

**"PROPOSED ADJUSTMENTS TO SRP'S STANDARD
ELECTRIC PRICE PLANS"**

Thursday, January 24, 2019
6:43 p.m.

Location

Southeast Regional Library
775 North Greenfield Road
Gilbert, Arizona 85234

Attending

Marty Rozelle, PhD, Facilitator

SRP Management

Aidan McSheffrey
Steven Hulet
John Tucker

SRP Board Members

Nick Brown
Debbie Hendrickson
Randy Miller
John Hoopes, SRP Vice President

Gilbert, Arizona
January 24, 2019
6:43 p.m.

P R O C E E D I N G S

MARTY ROZELLE: Good evening.

I think we're getting a few folks coming in from that customer service area.

Thanks for coming tonight. My name is Marty Rozelle, and I am an independent facilitator that's been retained by SRP to help make this meeting go smoothly.

Now, if you need Spanish translation, there are headsets available. And there's our Spanish translator right here.

Would you say --

(Spanish translator speaks in Spanish.)

MARTY ROZELLE: Okay. Thank you.

So you can get the headset if you need it.

We also have a sign language interpreter, Michelle, here. And if you need that service, please let her know. That would be useful. Thank you.

So, I'm going to turn the meeting over John, our vice president of the SRP board.

JOHN HOOPES: Thank you, Marty.

Good evening. And I want to welcome you to the

1 second of the two information and public comment sessions
2 for the SRP price process.

3 My name is John Hoopes. I'm the vice president of
4 SRP.

5 With me tonight to my left are four -- excuse me,
6 three of the 14 members of the SRP board of directors:
7 Debbie Hendrickson, Nick Brown, and Randy Miller.

8 All of us sincerely appreciate your interest in
9 our process and look forward to hearing your comments.

10 We know that this is an imposition to come to this
11 evening meeting. And, again, the SRP board greatly values
12 your participation.

13 The purpose of this particular meeting is for SRP
14 management to explain its price proposal and answer your
15 questions and for members of the public to offer comments
16 and suggestions on the price proposal.

17 Tonight we are here as board members just to
18 listen to the comments.

19 As required by Arizona law that governs this price
20 process, board members are not at this meeting to make any
21 decisions or ourselves engage in discussion of the proposals
22 management will summarize this evening.

23 That will come, but later.

24 All of the comments made tonight will however be
25 recorded and available to each of the board members so that

1 the board can consider each comment received over the course
2 of our pricing deliberations.

3 On February 18 we will hold the first of
4 five official price process board meetings at the Arizona
5 Heritage Center at Papago Park at which time the entire
6 board will be present and will then begin its discussion of
7 management proposals.

8 You can ask questions and provide comments this
9 evening or you may wish to ask questions and provide
10 comments at those meetings.

11 Additionally, the SRP board will receive written
12 and electronic comments through March 15 of this year. And
13 that's an important deadline to remember.

14 Please be assured that whether you make comments
15 at this meeting or at any of the meetings before the entire
16 board or in writing or e-mail, your comments will be
17 carefully considered. That is my promise to you.

18 I emphasize that the management proposals that
19 will be described tonight are only that, proposals.

20 As the board evaluates those proposals with the
21 benefit of the input provided here, and over the course of
22 the process, the pricing decisions ultimately made by the
23 board may differ significantly from management's initial
24 proposals.

25 I understand that we are distributing cards with

1 information on all of the opportunities to participate.

2 Again, if you are unable to speak tonight, we
3 encourage you to take advantage of any of those other
4 several opportunities.

5 This meeting will be moderated by Marty Rozelle,
6 and I now turn the meeting over to Marty for an explanation
7 of the process we will follow this evening.

8 Again, thank you for coming.

9 MARTY ROZELLE: Thank you, John.

10 All right. By the way, restrooms, you passed on
11 the way in. They're out the door on the left.

12 And as I said, I'll be the facilitator tonight.
13 I've lived in the Valley for over 40 years. In fact, I just
14 actually did the math, and I am surprised, it's more than
15 that.

16 But I work with numerous utilities, both here in
17 Arizona and around the country, with regard to all kinds of
18 issues, from siting new facilities, integrating resource
19 planning, meetings such as this.

20 My role tonight again is to ensure that the
21 meeting goes smoothly for all of us, including you.

22 There are a number of SRP team members here
23 sitting, and I'll introduce the ones up here in the front
24 who you'll actually hear from.

25 On the far left is Aidan McSheffrey, and he is the

1 associate general manager and the chief financial executive
2 for SRP.

3 Next to him is Steve Hulet, and Steve is the
4 treasurer and senior director of financial services for SRP.

5 And then John Tucker, whom you'll be hearing from
6 in a little bit, is the director of corporate pricing.

7 There are customer service reps. You may have
8 noticed that when you came in. They're here for you. So if
9 you wanted to go and talk about your plan after the
10 presentation, you know, they'll be here until our meeting is
11 finished.

12 As John said, we held a meeting in Glendale on
13 Tuesday night, and then this one is following the same
14 format for tonight.

15 So we've got three parts to the evening. We've
16 got the presentation that's going to be 25, 30 minutes.
17 Then we've got about a 15-minute question period. Followed
18 by a long 60 minute or however up until 9:00 o'clock,
19 however long it goes, comment period.

20 If you want to ask a question, you need to put it
21 on the blue card. And I'll tell you a little bit more about
22 that when we get to that point.

23 But if you have questions, especially as you're
24 listening to the presentation, please write them down,
25 because that's how we'll work with them.

1 The comments, again, yellow card. And if you
2 choose to make a comment -- and you can decide like up until
3 close to the end so you don't have to decide right now. And
4 we're going to put these just in the order received, and
5 we'll talk more about how that's going to work when the time
6 comes.

7 Depending on the number of people, I'm aiming from
8 between three to five minutes apiece, kind of depends on how
9 many comments we get, so -- I think -- let's see.

10 I've got a few ground rules, and they are written
11 up here. Really simple. Be courteous and respectful and
12 please honor your time limit. And also keep your comments
13 and questions to the topic at the meeting, which is the
14 pricing proposal that you'll be hearing about.

15 And if you would silence your phones, that would
16 be appreciated as well.

17 Okay.

18 The presentation that you'll be hearing from John
19 is posted on the website already. And so I'll turn it over
20 to John Tucker.

21 JOHN TUCKER: Thank you, Marty.

22 Good evening, all. My name is John Tucker. As
23 Marty mentioned, I'm SRP's director of corporate pricing.

24 On behalf of management I would like to thank you
25 as well for being here to participate in our public process

1 tonight.

