

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



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 that a contract between a utility and a large load data center is in the public interest, the commission must take into account certain considerations, including that the contract will provide for the recovery from the data center of incremental costs that are attributable to the data center 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



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electric service contracts between a utility and a large load data center, including determining that such contracts provide for the recovery of incremental costs and promote other positive benefits.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

§37-4-22.1

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

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

(2) LARGE LOAD DATA CENTER. A customer of the utility which has executed a contract for retail electric service with the utility which requires the utility to serve an electric load of at least 150 megawatts and meets the definition of a data processing center as defined in Section 40-9B-3.

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

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



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

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

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

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

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

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

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