return or destruction. Absent an expression of preference by the Company during that period, Intervenor or a Reviewing Representative may do either, and so notify the Company.

14. The obligations and commitments established by this Agreement, except where otherwise provided, shall remain in full force and effect for five (5) years following the effective date.

15. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together constitute one and the same instrument. Facsimile/electronic signatures hereto are deemed original signatures.

[SIGNATURE BLOCKS ON SUBSEQUENT PAGE]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the day and year first herein above written.

Intervenor	**Alabama Power Company**
Printed Name: _____	Printed Name: _____
Signature: _____	Signature: _____
Title: _____	Title: _____
Date: _____	Date: _____

APPENDIX

List of Intervenor's Reviewing Representative signatories to the foregoing Confidentiality Agreement pertaining to Confidential Information provided or made available in connection with this Agreement. Signatories below each certify that they have read the forgoing Confidentiality Agreement, understand the obligations and commitments therein, and agree to be personally bound thereby.

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date: _____ Date: _____