2 Do you guys have a -- my apologies.

3 We skipped a -- there we go. Thank you kindly.

4 Okay. So this is an overview of our proposal.

5 So first up we're proposing an overall price
6 reduction of 2.2 percent. We're also proposing more price
7 plan options for residential customers who wish to install
8 distributed generation or rooftop solar, as well as reduced
9 the on-peak hours for a number of our residential price
10 plans.

11 We're proposing an additional reduction beyond
12 what we're otherwise proposing for our residential price
13 plans for our M-Power program, our prepay program, so an
14 additional reduction to the prepay program M-Power.

15 And while we're not proposing any changes to our
16 renewable programs, we are proposing that we eliminate our
17 Environmental Programs Cost Adjustment Factor, or our EPCAF.
18 That's just the mechanism by which we collect the costs
19 related to our -- to some of our environmental programs.

20 And I'll get into all the details here as we walk
21 through these materials.

22 So I did want to touch on SRP's pricing
23 principles, because these are the lenses that we look -- you
24 know, that we look at any proposal that comes out of the
25 pricing shop. This is kind of how we evaluate things as

1 we're putting them together.

2 So first, cost relation, that's just to say that
3 our prices that we charge customers should be based on the
4 costs that we incur to serve those customers.

5 In terms of equity, there we're really saying that
6 we think -- we just want customers to pay their share of the
7 costs that we incur on their behalf.

8 Sufficiency is to say that our overall price
9 levels, our overall revenue collection needs to be
10 sufficient to maintain SRP's financial health.

11 In terms of gradualism, as we're moving toward
12 those three things, we want to do it slowly but surely. So,
13 as an example, we would prefer more frequent, smaller
14 pricing adjustments as opposed to more infrequent, larger
15 pricing adjustments.

16 And then we want to provide our customers with
17 choice, to the extent that we can. So we think of things
18 like time-of-use price plans or the prepaid program I had
19 mentioned M-Power or the managed payment plan, those sorts
20 of things.

21 While I'll characterize the proposal as a net
22 2.2 percent price reduction, I did want to mention this
23 briefly here.

24 The board took two separate actions to temporarily
25 reduce prices based on lower fuel costs effective for this

1 fiscal year, which is SRP's fiscal year that runs through
2 the end of this April.

3 The average annual impact of those two actions was
4 a 1.5 percent reduction in pricing.

5 So part of what this proposal is, is we are
6 proposing to make that temporary reduction permanent and
7 then to also layer on another 2.2 percent reduction.

8 So if comparing prices to where we ended as part
9 of the last price process in 2015, prices would be
10 3.7 percent lower than where we were at that time.

11 So the average decrease, like I said, 2.2 percent,
12 but there are a couple of moving pieces.

13 So, first, we have a fuel reduction, a fuel cost
14 reduction of 3.9 percent.

15 And that is partially offset by a base price
16 increase of 1.7 percent.

17 And in terms of the base prices, you can think
18 about things like our grid, the cost of our generating
19 units, our transmission and distribution systems, and that
20 sort of thing.

21 And you combine those two together, and that nets
22 to our 2.2 percent average decrease.

23 So this pricing action, like all pricing actions,
24 does have a range of impacts. So 2.2 percent is the average
25 impact.

1 But because this action is so driven by that
2 reduction to fuel expenses, like I mentioned, you'll see
3 that the industrial customers see the largest decrease as
4 part of the proposal. And that's really because industrial
5 customers use a whole lot of power, so fuel expenses are a
6 very large piece of their bill, in relation to, say, a
7 residential customer.

8 And I've been around long enough that I recall
9 when prices were going up, fuel prices went up, and this
10 graph really was inverted. And the residential customers
11 had the smaller price increase. The industrial customers
12 had the larger price increase.

13 And, you know, needless to say they weren't fond
14 of that. But this, like then, is a simple function of the
15 math.

16 Large users end up with the bigger impacts for
17 fuel, whether they be up or down.

18 So I want to point out that despite the fact that
19 there is a range of impacts, management is proposing a
20 decrease for all of our price plans.

21 So I mentioned previously both the fuel price
22 decrease and the base price increase.

23 On the fuel side, certainly part of it is simple
24 as when we incur lower fuel costs, we're able to pass those
25 on to our customers. And natural gas prices have been low.

1 In addition though we've been able to acquire natural gas
2 generating resources, so we've been able to further
3 capitalize on those low natural gas prices which has allowed
4 us to pass even further savings on to our customers through
5 that fuel adjuster.

6 The bottom two points, keeping up with economic
7 growth and supporting the transition to more sustainable
8 resources, those really speak to the base price increase
9 that I mentioned.

10 It's important that SRP is able to adapt quickly
11 and safely to changes that we see on our grid and in our
12 service territory. And we spent \$2 billion to that end
13 since the last price process.

14 The proposed base price increase ensures that
15 we're able to respond to new residential and commercial
16 growth, that we can maintain and repair our existing
17 infrastructure, and that we can meet the challenges of an
18 economy and a customer base that is looking to SRP to
19 increasingly invest in sustainable technologies.

20 One of the things we do whenever we consider a
21 pricing action is we benchmark ourselves against our
22 peers in the region. And really what we're thinking of
23 there are the utilities that operate in hot desert climates
24 like ours.

25 We want to make sure that we continue to provide a

1 good value proposition for our customers.

2 And as you can see our proposed price level would
3 be 9.7 cents, or just a little under, 9.7 cents per kilowatt
4 hour.

5 In addition to being committed to keeping prices
6 low, we're committed to being good stewards of the
7 environment and the communities in which we operate.

8 SRP's 2035 initiatives span a host of ranges, host
9 of areas, carbon reduction, water, waste reduction,
10 modernization of our grid, and customer and employee
11 engagement.

12 The breadth of these five pillars really
13 illustrate how sustainability is taken into account in all
14 aspects of our business.

15 For those of you interested in diving deeper into
16 these efforts, we have a process going on separate from this
17 price process, currently going on, like I said, related to
18 our 2035 sustainability goals.

19 And for complete deals you can visit the website
20 there, SRPnet.com/2035.

21 I mentioned our 2035 sustainability goals because
22 as part of this price process, like I noted, we are
23 proposing the elimination of our Environmental Programs Cost
24 Adjustment Factor, our EPCAF. Again, this is the mechanism
25 whereby we collect some of our -- collect the costs related

1 to some of our sustainability efforts, really renewable
2 sources and energy efficiency efforts.

