



UNLEASHED

Powering Success: Change Management and Governance Strategies to Enable Lasting Success at Alabama Power

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**JOSHUA
MCCURRY**

Project Mgr.
Transmission Data
Analytics
Alabama Power



Agenda

- Alabama Power & Project Copperleaf Overview
- Governance and Change Management Approach
- Governance Deep Dive
- Change Management Deep Dive
- Next Steps for APC
- Q&A

Alabama Power & Project Copperleaf Overview



Alabama Power Overview

Alabama Power, a subsidiary of Southern Company, provides electricity to 1.5 million homes, businesses, and industries across Alabama across more than 85,000 miles of power lines.

About Us



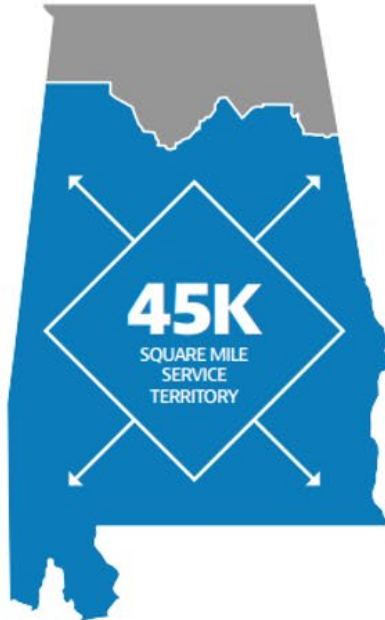
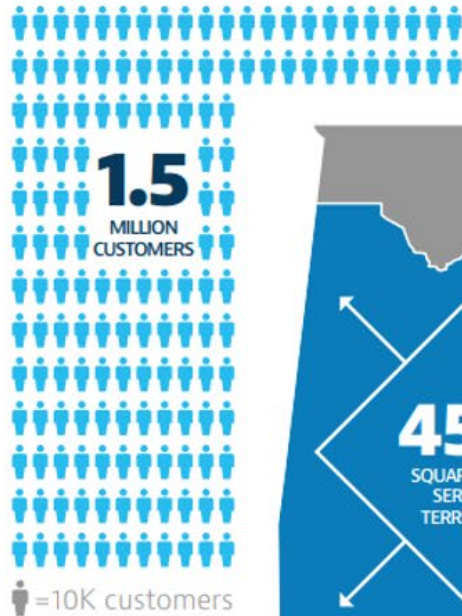
35% Clean Energy

- NUCLEAR - 25%
- HYDRO - 7%
- OTHER* - 3%

Generation Mix



Serving Our Customers



Power Delivery

Transmission
Towers: 10,180
Poles: 112,264

Distribution
Towers: 4
Poles: 1,463,727

Total Poles and Towers

1,586,175



85,939 miles
of power lines

TRANSMISSION
10,743 mi.

DISTRIBUTION
75,196 mi.



The circumference of Earth is 24,901 miles.

Our power lines would circle the world over three times.

**Total Nameplate Capacity:
12,942 megawatts**

Territorial Sales

Total revenue	100%	\$6,360,425,863
Industrial	24.55%	\$1,561,698,428
Residential	43.42%	\$2,761,433,793
Commercial	28.66%	\$1,823,121,977
Resale	3.18%	\$202,315,822
Other	0.19%	\$11,855,843

Kilowatt-Hour Sales

Total kWh sales	100%	\$4,004,613,427
Industrial	37.70%	20,359,287,387
Residential	32.15%	17,365,014,694
Commercial	23.93%	12,921,447,989
Resale	6.03%	3,258,425,509
Other	0.19%	100,437,848

Total Revenue Expenditures

Fuel and Purchased Power	24.81%
Other Operation and Maintenance	24.35%
Depreciation and Amortization	19.29%
Federal, State and Local Taxes	7.21%
Interest Charges	5.48%
Earnings Available for Common Dividends and Earnings Retained in the Business	18.86%

Total Customers

Total		1,541,357
Residential	86.13%	1,327,562
Commercial	13.43%	206,961
Other (incl. industrial)	0.44%	6,834

Project Copperleaf Overview

The APC Power Delivery organization recognized the need for a more advanced system to streamline the planning process and ensure every dollar of capital spend is being optimized to deliver the best services to its customers.

