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June 25, 2015



BY ELECTRONIC FILING

Walter L. Thomas, Jr., Secretary
Alabama Public Service Commission
RSA Union Building
100 North Union Street, Suite 950
Montgomery, Alabama 36104

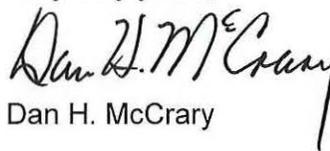
RE: Petition for a Certificate of Convenience and Necessity
Docket No. _____

Dear Mr. Thomas:

On behalf of Alabama Power Company, we are enclosing for filing a Petition for a Certificate of Convenience and Necessity. Consistent with the Commission's rules on e-filing, the original and one copy are being sent to your attention by overnight mail. Additionally, we have enclosed a confirmation copy, along with a self-addressed envelope for return to us.

Should you have any questions or if there is anything further we need to do, please contact me.

Very truly yours,


Dan H. McCrary

DHM:eh

cc: Commissioner Twinkle Andress Cavanaugh
Commissioner Jeremy H. Oden
Commissioner Chris "Chip" Beeker

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June 25, 2015
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Executive Director and
Chief Administrative Law Judge
The Honorable John A. Garner

Director, Electricity Policy Division
Mr. John D. Free

Office of the Attorney General
Ms. Olivia W. Martin

BEFORE THE
ALABAMA PUBLIC SERVICE COMMISSION

ALABAMA POWER COMPANY,
Petitioner,

PETITION: For a certificate of convenience and necessity for the construction or acquisition of renewable energy and environmentally specialized generating resources and the acquisition of rights and the assumption of payment obligations under power purchase arrangements pertaining to renewable energy and environmentally specialized generating resources, together with all transmission facilities, fuel supply and transportation arrangements, appliances, appurtenances, equipment, acquisitions and commitments necessary for or incident thereto.

Docket No. _____

TO THE ALABAMA PUBLIC SERVICE COMMISSION:

Comes Petitioner, Alabama Power Company (“Alabama Power” or “Company”), and requests, pursuant to Alabama Code § 37-4-28, that the Commission issue an order in this proceeding granting a certificate of convenience and necessity. By the certificate, as described in the body of this Petition, and in future testimony presented in support herewith, the Commission would authorize the Company to construct or acquire renewable energy and environmentally specialized generating resources and to acquire rights and assume payment obligations under power purchase arrangements (“PPAs”) associated with renewable energy and environmentally specialized generating resources.¹ In support of its Petition, the Company states as follows:

¹ For purposes of this Petition, “renewable energy and environmentally specialized generating resources” means renewable energy resources as defined in Alabama Code § 40-18-1(30) as well as other resources that promote environmental or other efficiencies, such as combined heat and power.

1. Alabama Power 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 transmission lines and facilities forming the Company's interconnected electrical system. Alabama Power 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 the Company to the public in a large section of the State.

2. As the Commission is aware, the energy policies of the federal government and states throughout the nation increasingly have focused in recent years on the development and integration of "renewable" generation (*e.g.*, solar, wind and biomass) and other environmentally specialized resources (*e.g.*, combined heat and power) by utility companies as part of their electric supply portfolios. While the growth in state renewable portfolio standards (*i.e.*, renewable resource targets predicated on a specified percentage of the utility's load) has plateaued in recent years, a number of jurisdictions have turned to mandated minimum levels of renewable energy supply. A notable example of this development is the neighboring state of Georgia, which through a suite of different programs is planning to add nearly 1000 megawatts ("MW") of solar generation over the next several years.²

3. In tandem with this push for electric utilities to add renewable forms of generation to their supply, federal and state lawmakers continue to focus on the reduction of carbon, methane and other emissions, and the role that renewable generation can play in such efforts. One major rulemaking currently underway at the Environmental Protection Agency ("EPA") is its "Clean Power Plan", which would impose significant reductions on statewide carbon emissions. That rule, as proposed, assumes several forms of compliance alternatives, but one of

² This accumulation of approximately 1,000 MW of solar resources is the result of various actions of the Georgia Public Service Commission, with the largest portion being approved by Order issued July 17, 2013 in Docket No. 36489.

the primary options is the introduction of additional renewable generation as a means of achieving the contemplated carbon reductions.

4. Although the Clean Power Plan remains a proposal, and the State of Alabama itself has not imposed any specific requirements relating to specific levels of renewable energy supply, the pervasiveness of these programs and policies nationally is beginning to influence the Company's existing and potential customers. By way of example, the Company is now receiving inquiries from existing and potential customers as to whether the Company can facilitate those customers' compliance with internal corporate goals relating to renewable energy consumption, carbon footprint reduction, or both. The ability of the Company to respond to customers in this respect helps promote the continued supply of cost effective electric service by protecting existing loads and enhancing the chances of the state's leaders attracting new industry and growing the job base for citizens.