3 But the mechanism was put in place nearly
4 ten years ago. And as illustrated on the previous slide,
5 sustainability is really now part of our core business and
6 it reaches far beyond just those two types of costs. So we
7 don't really feel that it's necessary to continue to have
8 this adjuster mechanism active.

9 There is a lot more information is available
10 online than we have the time to get through tonight, but
11 these are the topics that I'll touch on in my remaining time
12 here.

13 Clearly the material is residential focused.

14 If we have business customers in attendance
15 though, we have a lot of staff on hand and we would be happy
16 to talk one on one with you if you like.

17 This is a look at the impacts for our various
18 residential price plans.

19 Depending on which program you're on and how you
20 use energy, specific impacts would vary, but this is an
21 average look to get a sense to where things are going.

22 On the left side we have all of our residential
23 programs.

24 Our basic E-23 price plan, that's our non
25 time-of-use price plan for residential customers.

1 M-Power, again, that's our prepay program.

2 Next is the EZ3 suite of time-of-use programs that
3 have a three-hour on-peak window. Followed by E-26, which
4 is our time -- our more traditional longer standing
5 time-of-use program. And then finally our customer
6 generation price plan.

7 That's some average usage statistics there, but
8 probably the impacts are more interesting.

9 Generally speaking, savings on a monthly basis are
10 a little over \$1 to a little over \$2 per month on average.

11 The exception there is M-Power. I'll touch on
12 that in just a minute.

13 And then in terms of an average impact by price
14 plan again, hovering in the one percent neighborhood, with
15 M-Power as the exception.

16 Like I said, individual impacts would vary. And,
17 again, we have staff on hand that can share -- you know,
18 speak specifically to you about your bill and your impacts.

19 We have four price plans that have on-peak hours
20 in the summertime of 1:00 p.m. to 8:00 p.m. during the
21 weekdays.

22 Part of our proposal is to move that first hour,
23 the 1:00 o'clock to 2:00 o'clock hour, from the on-peak
24 period to the off-peak period.

25 As things have changed over time, that hour has

1 become less costly to serve customers, and we hope that
2 going from a seven-hour on-peak period to a six-hour on-peak
3 period will be a little more manageable for customers and be
4 a win.

5 I point out we aren't proposing any changes to our
6 winter pricing in terms of hours.

7 About ten years ago we rolled out our 3:00 to
8 6:00 p.m. EZ3 price plan as a complement to our other longer
9 standing time-of-use price plan.

10 A few years later we rolled out two more limited
11 pilot options, and they were intended to -- we wanted to
12 study the impacts of having customers on these different
13 price plans.

14 They had an on-peak period of time of 2:00 to 5:00
15 and of 4:00 to 7:00.

16 We're proposing ending the pilot on the 4:00 to
17 7:00 program and making that price plan a standard price
18 plan, just like the 3:00 to 6:00 program.

19 And we're also proposing ending the pilot for the
20 2:00 to 5:00 program.

21 So we would be going from one EZ3 price plan like
22 a standard offer and two pilots to just two standard offer
23 price plans.

24 One of the pricing principles I mentioned earlier
25 was cost relation and equity in fact. We're working to make

1 sure that our costs are reflected in our prices.

2 In line with those principles, we're proposing an
3 additional reduction to the M-Power prepaid program, as
4 we've seen those costs come down and we expect them to
5 continue to come down over time so that they're more in line
6 with our basic E-23 price plan.

7 We want to pass those savings on to customers.

8 So what we've been able to do as part of this
9 proposal is nearly levelize the summer pricing on a per
10 kilowatt, on per kilowatt hour charges, and in fact the
11 winter prices we've been able to get completely even across
12 the two price plans.

13 For residential solar customers we're proposing a
14 total of four options, the current E-27 price plan as well
15 as three alternatives.

16 We designed these options in response to input
17 that we've received from customers. Impacts would vary
18 under each price plan based on a variety of factors, like
19 the way and time that you use energy, the size and
20 characteristics of your solar system, as well as potential
21 complementary technologies that you may install, like
22 storage and load controllers.

23 I'll give you an overview of the price plans
24 tonight, but if anybody has specific questions about the
25 price plans and what might be best for them, again we have

1 staff on hand or you'd certainly be welcome to call in.

2 At the highest level though you can see we have
3 one new demand residential price plan and two non-demand
4 options that we're proposing. And in particular the
5 non-demand options are available due to advances in metering
6 technology.

7 So to better understand how the price plans work,
8 I wanted to walk through this illustration here.

9 This part I think is pretty straightforward. This
10 is kind of the traditional utility service model customer.
11 This is representative of what we see on our grid,
12 1500 kilowatt hours a month. Traditionally if a customer
13 needed 1500 kilowatt hours, it would all come from the grid.

14 I'll show you two looks at ways we can kind of
15 think about the distributed solar transaction.

16 So this first look is really the traditional way,
17 net metering. This is really what was capable when net
18 metering hit the scene.

19 Basically the same customer installs
20 1,000 kilowatt hours of solar, and the meter basically turns
21 forward and backward all month long, and at the end of the
22 month, you see a net usage of 500 kilowatt hours. So still
23 the 1500 kilowatt hours less the 1,000 generated, is the
24 500 net kWh.

25 And traditionally on net metering that's what you

1 would be billed for.

2 I would point out that both the existing E-27 and
3 the proposed E-15, that's the alternative demand rate that
4 we've developed, both maintain the net metering structure.
5 And we're able to do that because those price plans are more
6 in line with costs.

7 So this is the other way that we can now look at
8 this transaction.

9 What it does is it provides a look at what's going
10 on in a real time basis. How well does the solar production
11 match up with the customer's instantaneous need.

12 So what we can see on a real time basis, about
13 60 percent of that production goes to the customer, in real
14 time, and then the remaining 40 percent would be put to the
15 grid.

16 Which then means kind of in comparison to the
17 500 kWh net figure, you can see that the customer's actually
18 relying on the grid for 900 kilowatt hours of their
19 instantaneous need.

20 Again, the new price plans will look at these two
21 as somewhat separate transactions.

22 So this table is meant to do a little compare and
23 contrast between the options so I'll start on top with our
24 customer generation price plan. That's our existing price
25 plan.

1 Our monthly service charge is unchanged. We're
2 not proposing any changes to this monthly service charge or
3 any of the other residential monthly service charges.

4 The demand charge is tiered, but really more
5 importantly perhaps for the comparison to the E-15 price
6 plan it's based on a monthly maximum on-peak demand.