WHY NOW?

Starting in 2024, **capital will see a 20% reduction**, emphasizing the need to improve the current cumbersome and subjective capital planning process that directly impacts how dollars are spent today.

PLAN TO ACTION

By implementing Copperleaf's Asset Investment Planning software, APC Power Delivery aims to **enhance risk mitigation and improve reliability in a capital-constrained environment.**

KEY OUTCOMES



Value-based capital plans, free of subjectivity, that promote reliability and mitigate risk.



Agreed upon value framework that leverages data-driven technology and Power Delivery expertise.



Nimble capital planning process that supports confident and swift decision-making.

Enabling Success via a “Three-Legged Stool” Model



Oversight & Management

As the guide to the lay of land Alabama Power Company, APC Data Analytics will ensure the successful implementation of Copperleaf

Technology for Prioritization
The right technology can enable data integration across systems for effective project prioritization, optimization, and risk management, maximizing capital efficiency.



Effective Implementation & Adoption

Establishing robust processes, change practices, and governance for the capital planning process enabled through Copperleaf will ensure effective implementation and adoption. The work today will lay the groundwork for comparing projects equitably and continuous improvement in the future and is supported by Slalom & Copperleaf.



Expertise to Inform Benefits and Risks

Alabama Power subject matter experts support the development of value models to ensure the correct information is captured for meaningful prioritization.

Governance and Change Management Approach

What is Governance?

Governance safeguards outcomes through intentional leadership, accountability, and decision models

Purpose

Governance defines the mechanisms for decision-making and delegation of authority. It requires a holistic approach across people, process, and technology to enable the organization and its people to make decisions efficiently and consistently.

Outcomes

- **Clarity** of organizational roles and responsibilities.
- **Streamlined** decision-making processes.
- **Consistent** and standardized process execution.
- **Increased** ownership, accountability, and alignment across teams.

What Governance Should Help Us Answer

- What management **routines** are needed?
- What **policies / standards** are required?
- What is the right **balance** between control and speed?
- What governs the way **resources** are involved?
- What bodies of **people** are required to govern and how do they operate?
- How will we **measure** success?

