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Majority Action

Notice of Exempt Solicitation

Vote Recommendation: Vote **AGAINST** Anthony F. Earley, Jr. (Member of the Operations, Environmental and Safety Committee) and John D. Johns (Chair of the Finance Committee) for inadequate oversight of climate risk and capital expenditure strategy with respect to powering data centers.

Southern Company Doubles Down on Fossil Fuels and Backtracks on Climate Commitments to Power the Data Center Boom

Data centers have emerged as a primary driver of growth for Southern Company. The utility has a total large-load pipeline of 75 GW and is projecting that annual electricity sales growth will increase from 3% to 10% between 2026-2030 due to demand from hyperscalers.[1]

While much of this demand could be met with renewables, storage, and demand flexibility, Southern has chosen a costlier, riskier, and dirtier route. It is powering data centers by significantly expanding gas-fired generation and delaying the retirement of aging coal plants while backtracking on climate commitments.

- Southern's buildout of new gas-fired generation outpaces its buildout of renewables and storage. Across its state-regulated utilities, Southern plans to build 5.2 GW of new gas-fired generation by 2030, compared to just 350 MW of solar and battery storage and 4.1 GW of standalone battery. According to its 2025 Integrated Resource Plan (IRP), Georgia Power intends to build 11.4 GW of new gas-fired generation by 2035, compared to just 5.4 GW of solar and wind and 3.9 GW of battery storage.[2]

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[1] Southern Company, *Fourth Quarter 2025 Earnings Conference Call Presentation*, February 19. 2026; Southern Company, "Q4 2025 Earnings Conference Call," Transcript, February 19, 2026, accessed via Pitchbook.
[2] These capacity additions are dependent on planning scenario MG0, which assumes that EPA rules promulgated under 111(b) of Clean Air Act – which sets emissions standards for new fossil fuel plants –

- Georgia Power plans to delay the retirement of 4.3 GW of coal-fired power from 2027-2028 to 2035 and beyond, including potentially extending the lifeline of 3.8 GW of coal plants out to 2039 by co-firing with natural gas.[3]
- Simultaneously, Southern is backtracking on its emissions reduction targets. The company's most recent 10-K states, "Since 2018, Southern Company system management established GHG emissions reductions goals including an intermediate goal of 50% from 2007 levels by 2030 and a long-term goal of net zero by 2050. Due primarily to the projected electric load growth, current projections indicate it will be extremely challenging to meet the 2030 goal." Southern later notes that there is "no guarantee" that it will achieve either of its medium-term or net-zero goals.[4] Even independent of its forecasted gas buildout, Southern would need to significantly accelerate its pace of emissions reductions in order to achieve its net zero by 2050 target.[5]

Risks to investors

Southern's massive investment in fossil fuels to power data centers poses system-level and idiosyncratic risks to investors.

- **Southern is intensifying system-level climate risk by delaying the retirement of coal plants and expanding gas-fired generation.** Given the 30- to 50-year lifespan of gas plants, Southern's gas buildout is likely to lock in emissions for decades to come, delaying its transition to clean energy and rendering its net zero by 2050 target increasingly out of reach.
- **Everyday ratepayers and shareholders will likely bear the financial risks of building expensive gas-fired generation.** The cost to build and maintain new gas plants and infrastructure has soared in recent years due to tight supply chains and rising fuel costs.[6] Southern could pass at least some of these expenses onto everyday ratepayers and shareholders, especially if large-load tariffs do not fully offset the cost of power plants and grid investments, if projected data center load growth or demand for AI services does not materialize, and/or if gas prices spike. A 2025 study found that extant large-load tariffs are not sufficient to cover the cost of new gas-fired plants and concluded that utilities could "be forced to burden shareholders or other customers with the revenue shortfall from long-term generation commitments" if data center customers exit early.[7]
    - Georgia Power customers have endured six bill hikes since 2023, while Alabama Power residential customers pay the highest electric bills in the country on

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have been repealed. Southern Company, "Technical Appendix Volume 2: Resource Mix Study - Capacity Expansion Plans," in *2025 Integrated Resource Plan*, January 2025.

[3] Southern Company, *2025 Integrated Resource Plan*, January 2025, pp. 59-64, 125.

[4] Southern Company, *SEC DEF 14A*, filed February 19, 2026, p. I-17.

[5] Matt Kasper and Keriann Conroy, "Electric utilities falling behind on emission reduction targets," *Energy and Policy Institute*, March 17, 2025.

[6] Dennis Wamsted, "The misguided stampede to build gas power plants," *Institute for Energy Economics and Financial Analysis*, April 8, 2026.