5. Similarly, the Company currently is witness to a number of its federal government customers becoming obligated—through Congressional actions, Executive Orders, and other internal agency directives—to shift their energy consumption to a specific level of renewable energy. Of note here are the bases serving the different branches of the Armed Services, a number of which are located throughout the Southeast. Over the last several years, Georgia³ and Florida⁴ utilities in close proximity to Alabama have announced plans to add a combined 240 MW of solar generation in order to serve specific needs of certain of their respective military installations, and additional requests may be pending. With a new round of military base closures possible as federal officials discuss resuming the Base Realignment and Closure process

³ See Orders of the Georgia Public Service Commission issued October 31, 2014 in Docket No. 24505 and December 18, 2014 in Docket No. 39028.

⁴ See Order of the Florida Public Service Commission issued April 22, 2015 in Docket No. 150035-EI.

in the coming years, Alabama Power must be prepared to pursue whatever practical measures are available in order to help protect the state's bases, along with their associated jobs and economic infrastructure, and thereby avoid negative impacts to other customers' rates.

6. With respect to renewable sources of supply, national policies continue to evolve, as do the corporate goals of our customers. In all situations, however, the Company is better positioned to serve its customers and promote the economic growth and sustainability of the State of Alabama when it is capable of acting proactively and expeditiously in its identification and procurement of cost-effective renewable generation to serve the needs of its customers. This is particularly so in situations where the need for action is prompted by new environmental regulations imposing stricter compliance requirements upon the Company.

7. In view of this evolving political, regulatory and consumer landscape, the Company, as part of its reasonable and prudent service to the public and to address the needs of customers, seeks the requisite authority to secure rights and entitlement to capacity, energy and environmental attributes⁵ from renewable energy and environmentally specialized generating resources. Such authority would encompass the undertaking of preliminary surveys, plans and investigation related to the construction of such resources and the pursuit of power purchase arrangements, which in the Company's judgment, and under honest, efficient and economical management, represent cost-effective alternatives available to it. Through either new construction or acquisition of, or purchased power from, renewable and environmentally specialized generating resources, the Company seeks to better position itself to satisfy the needs of its customers and evolving national policies.

⁵ In general, "environmental attributes" represent the non-power, environmental benefits of generating a certain quantity of energy from a renewable or otherwise environmentally specialized generation resource. Environmental attributes are the means through which the Company may: (i) comply with future legal requirements regarding renewable or environmentally specialized generation or (ii) assist customers in meeting their environmental needs (be they legal requirements or corporate or personal goals).

8. For these reasons, the Company requests through this Petition that the Commission grant a certificate of convenience and necessity that would facilitate the Company's ability to pursue new renewable energy and environmentally specialized generation resources in an efficient and timely manner. Specifically, Alabama Power is requesting a certificate that would authorize the Company, subject to guidelines outlined below, to secure up to five hundred (500) MW of capacity, whether through the construction or acquisition of renewable or environmentally specialized generating facilities not to exceed 80 MW in size,⁶ or the entry into PPAs relating to such facilities, or a combination of both. To the extent the Company has not secured resources up to the authorized 500 MW amount within a period of six (6) years from the date the certificate is granted, the unused authority would expire and the Company would be required to petition the Commission for certificate authority for additional resources.⁷

9. In accordance with the requirements of Alabama Code § 37-4-29, the Company would be required to exercise authority conferred by the certificate within one year from the grant thereof; otherwise, the certificate would become null and void. This requirement would be satisfied for the full authority granted by the certificate upon the taking of initial action by the Company under the certificate and provided that such initial action is within one year of the grant of the certificate. In circumstances involving the construction or acquisition of a new renewable or environmentally specialized resource, initial action would include activities commensurate with the commencement of construction of a road, line, system or works of the Company, or action otherwise consistent with Section 37-4-29 and previous direction by the Commission. In

⁶ This size is consistent with the maximum size that a small power production facility may achieve and still remain eligible for treatment as a qualifying facility under Part 292 of Title 18 of the Code of Federal Regulations. See 18 C.F.R. § 292.204.

⁷ To be clear, the certificate authority associated with resources constructed and PPAs secured prior to the end of the six-year period would not expire; rather, only the unused certificate authority would expire.

situations involving a PPA, initial action likewise would include activities indicative of an exercise of the certificate authority (*e.g.*, actual performance under the PPA or the commencement of interconnection efforts related to the resource(s) specified in the PPA).

