



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

CYNTHIA LEE ALMOND, PRESIDENT

LUKE D. BENTLEY IV, EXECUTIVE DIRECTOR

JEREMY H. ODEN, COMMISSIONER, PLACE 1

CHRIS V. BEEKER, III, COMMISSIONER, PLACE 2

June 29, 2026

MEMORANDUM

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

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

SUBJECT: Agenda – July 7, 2026 Commission Meeting

The Electricity Policy Division will present the following items at the July 7, 2026 Commission Meeting.

ELECTRICITY

ALABAMA POWER COMPANY

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

Rate RSE Forecast	Rate ECR Summary
12 Months Ending DECEMBER 31, 2026 6.21% WRRCE	Energy Cost Over/(Under) Recovered for MAY 2026 (\$10,340,015)

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

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

Common Equity as of May 31, 2026		\$14,294,623,090
Add Budgeted Net Income:		
June through December 2026	\$975,607,830	
Add Budgeted Capital Contributions:		
June through December 2026	\$80,726,403	
Add Other Adjustments:		
June through December 2026	\$0	\$1,056,334,233
Deduct Budgeted Stock Dividends:		
June through December 2026	\$611,038,707	\$611,038,707
Projected Common Equity for December 31, 2026		\$14,739,918,616
<hr/>		
Projected Average Common Equity		
For the 12 Months Ending December 31, 2026		\$14,428,825,210
Projected Retail Investment Separation Factor		97.85%
Projected Average Retail Common Equity		
For the 12 Months Ending December 31, 2026		\$14,118,605,468
Projected Retail Net Income		
For the 12 Months Ending December 31, 2026		\$1,612,318,601
Projected Common Equity Percentage of Capital Structure		
For the 12 Months Ending December 31, 2026		54.40%
Projected Weighted Return on Average Retail Common Equity (WRRCE)		
For the 12 Months Ending December 31, 2026		6.21%

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

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