

SRP BUY-THROUGH PROGRAM

ARIZONA LARGE CUSTOMER GROUP'S ADDITIONAL COMMENTS

The Arizona Large Customer Group (“AZLCG”), by and through its counsel, Holland & Hart LLP, respectfully provides these additional informal comments regarding the SRP Buy-Through Program.

I. INTRODUCTION

The AZLCG, a coalition of some of Arizona’s largest electric customers, previously submitted comments in SRP’s Buy-Through Program on July 14, 2023. In addition, representatives of the AZLCG have participated in multiple SRP stakeholder workshops related to SRP’s proposal. As stated in the AZLCG’s initial comments, the AZLCG has a vested interest in designing and participating in mutually beneficial utility buy-through programs in Arizona in order to provide participants with reasonably priced and reliable electric energy, as well as an opportunity to further individual participant procurement preferences, corporate goals, and initiatives. In these comments, the AZLCG replies to SRP’s written response to the AZLCG’s prior comments submitted on July 14, 2023, and requests that SRP reconsider the AZLCG’s prior comments and further engage with the AZLCG (and other stakeholders) in an open and transparent manner.

II. THE AZLCG’S COMMENTS

The AZLCG’s July 14th comments raised many important issues for SRP’s consideration in designing and implementing a successful Buy-Through Program. Those issues included:

1. Reevaluation of program participation limits
2. Allocation of program participation
3. Participant load growth
4. Aggregation of multiple customer accounts

5. New load participation
6. Basis for each component of the Buy-Through Charge
7. Fuel and Purchased Power Adjustment Mechanism (“FPPAM”) and the FPPAM Settlement Adjustment (“FSA”)
8. Stranded Costs
9. Mechanics of fully bundled rates above the individual participant limitation
10. Imbalances
11. Line losses
12. Reserve capacity and ability to self-provide
13. Selection of generation service provider (“GSP”)
14. Program certainty

With appreciation, SRP was able to address and provide some additional information in response to the AZLCG’s July 14th comments at SRP’s July 18, 2023 stakeholder meeting. During that meeting, SRP acknowledged the complexity of the issues in the AZLCG’s comments and assured that a substantive written response would be provided in short order. Unfortunately, SRP did not respond until August 10, 2023, notably *after* SRP presented its proposal to SRP’s Board for approval. Accordingly, it is not clear whether and the extent to which the Board was apprised of the AZLCG’s comments sufficiently prior to or during the August 10th presentation, or whether and to what extent the AZLCG’s comments were meaningfully evaluated or slated for further discussion.

While the AZLCG acknowledges the lack of regulatory oversight and public process required to establish SRP rates or tariffs, the AZLCG strongly supports and encourages SRP’s full

and transparent engagement with stakeholders in doing so. On the one hand, the AZLCG appreciates SRP's engagement on and, in some cases, revisions to:

1. Reducing the value for line losses to properly reflect the voltage at which likely Buy-Through Program participants take service;
2. Explaining SRP's proposed process for allocating program capacity;
3. Confirming the ability of new load to participate in the program;
4. Providing additional detail for GSP qualifications; and
5. Committing to reevaluating program caps, aggregation, and self-provision of resource adequacy ("RA").

Yet on the other hand, several of the AZLCG's comments were not adequately addressed. Particularly, AZLCG encourages SRP to reconsider and provide additional information on the cost components of the program, the propriety of over-recovering base rate revenues in conjunction with charging Buy-Through Program participants (and other ratepayers) accrued under-collections in the FPPAM, and program certainty considerations. On these points, and others, the AZLCG respectfully requests that SRP and its Board refer back to the AZLCG's July 14th comments, and reengage with the AZLCG towards resolution. Many of these issues have been debated and tested through other buy-through programs operating in other utility service territories in Arizona and beyond, and AZLCG members' intimate familiarity with these programs provides a useful perspective, especially considering that the AZLCG includes members that take significant electric service from SRP and qualify for, and are interested in participating in, SRP's Buy-Through Program.

Accordingly, the AZLCG requests that SRP establish a process that allows for closer scrutiny of, and, therefore higher confidence in, SRP's Buy-Through Program. Importantly, this

process is not limited to initial program evaluation. While the AZLCG maintains its positions explained in detail in its July 14th comments and requests that SRP reconsider those positions prior to implementing the proposed Buy-Through Program, the evaluation process should not end there. Rather, the AZLCG requests that SRP establish an ongoing working group to evaluate and consider revisions to the Buy-Through Program following implementation.

III. CONCLUSION

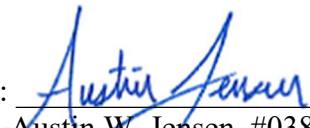
In sum, the AZLCG supports all programs that give customers choice. In this regard, and understanding that time is limited to implement this legislatively-mandated program, the AZLCG respectfully requests that SRP:

1. Reconsider the AZLCG's not-yet-addressed proposals and comments included in the AZLCG's July 14th comments;
2. Engage specifically with the AZLCG and its members to discuss these issues in an open and transparent manner;
3. Establish a process that allows for closer scrutiny of, and higher confidence in, SRP's Buy-Through Program following the implementation of the program; and
4. Evaluate (with input from the AZLCG and other stakeholders) additional offerings in the Sustainable Energy Opportunity program and Market Price Pilot Rider.

The AZLCG appreciates the opportunity to submit these comments regarding SRP's Buy-Through Program and looks forward to engaging with SRP in this and other issues.

Respectfully submitted September 18, 2023.

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