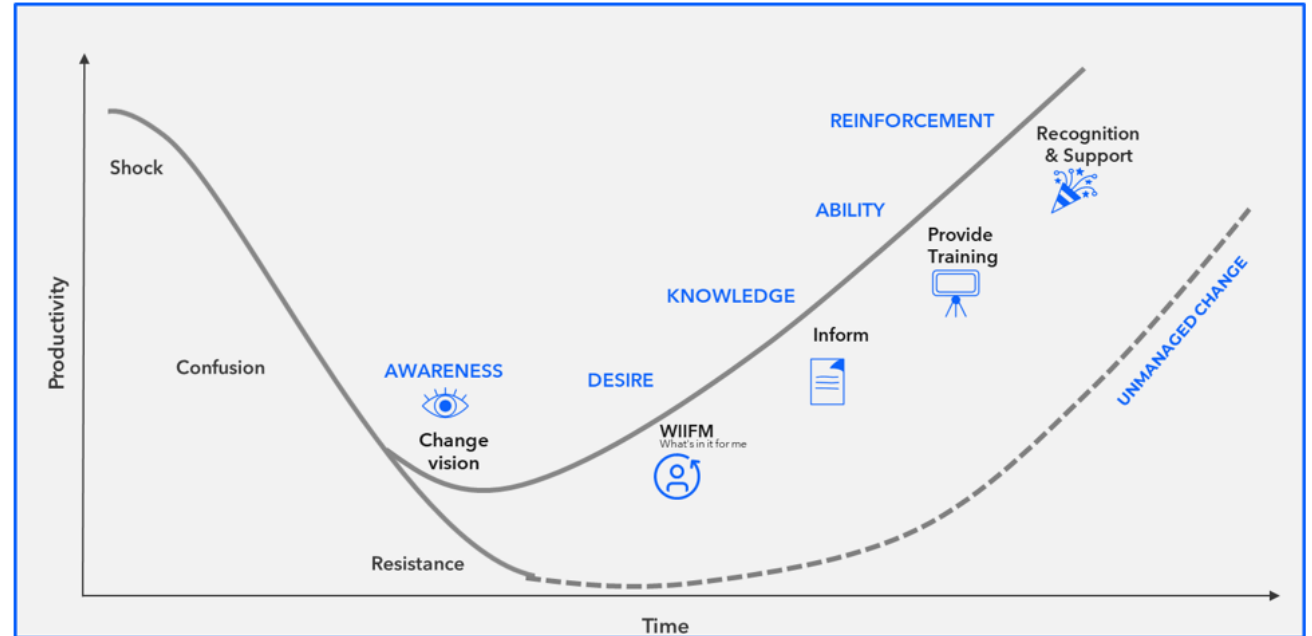


What is the Change Journey?

The Change Journey is a model to help people understand the **stages of personal and organizational change**.

The change framework and proposed activities in the change management plan will support impacted audiences (internal and external) as they move through each of the five phases of change.

This helps us design impactful and timely communications, engagement activities, and training.



Awareness

Awareness of the Need to Change



Desire

Desire to Support and Participate in the Change



Knowledge

Knowledge of How to Change



Ability

Ability to Implement Required Skills and Behaviors



Reinforcement

Reinforcement to Sustain the Change

Change Management Areas of Focus

The following dedicated pillars are critical to the success of a change management and adoption plan.



Leadership Alignment

Unifying leaders and key sponsors around a common vision, while centering the organization on the business objectives.



Stakeholder Engagement

Assess stakeholders and current environment to identify individual awareness levels, potential risks, areas of resistance and ways to engage.



Communication Strategy

Develop and execute communication plan to inform, engage, and prepare stakeholders for change.



Training

Identify training material needs, effective delivery methods and deliver training curriculum, job aids, etc., to educate users on the new ways of working, new features and new expectations.



Adoption and Measurement

Assess and build the level of adoption of impacted stakeholders for the upcoming change and measure the success in the new platform/ways of working.