[7] Ben Hertz-Shargel, "Large load tariffs: a looming challenge for utilities," *Wood Mackenzie*, June 5, 2025.

average.[8] **Subjecting working- and middle-class families to higher energy burdens in anticipation of speculative data center demand contributes to system-level inequality risk.** Conversely, investing primarily in wind, solar, and battery reduces system-level inequality risk. In addition to becoming price-competitive with fossil fuels on build cost, renewables and storage deliver lower-cost power, drive down wholesale electricity rates, and are insulated from the volatility of gas prices.

  - **Regulatory disallowances or legal settlements could force Southern to shift costs onto shareholders** if regulators determine that the utility's investments in new fossil plants or infrastructure are "imprudent," or if market conditions result in a revenue shortfall that cannot be legally or practically recovered from ratepayers. Southern Company's Kemper scandal serves as a stark warning: In 2017, regulators ruled that Mississippi Power could not recover costs for its experimental coal plant from ratepayers after the project incurred billions in cost overruns, resulting in investors absorbing $6.4 billion in losses.[9]

- **Displacing the costs of data center-driven gas generation onto residential customers exposes Southern to increased political and reputational risk.** According to a recent Quinnipiac poll, 65% of Americans oppose building data centers in their communities, with 72% citing electricity costs as the top objection.[10]
- **Extending the life of aging coal plants carries operational and financial risks.** These risks include the large capital outlays needed to repair and upgrade plants, a diminishing supply of experienced coal workers, and increasing unavailability of obsolete equipment.[11]
- **Southern's strategy of continuing to invest in long-lived fossil fuel assets amplifies its exposure to transition risk.** While current regulations are conducive to expanding gas-fired generation and continuing coal unit operations, future regulators may impose more stringent climate and environmental requirements, leading to higher compliance costs. Moreover, Southern could be locked into more expensive fossil power as the cost to build and maintain utility-scale renewables and storage continues to fall. Finally, as the climate crisis accelerates, capital markets are likely to reprice fossil fuel assets by tightening credit conditions and raising insurance costs.[12]

Vote AGAINST Directors Anthony F. Earley, Jr. and John D. Johns (Item 1) for Failures Related to Climate Oversight and Capital Expenditure Strategy

[8] Terah Boyd, "Southern Company's fossil fuel gamble," *Southern Environmental Law Center*, December 12, 2025; Dennis Pillion and Lee Hedgepeth, "How Alabama Power Kept Bills Up and Opposition Out to Become One of the Most Powerful Utilities in the Country," *Inside Climate News*, November 3, 2025.

[9] Jeff Amy, "Settlement reached over clean coal fiasco in Mississippi," *Associated Press*, February 6, 2018.

[10] Quinnipiac University, "The Age Of Artificial Intelligence: Americans' AI Use Increases While Views On It Sour, Quinnipiac University Poll On AI Finds; 7 In 10 Think AI Will Cut Jobs With Gen Z The Most Pessimistic," March 30, 2026.

[11] Duke Energy, "Appendix F: Coal," in *2025 Carolinas Resource Plan*, p. 14.

[12] Tom Sanzillo, *A Matter of Opinion: Credit Rating Agency Evolution on Climate Change Risk and Fossil Fuel Financial Volatility*, Institute for Energy Economics and Financial Analysis, March 2024.

Southern's massive investments in fossil fuels to power the AI stack mark a critical failure of board oversight with respect to climate governance and capital expenditure strategy.

The Operations, Environmental and Safety Committee oversees "business strategies designed to address the long-term reduction of greenhouse gas emissions," including environmental regulation and policy, net-zero carbon strategies, and fuel cost and availability.[13] The Finance Committee has primary oversight of financial strategy, including the strategic deployment of capital.[14] As Chair of the Operations, Environmental and Safety Committee and Chair of the Finance Committee, Dale E. Klein and John D. Johns, respectively, bear the most responsibility for Southern's risky climate and capex strategy. Given that Director Klein is retiring from the board, shareholders should hold Anthony F. Earley, Jr. — the next longest serving member of the Operations, Environmental and Safety Committee — accountable for the committee's lack of climate oversight. **Shareholders are thus urged to vote against the re-election of Directors Earley, Jr. and Johns at Southern's annual general meeting on May 13, 2026.**

[13] Southern Company, *SEC DEF 14A*, filed April 3, 2026, p. 23, 28; Southern Company, *Operations, Environmental and Safety Committee Charter*, updated December 11, 2023.
[14] Southern Company, *SEC DEF 14A*, filed April 3, 2026, p. 22.