7 So if there are about 20 weekdays in a month, we
8 would look at the on-peak period for each of those 20 days,
9 pick the maximum 30-minute demand interval in all 20 of
10 those days, and that would be the one number that you would
11 multiply by the price to get the demand charge, and that is
12 pretty typical in terms of how demand charges are calculated
13 across the industry.

14 But it's not the only way it has to be done.

15 So the energy prices that are on and off peak,
16 they're time differentiated. And the net metering
17 structure, like I said, remains.

18 So the E-15, the proposed average demand price
19 plan, again, the same monthly service charge.

20 In terms of the demand charge though, rather than
21 being based on that maximum demand for the month, we look
22 at those same 20-ish weekdays and we look at that same
23 on-peak period, but we look at each of those on-peak periods
24 for all 20 of those days and we would average them together
25 to get the billing determinant, the number multiplied by the

1 price.

2 And the reason that we're proposing doing that is
3 somewhat twofold.

4 One, demand charges really do provide the best
5 opportunity for customers to manage bills if they choose to
6 try to do that, either through direct actions on their own
7 or through, again, the installation of complementary
8 technologies. But at the same time we did hear comments
9 from customers expressing concern about the possibility of a
10 single anomalous event really driving their demand high for
11 one month.

12 So by averaging all 20 of those daily demands
13 together, it would really mute the impact if there was to be
14 one particular day that something unexpected was to occur.

15 The kilowatt hours prices on this price plan are
16 the same for the E-27 price plan, so there is no difference
17 there. It really just about how the demand charge works.

18 Then the next two price plans are the non-demand,
19 energy only price plans. Again, the same monthly service
20 charge for both. If we're looking at TOU E, export E-13,
21 the big difference there, no demand charge, and the
22 difference is how the energy charge works.

23 So what we've done is set those prices on E-13
24 equivalent to the prices that you would see on that, like I
25 said, that longstanding time-of-use price plan, the E-26.

1 So the on-peak prices, the off-peak prices, all
2 year long, summer and winter, are the same as they are on
3 E-26.

4 So to the extent that customers are pulling power
5 from SRP, they're paying the same per kilowatt hour prices
6 under both price plans.

7 To the extent that a customer is generating in
8 excess of what they need on site, we would compensate them
9 at 2.81 cents per kilowatt hour. And that number is based
10 on SRP's recent cost of new utility scale solar bumped up to
11 reflect losses on the transmission and the distribution
12 system because recognizing the benefit of having that
13 generation distributed amongst the load.

14 The final price plan there, TOU export for
15 customers with EVs, E-14, works pretty similarly to E-13.
16 Again, no demand charge, but we do have a residential price
17 plan for customers with electric vehicles.

18 We've heard they're certainly some folks with
19 distributed generation and EVs and they would like to
20 participate in an EV price plan, but they have not been able
21 to do that to date, so we're offering this as an alternative
22 to do that.

23 So, again, these prices in terms of the energy
24 prices are the same as you would see on the E-29 price plan,
25 which is our residential price plan for customers with

1 electric vehicles. And the credit for excess would work the
2 same way.

3 So to summarize we're proposing a reduction to
4 prices, three more options for residential solar customers,
5 more manageable time-of-use hours, a greater reduction for
6 our customers on our prepay program, and the elimination of
7 the mechanism that currently tracks some of our expenses
8 related to our environmental programs.

9 This is a look at our calendar.

10 I'll see that we have our first board meeting
11 coming up in about a month.

12 At that meeting management would present our
13 proposal. The board's consultant would also have a
14 presentation on his opinion of it.

15 Then we have a handful of other board meetings you
16 can see here.

17 We've added board meetings to this process to
18 allow for more time for customer and stakeholder
19 participation.

20 As we develop agendas for those board meetings,
21 we'll post them online in advance of those meetings.

22 The other date, like Vice President Hoopes pointed
23 out, I would comment again on that March 15th deadline to
24 submit written comments.

25 Finally this is where you can get a little more

1 information and how you can contact SRP.

2 And with that, I'll thank you again for coming
3 tonight.

4 MARTY ROZELLE: Thank you, John.

5 All right.

6 If you still have questions, go ahead and write on
7 them, hold it up. If you need some blue cards, you know, if
8 you don't have any, they're in the back.

9 And, Lisa, do I have any questions?

10 I don't have them yet.

11 The way we're going to do this is, we're just
12 going to spend 15 minutes, because we really want to spend
13 more time on comments.

14 Answers to questions if we don't get to them --
15 thank you -- will be posted online. I think I mentioned
16 this presentation is online.

17 And also if we have similar questions the staff
18 has sort of grouped them into one, but it doesn't look like
19 we have too many.

20 So, let's see, I'll read the question.

21 No back and forth is the idea here, again trying
22 to move through this.

23 And also online you can post questions. You can
24 put your comments as well.

25 So the first one we've got here is: How does SRP

1 define benefit, in quotes, of all customers.

2 AIDAN McSHEFFREY: I'll take that one, Marty.

3 May or may not probably be in reference to some
4 language in the notice that mentions that SRP is a
5 community-based, nonprofit utility. Revenues are reinvested
6 into our electric grid for the benefit of all customers.

7 MARTY ROZELLE: Aidan, could you speak a little
8 more into the mic?

9 AIDAN McSHEFFREY: Sure.

10 MARTY ROZELLE: Thanks.

11 AIDAN McSHEFFREY: My apologies.

12 I believe this is in reference to the public
13 notice. I'm not sure. But it says SRP is a
14 community-based, nonprofit utility. Revenues are reinvested
15 into our electric grid for the benefit of all customers.

16 And what that means is SRP is, as we call
17 ourselves, a public power entity. What that means is
18 we don't have any investors or shareholders in our company,
19 so people aren't invested in our company for the benefit
20 of shareholders, so any revenues that SRP gains, say,
21 through also sales or other activities, are reinvested
22 back into the system that SRP has. Or, when costs change,
23 as we're proposing today, those cost savings are passed
24 through to customers, for example, the fuel cost savings to
25 proposal.

1 MARTY ROZELLE: Thank you.

2 Are there specific targets for the amount of
3 residential rooftop solar, and if so, how much and by when.

4 AIDAN McSHEFFREY: So, SRP has probably
5 two processes that have gone forth to kind of define and
6 meet renewable goals.

7 The first one was done in the early 2000s, and
8 that was what we call our sustainability portfolio process.

9 In that process, it required SRP to meet
10 20 percent of its energy needs through sustainable resources
11 by 2020.

12 And sustainable resources were defined as
13 renewable energy resources or energy efficiency programs.

14 And so we're on track to meet those goals, but in
15 there there wasn't a specific target or carve out for any
16 specific type of technology.