10. Authorization of the requested certificate will greatly enhance the ability of the Company to react quickly and efficiently to changing federal policies (whether in the form of new environmental regulations or in the form of tax-incentives), customer needs and evolving market conditions. Unlike traditional generating facilities, the size of renewable energy and environmentally specialized resources varies greatly and can represent a fraction of the size of a traditional generating facility. Pursuing individual certificates under such circumstances would not only be inefficient, but would also add unnecessary cost and avoidable delay to resource procurement efforts that are suited to more streamlined treatment. Accordingly, both the purpose of the certification requirement in Title 37 as well as administrative efficiency and the avoidance of waste generally are served through the granting of the requested certificate. Moreover, as the projects contemplated under this authority will have a close nexus with one or more individual customers, the proposed process facilitates the protection of their confidential and proprietary business information. The ability to protect such customer specific-information is an important key to the success of the process in terms of the preservation and growth of load and realizing the economic benefits associated with it.

11. With this in mind, a resource authorized under the requested certificate must satisfy the following criteria, as applicable:

- The project is a qualifying project, in that:
 - The project constitutes a renewable energy or environmentally specialized generation resource (or a PPA conveying rights and entitlement to the capacity and output from such a resource).
 - The project size is 80 MW, or less.

- The project, considering all other authorized projects under this certificate, does not exceed the aggregate certificate authority of 500 MW.
- The project is expected to result in a positive benefit for all customers, taking into account:
 - The expected cost of the project, as compared to the Company's projected avoided costs over the term of the project
 - Other positive benefits to customers projected over the term of the project, including:
 - The extent to which the project is expected to facilitate load growth or load retention, placing downward pressure on all rates.
 - The extent to which the project contributes to the Company's ability to comply with environmental or other governmental mandates.
 - The extent to which the project will include a customer-specific contribution, either for a specified period or for the term of the project.

Each resource or PPA that meets these criteria, as verified by project details, supporting analyses, and other information presented by the Company to Commission Staff (and also to the Office of the Attorney General, as representative of the using and consuming public under Alabama Code § 37-1-16), will be deemed certified pursuant to the authority requested by this Petition unless the Company is notified no later than thirty (30) days following the Company's submission of supporting analyses to the Commission Staff that the resource or PPA, in the form submitted, is disapproved. Satisfaction of these criteria, as reported by the Staff to the Commission, will assure that the Company's construction or procurement of the resource or PPA is just, reasonable and consistent with the public interest.

12. Aided by the requested certificate, the Company will be able to more readily pursue opportunities for renewable and environmentally specialized generating resources as they manifest, whether through the development or acquisition of new projects or the entry into PPAs predicated on renewable or environmentally specialized resources that are already in existence or that are proposed to be built. The authority requested herein is not to the exclusion of future

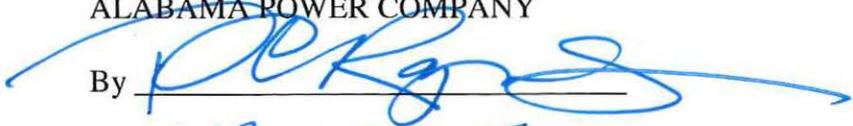
decisions by the Company to pursue construction of larger, traditional resources, or other opportunities beyond the authority requested by this Petition, determined to be reasonable and prudent action to take as part of its service to the public. The authority requested by this Petition, however, will enhance the ability of the Company to adapt to changing energy policies and the evolving needs of customers, while positioning itself to continue the provision of reliable and economic service to the public.

13. Upon the granting of the certificate of convenience and necessity as requested herein, it is the purpose of the Company to proceed with the exercise of its rights and the fulfillment of its commitments, and to use the capacity, energy and environmental attributes associated with renewable energy and environmentally specialized projects available thereunder consistent with the purposes described herein, with all associated costs related to such projects to be recovered pursuant to Rate ECR (Energy Cost Recovery), Rate CNP (Certificated New Plant) and Rate RSE (Rate Stabilization and Equalization), as applicable.

WHEREFORE, Petitioner requests that this Commission, consistent with the provisions of Alabama Code § 37-4-28, and after a public hearing of all parties interested at a time and place fixed by the Commission, grant to the Company the above-described certificate of convenience and necessity, authorizing the Company to secure up to 500 MW of capacity, whether through the construction or acquisition of renewable or environmentally specialized generation facilities not to exceed 80 MW in size, or the entry into PPAs relating to these types of facilities, or a combination of both, together with all transmission facilities, fuel supply and transportation arrangements, appliances, appurtenances, equipment, acquisitions and commitments necessary for or incident thereto.

Dated this 25th day of June, 2015.

ALABAMA POWER COMPANY

By 

Its

EVP, CFO + Treasurer

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