

HB403 INTRODUCED



1 HB403

2 4UKMHIR-1

3 By Representatives Rafferty, Hulsey, Tillman

4 RFD: Transportation, Utilities and Infrastructure

5 First Read: 05-Feb-26



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4 SYNOPSIS:

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

10 This bill would provide that when the commission
11 is making the determination that a contract between a
12 utility and a large load data center is in the public
13 interest, the commission must take into account certain
14 considerations, including that the contract will
15 provide for the recovery from the data center of
16 incremental costs that are attributable to the data
17 center and that the contract will promote positive
18 benefits for other residential, commercial, and
19 industrial utility customers.

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22 A BILL

23 TO BE ENTITLED

24 AN ACT

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

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29 electric service contracts between a utility and a large load
30 data center, 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 DATA CENTER. 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 electric
48 load of at least 150 megawatts and meets the definition of a
49 data processing center as defined in Section 40-9B-3.

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) Consistent with the commission's authority under
55 Title 37 generally and Section 37-4-22 specifically, a
56 contract for retail electric service between a utility and a

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57 person that qualifies as a large load data center is
58 consistent with the public interest where the commission
59 determines that the contract pricing and contract terms and
60 conditions over the contract term will:

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

65 (2) Promote positive benefits to all other retail
66 electric customers of the utility.

67 (c) The determination of whether a contract between a
68 large load data center and a utility promotes positive
69 benefits under subdivision (b) (2) includes considerations such
70 as:

71 (1) Whether the pricing and terms and conditions of the
72 contract could lower costs for other residential, commercial,
73 and industrial customers of the utility; and

74 (2) Whether the large load data center customer is
75 expected to increase the efficiency of the utility's power
76 system; and

77 Section 2. This act shall become effective on October
78 1, 2026.