17 Similarly going forward, John mentioned the 2035
18 goals that were -- which are actually being relooked at at
19 this moment.

20 Within that there's a carbon emissions goal.

21 And so as wherever that carbon emissions goal was
22 set and approved by the board, management will need to meet
23 that goal by the 2035 timeline and in the steps throughout.

24 And as a result it doesn't pick any given
25 technology or target any one technology over another. It's

1 simply, you know, the issue is carbon, and so we're looking
2 to meet those carbon goals through different resource
3 choices as they evolve over time.

4 For example, the cost of batteries we expect to
5 change a great deal over the next several years, and that
6 will provide different dynamics and impacts to our system as
7 we kind of adopt those as prices continue to drop on
8 batteries.

9 MARTY ROZELLE: All right. Good. Thank you.

10 Another question. Why would solar customers pay
11 higher monthly service fees if they pay the same rates as
12 the time-of-use customer? Solar customers are just using
13 less energy, no different than turning off the AC during the
14 day.

15 So, for you, John?

16 JOHN TUCKER: Yeah.

17 So, couple thoughts there. One, we implemented
18 that monthly service charge for our E-27 customers at about
19 \$32 per month. Those are costs that we incur regardless of
20 usage or demand at the house.

21 And we have, when we put that together, and today
22 still, we have customers that are net zero, so zero energy
23 on a net basis. But, nevertheless, those are costs that we
24 incur to serve them, costs like having a meter in place and
25 generating a bill, those sorts of things.

1 And the new price plans are all designed to
2 generate the same level of revenue, an adequate level of
3 cost recovery.

4 But, again, impacts would vary based on customer
5 usage characteristics.

6 And if you were to change that monthly service
7 charge, perhaps to lower it to the level of the other
8 residential price plans, you would, to generate that same
9 amount of revenue, you would have to bump something else up
10 to ensure cost recovery.

11 MARTY ROZELLE: Okay. Good. Thank you.

12 Since one of your 2035 sustainability goals is
13 carbon reduction, why didn't SRP price the solar rates to
14 encourage rooftop solar?

15 AIDAN McSHEFFREY: I'll take that too.

16 I think as John mentioned, the prices we offer to
17 each of our customer classes are based on a cost to service
18 each of those classes, and so there's a study we performed
19 to demonstrate that.

20 That's part of the information that's out on the
21 website.

22 As I mentioned, part of the 2035 goals is to
23 emissions target and to allow, you know, maybe different --
24 and be able to allow as much flexibility to meet that
25 target.

1 Our goal is to try to meet that in the most cost
2 effective way possible for all of our customers.

3 MARTY ROZELLE: Okay.

4 This question, I'm not -- I might need some help
5 here.

6 Solar and electric car are tied, shift production
7 to the best pricing needs.

8 George, where is George?

9 GEORGE KINNEY: Right here.

10 MARTY ROZELLE: Yeah. Could you help clarify your
11 question?

12 GEORGE KINNEY: Sure. Okay.

13 MARTY ROZELLE: No comment, just make your
14 question.

15 GEORGE KINNEY: If you have an electric car, many
16 people do now have an electric car and solar, obviously if
17 we're generating too much electricity during the daytime we
18 can shift the charging of our car to the worst possible
19 outcome for SRP and other customers during the prime time as
20 opposed to charging it at nighttime.

21 So here the community loses and everyone loses.

22 The real question of it is, we now have the
23 ability to time our consumption with our production, and I
24 don't think SRP has fully recognized behavioral shift.

25 The side question, my understanding is that the

1 new solar customers have significantly dropped off since new
2 pricing lines have come available.

3 MARTY ROZELLE: All right. So there was a
4 question I think at the beginning.

5 AIDAN McSHEFFREY: Yeah. One --

6 MARTY ROZELLE: Would you repeat --

7 AIDAN McSHEFFREY: As I understood the question,
8 I'm not sure I can re-ask it, but I'll do my best here, that
9 folks that have electric vehicles can manage their load
10 better potentially to consume all they produce from their
11 electric systems. And I agree that that -- that it does
12 start to begin happening and that is evolving.

13 The price plans that we proposed for the E-14 and
14 15 price plans, particularly the EV rate, would allow you to
15 effectively displace any usage from SRP at the full retail
16 rate equal to E-26.

17 I'm not sure that's responsive to your question,
18 but that's the best as I understood it.

19 GEORGE KINNEY: Clarify --

20 MARTY ROZELLE: Well, why don't you -- did you
21 fill out a card to make a comment? Because you might want
22 to do that to help clarify that.

23 Let's just finish up our questions. I have about
24 five more minutes on this.

25 As you know, SRP's monthly fixed charge, which is

1 paid before residential customers turn on the lights, is
2 \$20, which is higher than what APS and TEP customers pay and
3 double what many other customers pay. Why isn't SRP
4 proposing to reduce this monthly charge in favor of
5 customers paying for what we actually use?

6 JOHN TUCKER: Sure.

7 So, as I alluded to previously, that monthly
8 service charge is really based on the costs that we incur to
9 serve customers regardless of use.

10 So, again, as a simple example, the cost of having
11 a meter there, the cost of creating a bill, it doesn't vary
12 with how much energy a customer uses.

13 And the purpose of a monthly service charge is to
14 collect those costs. And our rates are designed based on
15 our costs of service study, and that's why we set those
16 monthly service charges as we do.

17 MARTY ROZELLE: Thank you.

18 And the final one is: It's good to see SRP
19 proposing to reduce the hours of time of use. It still
20 feels like a long time, particularly in the hot summer
21 months. Why isn't SRP proposing a shorter time frame to
22 further encourage customers to get on this rate to help save
23 and reduce the costs for SRP?

24 So the way understand is, it's six hours is still
25 kind of a long time of use, why isn't it shorter.

1 AIDAN McSHEFFREY: I understand that.

2 As part of the work we do, we evaluate the cost of
3 providing service in each of the hours of the day.

4 As John I think mentioned in his presentation, the
5 hours between 2:00 and 8:00 p.m. were closely correlated
6 together in terms of cost than the other hours of the day.

7 And so those are the costs -- as customers are
8 able to shift power away from those hours, SRP avoids
9 those costs, and that is a benefit for both the customer and
10 SRP.

11 MARTY ROZELLE: Okay. This is the last one.

12 Natural gases prices were materially higher in
13 2015. What is the gas price basis for the new fuel purchase
14 rate?

