Over 2,300 AL Firms Get Special Electric Rates

Phillip Rawls, Associated Press

MONTGOMERY, Ala. (AP) — More than 2,300 Alabama businesses are using special electric rates that a state regulatory board approved last year to encourage an economic recovery.

Participation started slowly when the special rates kicked in last summer, but picked up as the program became better known. The businesses are seeing $849,800 in savings in their first year of participation, Michael Sznajderman, spokesman for Alabama Power Co., said Monday.

Terry Dunn, one of the three members of the Alabama Public Service Commission, negotiated with the state's largest electric utility to get the rates.

"We're getting some traction on these rate incentives now. I believe the economic benefits, though incremental, will pick up in the coming year," he said in an interview.

The PSC approved the plan last year after Gov. Robert Bentley encouraged every state agency to come up with ways to expand job creation.

One part of the plan expanded the number of businesses that can qualify for small business rates by increasing the maximum demand they could have. The PSC estimated nearly 8,000 small retail shops, investment businesses, real state offices and other types of businesses could qualify and save $25 per month. So far, 2,306 have signed up, and Alabama Power said they account for the biggest part of the savings: $691,800.

That part of the plan is permanent.

Another part offered a one-year rate discount to businesses that opened in buildings that had been vacant for at least six months. The incentive applies to a new business or to an existing business that opens another location. It doesn't apply to a business that only relocates. So far, 46 businesses have qualified for the discount and saved $33,000, Sznajderman said.

The discount is 15 percent off of Alabama's base rate, which will amount to a discount of 10.5 percent to 12.5 percent off the total bill, depending on the type of business and the total usage. The discount will expire at the end of 2012 unless the PSC extends it.

Mobile chiropractor Jason Riemann signed up for that discount after leaving a practice where he worked in North Carolina and opening his own practice in his hometown in June. Reimann said Monday he learned about the program from one of his patients who works for Alabama Power, and he qualified because he opened his

practice, Absolute Health Solutions, in strip mall space that had been vacant for months.

Reimann said he's awaiting his first bill since signing up, so it's too early to know the financial impact.

The third part of the package is aimed at larger companies that invest enough money and create enough jobs to qualify for the state's Capital Investment Tax Credits. The size of businesses that qualify for those tax credits depends on where they locate in the state, but any large manufacturing plant locating in Alabama or undergoing a major expansion would likely qualify.

So far, eight companies have qualified. Not all of the industrial projects are online yet, but those that are have saved $125,000. The plan gives them a 10 percent discount off the base rate for the first year and 5 percent off in the second year. The incentive expires at the end of 2013 unless the PSC extends it.

Dunn said he's hopeful the PSC will do that before any of the incentives expire.

PSC President Lucy Baxley said it appears the incentives are having a positive effect, but the PSC's evaluation continues. "If our data shows an extension is in order I will certainly vote in favor of it," she said.

Commissioner Twinkle Andress Cavanaugh said the PSC must reexamine the incentives, keeping in mind that "our top goal is to ensure that industries both large and small continue to thrive."

Cavanaugh, a Republican, faces Baxley, a Democrat, in November in the race for PSC president. Dunn, a Republican, is not up for election this year.

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