



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

April 28, 2026

MEMORANDUM

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

**FROM: John D. Free, Director *JDF*
 Electricity Policy Division**

SUBJECT: Agenda – May 5, 2026 Commission Meeting

The Electricity Policy Division will present the following items at the May 5, 2026 Commission Meeting.

ELECTRICITY

ALABAMA POWER COMPANY

Dockets 18117 Division Report on Rate RSE and Rate ECR as of March 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 March 2026, can be found on page 2 of this
 report.

| Rate RSE Forecast | Rate ECR Summary |
|---|--|
| 12 Months Ending DECEMBER 31, 2026 6.17% WRRCE | Energy Cost Over/(Under) Recovered for MARCH 2026 \$6,639,968 |

*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 March 31, 2026 | | \$14,346,363,468 |
| Add Budgeted Net Income: | | |
| April through December 2026 | \$1,174,521,243 | |
| Add Budgeted Capital Contributions: | | |
| April through December 2026 | \$113,447,126 | |
| Add Other Adjustments: | | |
| April through December 2026 | \$0 | \$1,287,968,369 |
| Deduct Budgeted Stock Dividends: | | |
| April through December 2026 | \$916,558,061 | \$916,558,061 |
| Projected Common Equity for December 31, 2026 | | \$14,717,773,776 |
| <hr/> | | |
| Projected Average Common Equity | | |
| For the 12 Months Ending December 31, 2026 | | \$14,413,754,488 |
| Projected Retail Investment Separation Factor | | 97.83% |
| Projected Average Retail Common Equity | | |
| For the 12 Months Ending December 31, 2026 | | \$14,100,976,016 |
| Projected Retail Net Income | | |
| For the 12 Months Ending December 31, 2026 | | \$1,599,245,167 |
| Projected Common Equity Percentage of Capital Structure | | |
| For the 12 Months Ending December 31, 2026 | | 54.41% |
| Projected Weighted Return on Average Retail Common Equity (WRRCE) | | |
| For the 12 Months Ending December 31, 2026 | | 6.17% |

As of March 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 97.83%. The retail net income (RNI) for average common equity and the common equity percentage (CEP) were calculated using actual data for the three months ended March 31, 2026, and then adding nine months of budget data for April 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.