15 AIDAN McSHEFFREY: So there's a couple things
16 driving the fuel cost changes.

17 One is, as many of you may have read in the paper,
18 SRP is exiting its ownership position in the Navajo
19 generating station in the end of 2019. We have to replace
20 that capacity in order to provide service to our customers.
21 Part of the actions SRP took was to acquire some natural gas
22 facilities in order to replace that capacity.

23 This has given us a little bit more flexibility to
24 use more natural gas at lower prices.

25 The prices we are seeing have been in the two to

1 three dollar an MMBTU range, if that means anything to you.
2 That's how natural gas is priced.

3 And while they have gone up, they do vary. It's a
4 variable price component that we have.

5 They have stayed quite low in recent months.

6 And we do expect that in recent years, frankly,
7 and do expect, at least the forecast we have, and the market
8 indications are that those prices will continue to be low.
9 So part of this proposal is adjusting that fuel price level
10 down to reflect those prices and SRP's costs of producing
11 power.

12 MARTY ROZELLE: All right.

13 Now we'll move to comments.

14 I'll move over here.

15 All right.

16 By the way, I neglected to introduce the court
17 reporter, Marty. And the transcript from this meeting and
18 the one in Glendale will be made available to the board as
19 well.

20 All right. So I have a few comment cards. And
21 you can decide to comment, you know, up until the next half
22 hour or so.

23 We'll see how it goes. I've got eight right now.

24 And the way we want to do this is you have one
25 opportunity to speak. So you can't cede your time to

1 someone else.

2 And I think I'll go with five minutes. If you
3 need that much, great. If you don't, that's good too.

4 Our team keeper over here will let you know when
5 you have 30 seconds left, and then when you need to really
6 and completely wrap up.

7 So, I'll call your name, but if you would come on
8 up and let us know -- let the board and staff know if you're
9 an SRP customer or if you're representing any kind of an
10 organization, that would be good.

11 And the court reporter will capture all the
12 comments as he has been doing. And I'll be providing the
13 name, this, to him, so he'll be sure to get the spelling
14 right of everyone's name.

15 Now, there's no response to comments. It's just
16 to listen and to absorb.

17 And if we finish early, then staff members are
18 certainly available to talk with you. If you also want to
19 take off and go talk to the customer service reps about your
20 plan and come on back, you can do that as well.

21 All right.

22 So -- oh, and if you'll come and stand at this
23 microphone right here, that would be nice. Appreciate it.

24 So our first -- I'll just tell you the first
25 three, and maybe you want to come on up. We've saved a few

1 seats up here just so we can kind of keep it moving.

2 Ritch Steven, James Moule, and Travis Sarver would
3 be the first three speakers.

4 So we'll begin with Ritch Steven.

5 RITCH STEVEN: Is it on?

6 MARTY ROZELLE: Yes, it should be on.

7 And then -- you're nice and tall. You and John.

8 RITCH STEVEN: That's better.

9 MARTY ROZELLE: Good. Thank you.

10 RITCH STEVEN: My name is Ritch Steven. I'm a
11 lead advocacy volunteer with AARP Arizona. And I'm also a
12 customer of SRP, because I live in the service territory.

13 We have 925,000 statewide members, but we have
14 about 120,000 members that live in SRP's territory, so we're
15 very concerned when rates are under discussion.

16 We -- I would like to make four comments about the
17 rate proposal and kind of where our organization currently
18 views them.

19 First, we commend the board and management for
20 proposing an average annual price decrease of 2.2 percent.
21 That's always really nice news to see something is going
22 down rather than always going up. And that's a positive
23 step that we would hope will continue in the future.

24 Second, regarding the SRP monthly service fee,
25 there was a question on that. And we concur that it's about

1 \$20 a month with tax and \$240, that really is out of the
2 control of the person that receives that. And we would like
3 to strongly encourage that the board and management take
4 that under advisement and see what portions or all of it
5 that they could move more into the electrical fee so that I
6 feel like I have some control.

7 The 240, I don't control, but the other one I can
8 make some choices.

9 And we're really moving into a society where
10 people want choice and control.

11 Three, AARP does support reasonable and customer
12 sensitive time-of-use plans that offer a reduction in
13 on-peak hours. And we see that the board and management
14 again are moving in that direction, but we would like
15 especially to see that moved more quickly and perhaps even
16 reduced further.

17 We know that the population of retired people in
18 Phoenix is going to double by 2035.

19 Most of those people stay at home.

20 Most of those people have to maintain temperatures
21 in their houses.

22 And we think that they need to have affordable
23 rates and not feel compelled to run any health risks by the
24 time of use that they might be on.

25 So we'd like you to look at that.

1 And fourth, AARP is opposed to any mandatory use
2 plans that contain demand charges as a key element.

3 We really feel that the board and management again
4 need to work strongly to raise the moneys they need, which
5 we understand they need to raise certain moneys to cover
6 their costs, but to provide reliable electric service at
7 both affordable and lower cost rates than the demand charge
8 model provides.

9 Thank you.

10 MARTY ROZELLE: Thank you.

11 All right. James. Is it Moule?

12 JAMES MOULE: Yes.

13 MARTY ROZELLE: Gosh.

14 JAMES MOULE: You pronounced it correctly.

15 MARTY ROZELLE: Good. Thank you.

16 JAMES MOULE: And I am not that tall.

17 MARTY ROZELLE: There you go. All right. We got
18 it.

19 JAMES MOULE: My name is James Moule. I'm an SRP
20 customer. I'm also a member of an organization called the
21 Interfaith Power & Light. It's a faith-based organization
22 that has an environmental consciousness involved.

23 And so, based on that I have three things I'd like
24 to say.

25 The first piece is related to rooftop solar

1 customers. And I am very pleased that you folks came up
2 with a plan to relieve the rooftop solar customers of the
3 burden of a demand charge.

4 Most of the people that I know that have rooftop
5 solar with the E-27, they're paranoid about this demand
6 charge all the time. You know, did I run the dishwasher?
7 Did I turn on the dryer? Do I have to beat the kids because
8 they did something that bumped up the demand charge?

9 It's really a -- it's not really -- it's so
10 much -- it's partially the cost, but it's partially just the
11 stress of having to deal with it.

12 And I am really pleased you folks came up with a
13 way of not having to do that.

14 Second piece of this is I'm pleased to see that
15 SRP has finally joined the rest of the world and starting to
16 use renewable energy, meaning solar and wind.

17 And I might remind you that right now there's a
18 world economic conference happening in Switzerland, and
19 their first item on the agenda is climate change.

20 And I know everybody in Arizona -- well, not
21 everybody, but a good portion of Arizona is pretending it
22 isn't happening. And most of the power companies,
23 particularly APS, is pretending it's not happening. But it
24 really is.