Project Copperleaf Governance

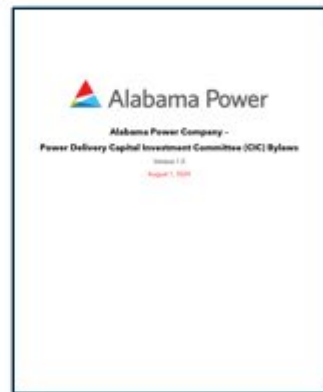
Capital Planning Governance Structure



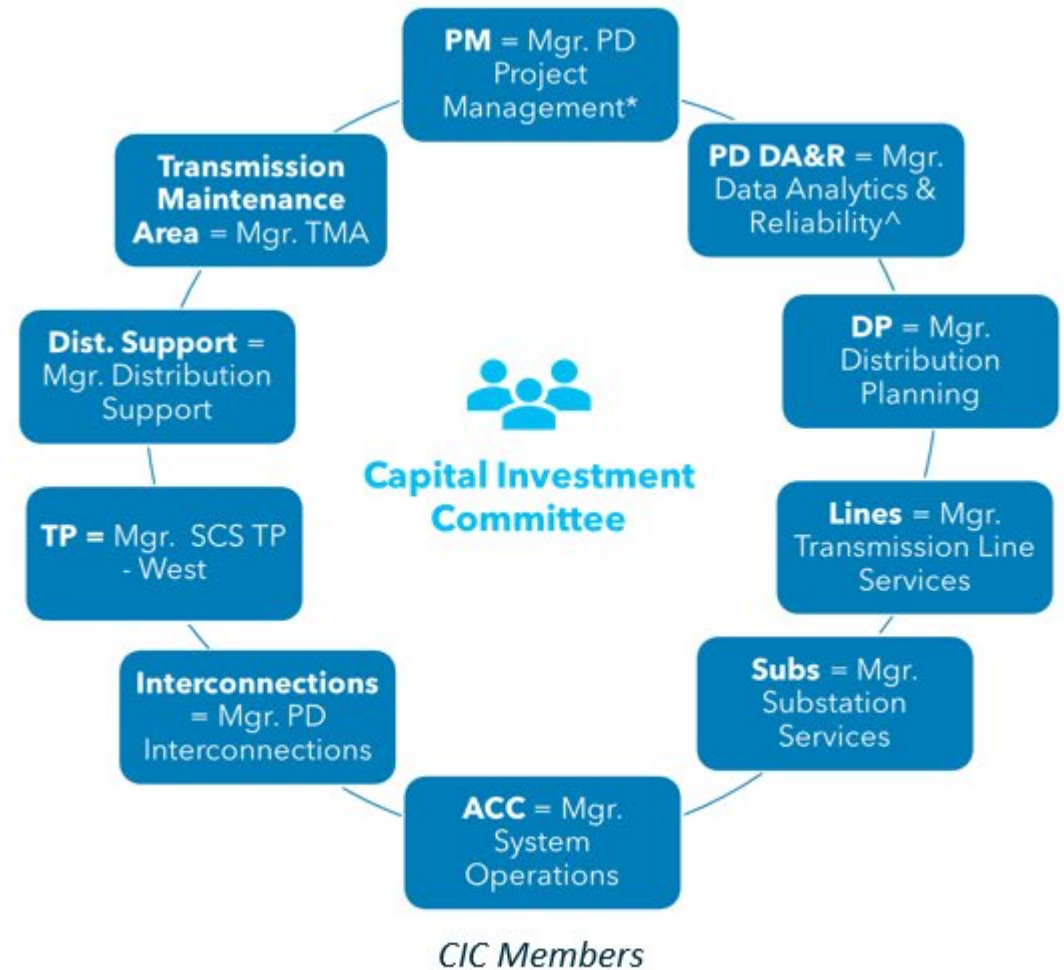
The CIC Bylaws establish and commission the Committee in alignment with the implementation of the Copperleaf system in the summer of 2024.

The Bylaws provides details on:

- Purpose and authority
- Members and their roles & responsibilities
- CIC meetings, cadence and their format
- CIC decisions
- CIC communications



