

HB403 ENGROSSED



1 HB403

2 QNGTN14-2

3 By Representatives Rafferty, Hulsey, Tillman

4 RFD: Transportation, Utilities and Infrastructure

5 First Read: 05-Feb-26



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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 electric service contracts between a utility and a large load customer, 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 CUSTOMER. A customer of the utility



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29 which has executed a contract for retail electric service with
30 the utility which requires the utility to serve an expected
31 total peak demand of 100 megawatts or greater at one or more
32 contiguous parcels of land.

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

37 (b) For purposes of Section 37-4-22(b), a contract for
38 retail electric service between a utility and a person that
39 qualifies as a large load customer is consistent with the
40 public interest where the commission determines that the
41 contract pricing and contract terms and conditions over the
42 contract term are expected to:

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

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

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

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

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

56 Section 2. This act shall become effective on October

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57 1, 2026.



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House of Representatives

Read for the first time and referred05-Feb-26
to the House of Representatives
committee on Transportation,
Utilities and Infrastructure

Read for the second time and placed10-Feb-26
on the calendar:
0 amendments

Read for the third time and passed17-Mar-26
as amended
Yeas 104
Nays 0
Abstains 1

John Treadwell
Clerk