25 And, you know, we talk about dollars. And dollars

1 are important. We all live by the dollar.

2 But we also have children and grandchildren that
3 need a world that's livable. And unless we address climate
4 change in a reasonable fashion, that world is not going to
5 be livable.

6 And I don't have the numbers for FY 2018 for SRP,
7 but I do have the numbers for FY 2017 where SRP was
8 producing 1.7 percent of their power via renewable.

9 And I don't mean energy savings or efficiency. I
10 mean actually producing. And that came from your own, your
11 own reports.

12 And in a state like Arizona where we have the
13 sunniest state in the country, 1.7 percent is really not
14 close to acceptable.

15 And 20 percent by 2020 is kind of okay. But we
16 really need to move faster than that, folks.

17 The world is getting warmer, and the polar caps
18 are melting.

19 And we can't really put that in dollars. This is
20 a quality of life issue. It's an issue for our future
21 generations. And I'm sure everybody in this room has
22 children and grandchildren, and they want to see a good life
23 for them.

24 And I think that's really an important thing to
25 consider that we can't mark up on a spreadsheet. It's a

1 life issue.

2 Third piece I'd like to talk about is that
3 80 percent of the population in the United States says they
4 want to see more solar.

5 And, again, that's not something we can put on a
6 spreadsheet either.

7 But the population of Arizona wants to see it.
8 The population of the United States wants to see it.

9 My organization wants to see it.

10 I think most of the people in this room probably
11 want to see it.

12 You need to go there.

13 And, you know, it may -- it may be a little bit
14 painful, but the numbers I'm seeing coming out of the new
15 solar, your plant that you just put in Florence, the numbers
16 are good. And it's power with batteries that's going to go,
17 if I understand it, from the time the sun rises until
18 10:00 o'clock at night.

19 This is doable.

20 This is not -- this is not Star Trek. This is not
21 the future. This is right now.

22 We have it. We don't need research. We don't
23 need development. We have the technology. We have the
24 ability. All we need is the will.

25 Thank you.

1 MARTY ROZELLE: Thank you, James.

2 (Applause.)

3 MARTY ROZELLE: Travis Sarver.

4 I think it goes up higher if you need it.

5 TRAVIS SARVER: I'll just kind of kneel.

6 MARTY ROZELLE: Okay.

7 TRAVIS SARVER: My name is Travis Sarver. I've
8 been an SRP customer for the entire 31 years of my life,
9 born and raised out here, lived in Queen Creek, Mesa, Tempe.

10 So, first of all, I would like to commend SRP on a
11 couple different fronts.

12 One, it is nice to see that they are making
13 efforts to improve their finances and introduce a rate
14 increase, both residential and commercial customers. I
15 think that's a great move.

16 Also, the recent announcement of SRP's commitment
17 to install 1,000 megawatts of solar by the year 2025, I
18 think that's one of the biggest announcements that SRP has
19 made recently. And I think that's a great first step for
20 your sustainability goals and long term.

21 So for me, I'm here kind of previous to the few
22 other gentlemen that were up here, I'm actually here
23 representing the E-27 rate plan. And contrary to maybe a
24 lot of different people, I'm actually very big advocate of
25 the E-27 plan.

1 I've been on it for the last couple years. And
2 I'm actually not even a solar customer. So I'm in the
3 E-27P, the pilot program, the residential demand program.

4 And, you know, my background is in mechanical
5 engineering and energy solutions and design. And I actually
6 really find that that rate plan actually has the strongest
7 price signals that align with SRP's overall infrastructure,
8 architecture, and addresses issues like peak demand.

9 So one of the other things I wanted to address was
10 that I believe every year since 2015 that the SRP system
11 peak has increased, with 2018 being the latest year of
12 having a system peak increase.

13 And so one of the things that I would like to
14 comment on and make a suggestion to SRP in regards to both
15 solar customers and that whole suite of the E-27 plan
16 obviously, it gets a lot much attention, a lot of people
17 talk about it, based on the numbers that were published,
18 there's only about 5,000 or so customers in that class,
19 which only makes up about one percent of the total SRP
20 customers.

21 So there's obviously a lot of focus and a lot of
22 attention for a very small class.

23 And I think, you know, SRP would like more people
24 to get comfortable with that type of rate structure and rate
25 plan. But obviously with the state of technology and things

1 like that, there are a lot of concerns about peak demand and
2 how do you manage that.

3 And for those customers that do install solar
4 energy with compatible technology like load management,
5 energy storage, things that manage them, you know, those
6 people probably really benefit financially from those rate
7 plans. And they're also doing a very good service for SRP
8 in, you know, permanently and consistently managing their
9 peaks during the on-peak period.

10 And one of the most interesting things that I, you
11 know, found in the data that was published was that in the
12 class characteristics E-27 has the lowest 4CP, four
13 coincident peak demand, out of every other residential
14 class.

15 And part of that is because people have solar, and
16 usually in the hottest part of the year it's pretty sunny.

17 But, you know, the big thing here is that with the
18 way that the rate structure is designed with very low energy
19 rates and high demand charges, you know, all the pieces are
20 in place for those customers to pay their fair share in
21 whatever they use, whether, you know, whether they have a
22 very high peak at 5:00 o'clock, in July, they're going to
23 get charged for that. They're going to pay their fair share
24 for that.

25 And so my suggestion is, is there's a lot of talk

1 about the monthly service fee, and I think SRP should really
2 take that into account, of trying to find ways of having
3 every single residential customer pay the same. It doesn't
4 necessarily make sense or seem fair for a customer to be
5 paying \$150 more per year simply because they are
6 self-generating, if they're still paying, and not
7 necessarily getting compensated additionally for having that
8 solar.

9 They pay the wholesale utilities scale market
10 rates for energy, and then they pay for their peak demands
11 if they hit it.

12 So my recommendation is have that monthly service
13 fee be the same across the board for all residential
14 customers. And in order to make up for that revenue, I
15 would recommend increasing the lowest tier or any of the
16 tiers the demand charge rate by, you know, a dollar,
17 dollar fifty, or whatever you have to be, so that the
18 customer has complete control over their consumption and
19 energy behavior.

20 That's all. Thank you.

21 MARTY ROZELLE: Thank you, Travis.

22 All right. So the next three, Scott Sumetz, I
23 think it is, Johnny Key, and Court Rich.

24 So Scott -- is it Sumetz?

25 THE WITNESS:

1 SCOTT SUMETZ: It is, Sumetz.

2 MARTY ROZELLE: Good.

3 SCOTT SUMETZ: Good evening. Thank you for the
4 opportunity to talk.

5 Been an SRP customer for about eight years. Also
6 part of the solar industry. I work for Sunrun and about
7 8,000 solar constituents here in the state.