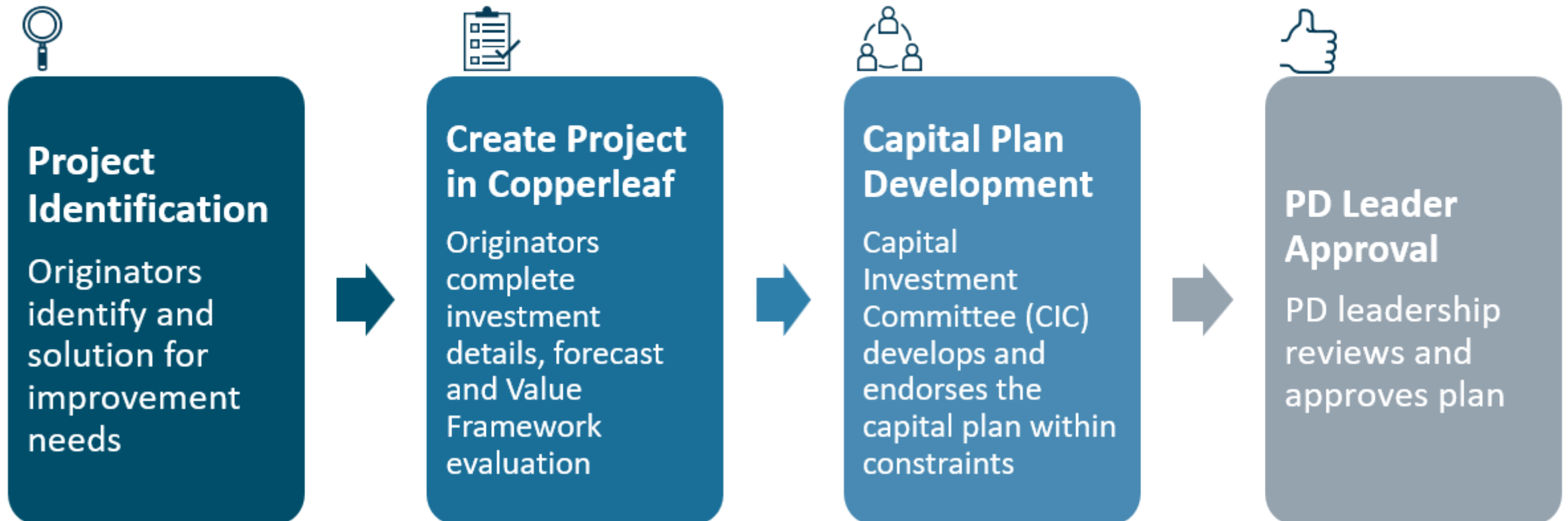
CIC Bylaws Document



Capital Planning Process Overview

Process

The capital planning process is designed to drive **consistency and reliability** across all origination groups, leveraging Copperleaf to drive an **objective evaluation of all candidate investments**.



Capital Planning Process/Tool Enhancement

Process

Why: To continuously improve the capital planning process and Copperleaf system for optimal effectiveness within APC PD.

Who: The CIC will be responsible for reviewing and recommending improvements to the process / governance and the Copperleaf system. The CIC Chair will execute process /governance improvements, and PD DA&R will manage Copperleaf system improvements in coordination with Copperleaf Customer Support.

When: The CIC and PD DA&R will formally meet annually within one-month following the final 5-year capital plan approval. Ad-hoc meetings as needed between the CIC Chair, PD DA&R and Copperleaf Customer Support.

Power Delivery Capital Planning Process or Tool Request Form

This is a form to submit a request for an issue encountered or an enhancement idea for the Power Delivery capital planning process and the use of Copperleaf to facilitate the process. (Examples could include: request a specific person be involved in a certain role in the process, an issue with an enhancement to the Copperleaf "Value Framework", The PD Capital Planning Governance Lead will review the requests and stage them appropriately.)

Hi. Etc. When you submit this form, we will see your name and email address.

* Required

1. What is your name? *

Enter your answer

2. Please give your request a title *

Enter your answer

3. What type of request is this? *

Capital Planning Process / Governance Related

Copperleaf System Related

4. What is your request, issue, or enhancement? *

Enter your answer

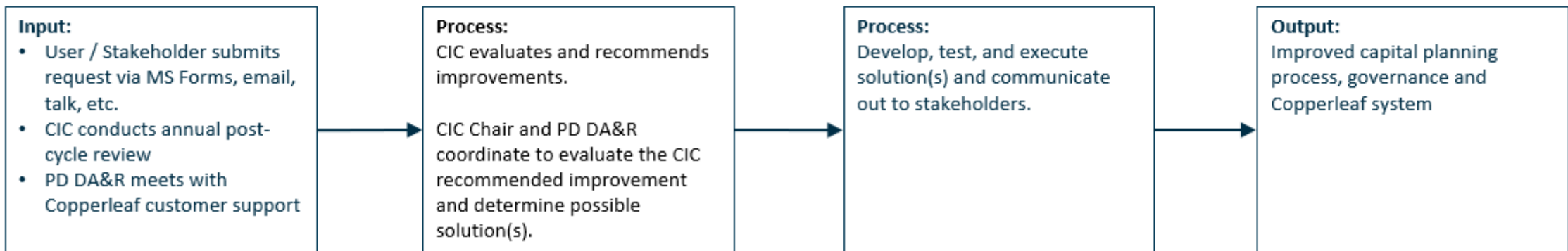
5. How high of a priority do you think this request is? *

Low

Urgent

Process / Tool Request Form

Procedure Summary:



Current Focus:

- Focused on setting up a structured project intake, business case development, and portfolio planning process within Copperleaf.
- The aim is to quickly put the software in APC Transmission's hands and support rapid user adoption.
- Prioritizing off-the-shelf functionality.

