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SYNOPSIS:

Under existing law, the Public Service Commission reviews retail electric service contracts between utilities and large load customers. The commission approves these contracts if the commission finds that the contracts are in the public interest.

This bill would provide that when the commission is making the determination whether a contract between a utility and a large load customer is in the public interest, the commission must take into account certain considerations, including whether the contract will provide for the recovery from the large load customer of incremental costs that are attributable to the large load customer and that the contract will promote positive benefits for other residential, commercial, and industrial utility customers.

A BILL
TO BE ENTITLED
AN ACT

Relating to utilities; to add Section 37-4-22.1 to the Code of Alabama 1975; to provide specific considerations for the Public Service Commission's review and approval of retail



29 electric service contracts between a utility and a large load
30 customer, including determining that such contracts provide
31 for the recovery of incremental costs and promote other
32 positive benefits.

33 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

34 Section 1. Section 37-4-22.1 is added to the Code of
35 Alabama 1975, to read as follows:

36 §37-4-22.1

37 (a) For purposes of this section, the following terms
38 have the following meanings:

39 (1) INCREMENTAL COSTS OF RETAIL ELECTRIC SERVICE. The
40 additional costs associated with the generation, transmission,
41 distribution, sale, or furnishing of electricity to a large
42 load data center customer, including fuel costs and taxes,
43 which the utility would not incur but for the large load data
44 center customer contract.

45 (2) LARGE LOAD CUSTOMER. A customer of the utility
46 which has executed a contract for retail electric service with
47 the utility which requires the utility to serve an expected
48 total peak demand of 100 megawatts or greater at one or more
49 contiguous parcels of land.

50 (3) TERMS AND CONDITIONS. The provisions in a contract
51 for service between a customer and utility which address
52 matters such as minimum term for contract length, upfront
53 payments, security and collateral, and minimum payment.

54 (b) For purposes of Section 37-4-22(b), a contract for
55 retail electric service between a utility and a person that
56 qualifies as a large load customer is consistent with the



57 public interest where the commission determines that the
58 contract pricing and contract terms and conditions over the
59 contract term are expected to:

60 (1) Provide for the recovery of the incremental costs
61 of retail electric service to the large load customer's
62 premises from the large load customer; and

63 (2) Promote positive benefits to other retail electric
64 customers of the utility.

65 (c) The determination of whether a contract between a
66 large load customer and a utility promotes positive benefits
67 under subdivision (b) (2) includes considerations such as:

68 (1) Whether the pricing and terms and conditions of the
69 contract could lower costs for other residential, commercial,
70 and industrial customers of the utility; and

71 (2) Whether the large load customer is expected to
72 increase the efficiency of the utility's power system.

73 Section 2. This act shall become effective on October
74 1, 2026.