



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

TWINKLE ANDRESS CAVANAUGH, PRESIDENT

JOHN A. GARNER, EXECUTIVE DIRECTOR

JEREMY H. ODEN, ASSOCIATE COMMISSIONER

CHRIS "CHIP" BEEKER, JR., ASSOCIATE COMMISSIONER

**Alabama Power Company,**  
Petitioner

**Petition:** For approval to modify Rate  
Rider CPP (Critical Peak Pricing).

**Docket U-4732**

**ORDER**

**BY THE COMMISSION:**

By petition filed with the Alabama Public Service Commission ("the Commission") on January 22, 2019, Alabama Power Company ("the Company") seeks to modify Rate Rider CPP (Critical Peak Pricing). Rate Rider CPP is an optional rate rider and, together with Rate XFDT (Family Dwelling-Time of Use), serves as the basis for the Company's SmartPower demand response program. The SmartPower program affords participating customers the ability to contribute to the Company's management of system resources during "critical peak periods". SmartPower employs a combination of pricing signals and technology to achieve this end. First, Rate Rider CPP adjusts the rate downward for electricity charged under Rate XFDT during "on peak" periods, while adjusting the rate upward for electricity charged during designated critical peak periods. Second, participating customers employ a thermostat supplied by Alabama Power, through which the Company can remotely cycle the customers' heating, ventilation and air conditioning ("HVAC") systems. While customers can choose to override these remote signals, the intent of the program is to allow Alabama Power to lower participating customers' HVAC loads during critical peak periods, in exchange for the lower on peak charge under Rate XFDT.

In its petition, Alabama Power explains that while the thermostats have functioned well over the life of the program, such technology has now become obsolete. Alabama Power further explains that it has been unable to identify a practical substitution that is compatible with the design of the

SmartPower program. Absent a re-design of the program incorporating modern thermostat technology features, which could require customer and Company investment, Alabama Power can no longer remotely manage participating customers' HVAC systems during critical peak periods.

To address this development, the Company has proposed modifications to the SmartPower program. Under the revised program, Alabama Power will notify participating customers through electronic methods, including text message and email, when the Company designates a critical peak period. Customers will then be responsible for responding to the notification and managing their energy usage. Customers will also be responsible for all equipment and software necessary to receive electronic notifications from the Company. Importantly, the Company will no longer remotely adjust customer-owned equipment (i.e., the HVAC system) in connection with the notice or the critical peak period designation. Participating customers will no longer be able to rely on the Company to manage their thermostat settings remotely or otherwise facilitate program-related energy consumption decisions.

With the proposed change in operation of the program and recognition of the customer's responsibility for controlling its HVAC system, the Company also requests approval from the Commission to require participating customers to confirm their intent to continue participation in the SmartPower program, as modified. Subject to Commission approval, the Company states that it will communicate to customers the changes to the program and require the completion of a "SmartPower Program Participation Form." This form, a copy of which the Company included with its filing, reiterates the new responsibilities of the customer under the modified program, and solicits an acknowledgment from the customer as to whether the customer wishes to continue to participate in the modified program. For those customers electing to continue participation, the form also requests contact information (i.e., cellular number and email address) for which to notify participating customers when a critical peak period has been designated. Any customer who indicates a preference not to participate in the modified program, or whose completed form is not received by the Company by April 30, 2019, will be removed from the SmartPower program as having indicated intent to no longer participate. These customers will be removed from Rate Rider CPP but will remain on Rate XFDT. In connection with this action, the Company also will close Rate Rider CPP in its modified

form to any additional customers. The Company observes in its filing, however, that it intends to explore the feasibility of future revisions to Rate Rider CPP by which customers on residential rates, other than XFDT, can participate under the program.

Staff has reviewed Alabama Power's filing, which includes a revised Rate XCPP (reflecting its closed status) and a copy of the SmartPower Program Participation Form. Staff also has discussed the proposal with Company representatives. Based on the foregoing, Staff recommends approval.

We have examined Alabama Power Company's filing and concur with the recommendations of our Staff. In view of the foregoing, the Commission **FINDS** that Rate Rider CPP (Critical Peak Pricing), as set forth in the filing discussed above, is just and reasonable and in the public interest, and is due to be approved.

**IT IS, THEREFORE, ORDERED BY THE COMMISSION** that Alabama Power's proposed modifications to Rate Rider CPP (Critical Peak Pricing) are hereby approved, effective with March 2019 billings.

**IT IS FURTHER ORDERED BY THE COMMISSION** that Rate Rider CPP shall be closed to new customers, without prejudice to any future proposal by the Company to modify the rate and make it available to customers taking service under other rates.

**IT IS FURTHER ORDERED BY THE COMMISSION** that the Company shall notify existing participants in the SmartPower program (i.e., Rate XFDT customers also receiving service under Rate Rider CPP) of the modifications approved herein and shall obtain confirmation from these customers as to whether they wish to continue to participate in the program, as modified. Any customer indicating a preference not to participate in the modified program shall be removed from Rate Rider CPP.

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

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

**DONE** at Montgomery, Alabama, this the 5th day of February, 2019.

ALABAMA PUBLIC SERVICE COMMISSION



Twinkle Andress Cavanaugh, President



Jeremy H. Oden, Commissioner



Chris "Chip" Beeker, Jr., Commissioner

ATTEST: A True Copy



Walter L. Thomas, Jr., Secretary