Future Enhancements:

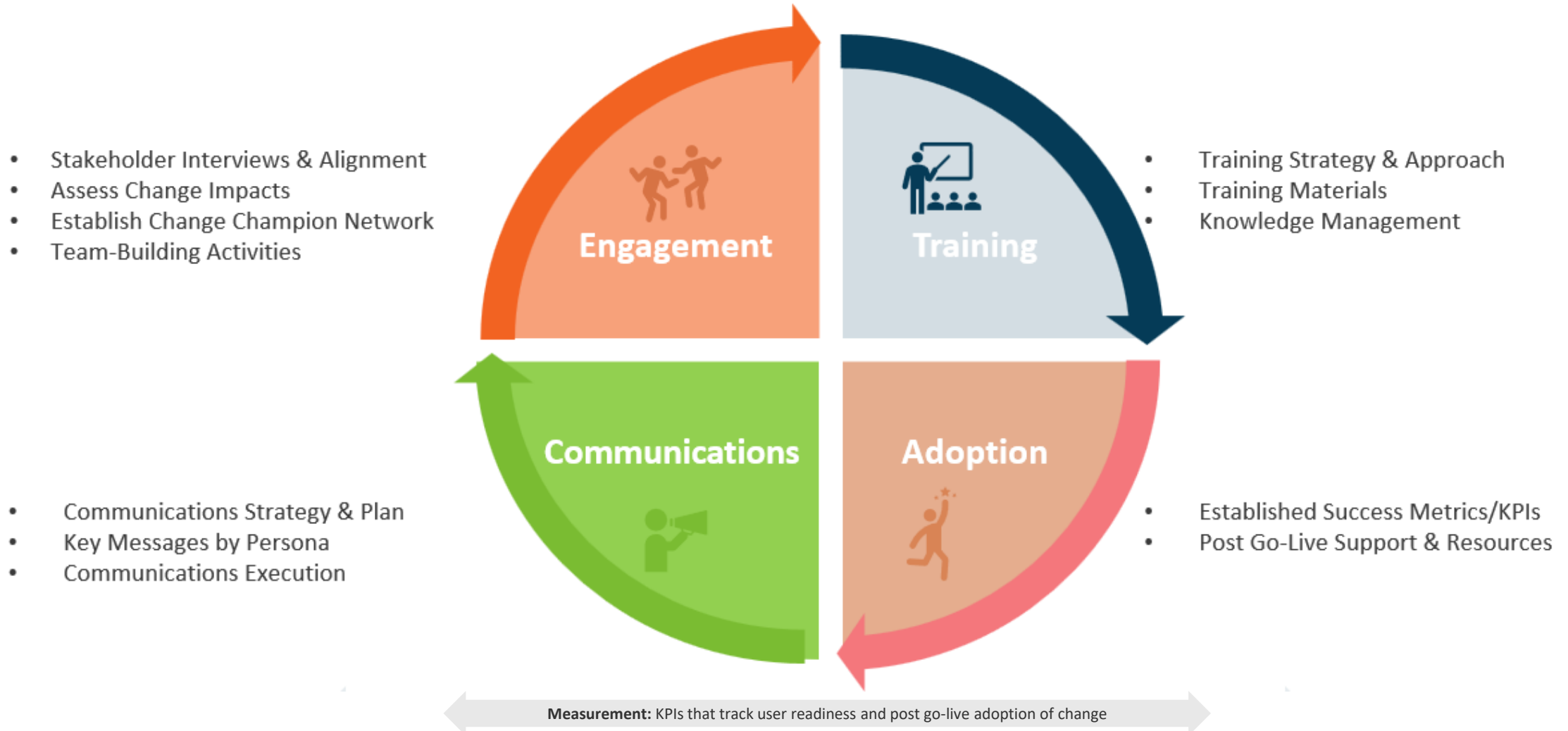
- Future evolution of the process will be enabled through custom models, integrations, and workflow design in later phases.
- Future functionality built on experiences gained through using the technology in an initial planning cycle.



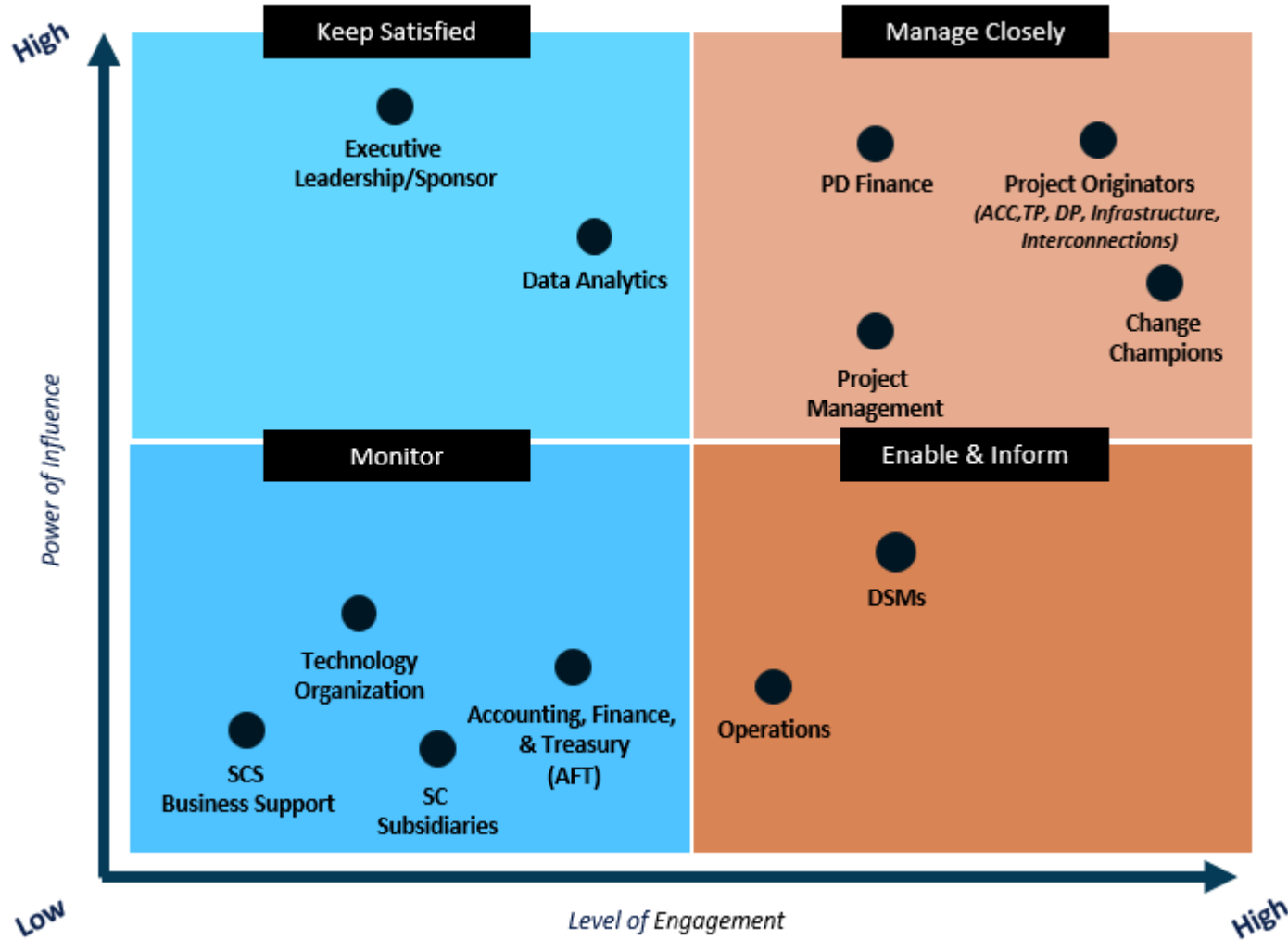
Project Copperleaf Change Management

Change Management Strategy & Overview

We aim to drive process and technology change at APC by (1) emphasizing **stakeholder engagement and alignment** to facilitate a seamless transition, (2) providing teams with the necessary **knowledge and training** for success, (3) promoting **transparent communications**, ensuring everyone remains informed and interconnected, and (4) driving **adoption** of these new ways of working.



APC PD Capital Planning Stakeholder Map



Legend

Manage Closely: Individuals and groups requiring regular engagement and education. Apply more focused efforts to communicate to, enable, support, and engage these stakeholders.

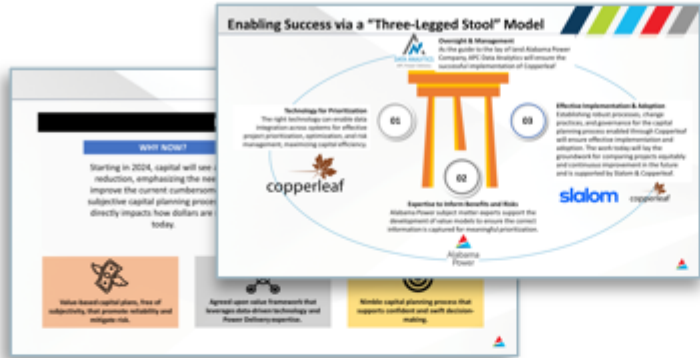
Keep Satisfied: While less involved in planning and implementation, regularly brief these groups on project progress and/or directional needs.

Enable & Inform: Communicate broadly with group to keep informed and enable when appropriate for key decisions, change initiatives, and activities.

Monitor: For these stakeholder groups, ensure alignment on program goals and messaging.

Communication Channels

Project Walking Deck



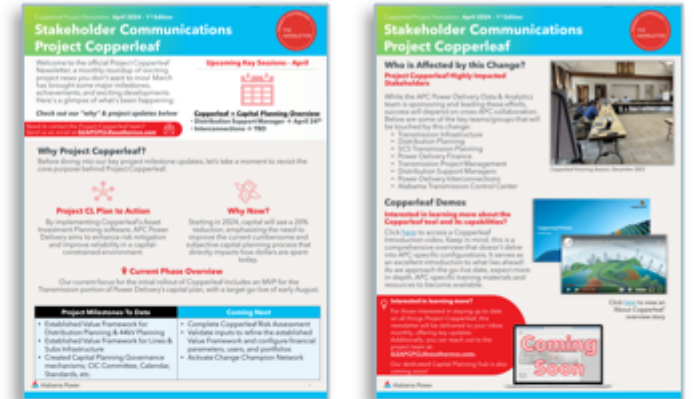
Provides a high-level overview of Project Copperleaf, intended benefits, and execution plan to varying audiences.

Power Delivery Capital Planning Hub



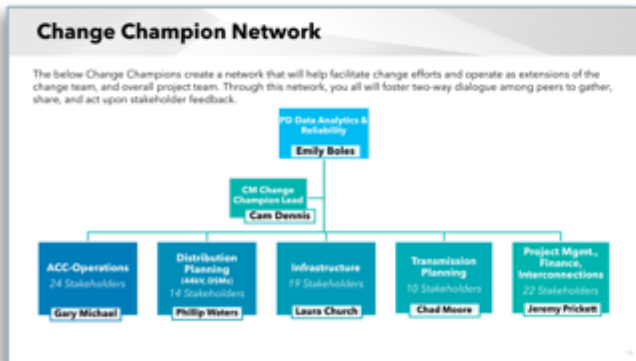
This is a central location for users to access training and support resources about the capital planning process, governance, calendar, and Copperleaf.

Monthly Newsletter



Targets internal and external audiences of APC & Southern Company subsidiaries.

Change Champion Network



Enable two-way communication with stakeholders to cascade program messaging, collect feedback, and support change initiatives.

Weekly Project Updates



Detailed project updates on activities, risks, issues, and decisions made to ensure project success and progression.

Teams Channel Updates



The dedicated Teams Channel will be used to support chat forums and ad-hoc updates regarding Capital Planning and Copperleaf.

Next Steps for APC

The Road Ahead for Alabama Power

Alabama Power's new solution for capital planning within Copperleaf is an iterative journey, building upon initial success to scale across the organization.

CURRENT FOCUS: Transmission Organization

- Go-live of Copperleaf with redesigned process and governance within Transmission in **Summer 2024**.
- Load next 5 years of Investments.

NEXT FOCUS: Enhancement & Refinement

- Ongoing enhancement of the solution through integrations, workflows, performance mgmt capabilities, etc.
- Establish Center-of-Excellence for Capital Planning.

FUTURE FOCUS: PD Technology Investments

- Anticipated Phase 2 Solution Expansion with PD Technology and possibly other organizations...

Questions?