8 So I come to you tonight for a couple reasons.

9 You know, in looking at solar for my own home in
10 Ahwatukee, since 2015, we were involved with, you know,
11 talking about this restructuring for the E-27 and the demand
12 component of it.

13 With kids, two-story house, 2800 square feet, and
14 a lot of activity in the home, the demand fee just did not
15 really bode well for us at all. We've tried the load
16 controller. We've tried different things and different
17 scenarios, and haven't really been able to pinpoint it.

18 So as a solar advocate, I was disappointed that
19 that was the only option over the last few years to really
20 be able to go and invest my own dollars back into the
21 community grid, which is our grid together.

22 And so it stopped me from doing it, because
23 fiscally it just didn't make any sense.

24 So I was excited to come tonight, because I did,
25 you know, understand that there was going to be some other

1 options.

2 And so I guess some feedback from myself and from
3 an industry's perspective is I commend the additional plans,
4 but I still think it's missing the mark.

5 And here's why.

6 The service fee, the basic service fee that is
7 higher than a normal service fee for a non-customer, you've
8 got a three or four strike here against the solar.

9 You've got your hours from 2:00 to 8:00, from
10 5:00 to 9:00, and then you've got 2.8 cents kilowatts for
11 buying the solar.

12 So, you know, over the eight years I've invested
13 4200 a year, or \$33,600 to SRP in eight years.

14 I'm willing to invest another 35,000 into solar,
15 but I feel like there's a penalty for doing so.

16 And so really I have to pay more -- not only am I
17 investing it in, but I have to pay more for the service fee.
18 Then I'm only compensated when I go to work. And from
19 2:00 o'clock, you know, I'm getting 2.8 cents when I'm
20 feeding the grid and then I'm at 19 cents when I come home
21 with the kids.

22 I have no net metering say, so I'm sort of
23 pigeonholed in all of those different plans.

24 And I'm sitting here crunching the number in the
25 back trying to see if I can pencil and take my family solar,

1 and I don't think I can do it. I don't think with the way
2 that it's structured that I am going to actually receive any
3 benefit on any of these three options.

4 So, you know, for me it's a little disheartening,
5 and I just wanted to give you that feedback.

6 What I would love to see is at least one or two of
7 those go in solar favor. So reduce the amount of the basic
8 service fee, change the hours a little bit more so that we
9 can maybe take advantage of the EZ, the 3:00 to 6:00, a
10 smaller period when solar actually works. 5:00 to 9:00 a.m.
11 and 5:00 to 9:00 p.m. doesn't benefit me at all in the
12 wintertime. And then 2:00 to 8:00 really doesn't benefit me
13 only but a couple hours.

14 And then when I am giving it back to the grid, I'm
15 only receiving, you know, that 2.8 cents. Which I
16 understand is the wholesale and that's fine.

17 But what we've got to do is at least give us one
18 or two options to make it make sense, because it's really a
19 three or four strike thing here.

20 So I'd just like to see as a solar customer,
21 considering going solar, if I could have a break even. It's
22 costing me money, and that just doesn't make sense.

23 In today's environment I think we're smarter than
24 that, and I think we don't want to see this solar
25 distributed generation that's great for the grid, great for

1 the community and people that want to invest in it, I just
2 don't think that this is going to -- it's not going to
3 progress solar the way that we want to.

4 So thank you for the time. Appreciate it.

5 (Applause.)

6 MARTY ROZELLE: Thank you, Scott.

7 Johnny Key.

8 JOHNNY KEY: Hello, Vice President Hoopes, members
9 of the board. Thank you so much for making this time
10 tonight for us to come and speak to you guys.

11 My name is Johnny Key. I am an SRP customer, a
12 shareholder, and an advocate for good energy policy in the
13 state of Arizona.

14 More importantly, I work for a very large
15 industrial company and customer, Freeport-McMoRan Miami
16 smelter.

17 In 1915 Miami smelter became one of SRP's first
18 electric customers, a vital component to the development of
19 SRP's electric system and a paying partner on the grid.

20 Through multiple renovations and expansions over
21 at last hundred plus years, Miami has demonstrated their
22 commitment to this region and maintained their role as an
23 employer, a customer, an exporter, and a donor to the
24 community where we both operate.

25 The most recent investment was made with the

1 completion of major environmental control systems on par
2 with what is required for a coal facility. And that
3 demonstrates our intent to operate in this area for many
4 years to come.

5 Freeport has demonstrated a willingness to work
6 with SRP to support programs devised to provide customer
7 choice, transparency, and environmental sensitivity.

8 We have provided comments with well-intentioned,
9 consistently messaged, fair and constructive feedback in
10 nearly all pricing processes in our long history.

11 We have been invited to actively participate in
12 consecutive -- we have been invited and actively
13 participated in consecutive IRP processes, the
14 sustainability 2030 workshops, and the cost of service
15 workshops that were a product of the last pricing process.

16 Most recently, Miami chose to participate in SRP's
17 sustainable energy offering, and we look forward to the
18 commissioning of the 100 megawatt solar facility in 2020.

19 We do all of this because we enjoy working with
20 SRP, and we think that there is tremendous opportunity in
21 doing so.

22 However, it is surprising how few of our concerns,
23 requests, and recommendations are addressed in the blue book
24 proposal that sits in front of the board.

25 At the same time, it is also surprising how many

1 new rate offerings for C&I customers are being made targeted
2 to attract tech companies such as data centers, whose voice
3 was almost completely absent in the prior pricing processes
4 and in most of the other customer forums we have been
5 invited to participate in.

6 It is now clear that Freeport operations in APS
7 territory will have lower long-term rates with market risk
8 profile more aligned with our corporate procurement strategy
9 than compared to SRP territory unless there is significant
10 rate reform for C&I customers at SRP.

11 During the last pricing process we demonstrated to
12 SRP that now rates at APS were lower.

13 This fact was disregarded at least in part because
14 we were part of an experimental buy-through program called
15 AG-1 buy-through.

16 Since then in APS's last rate case, they continued
17 and made permanent their buy-through programs which is now
18 called AG-X.

19 And even more recently, on December 18th, 2018,
20 the Arizona Corporation Commission unanimously adopted
21 policy statement on buy-throughs directing utilities to
22 create and expand buy-through rates in their next rate cases
23 before the ACC.

24 The ACC's adoption of this policy statement on
25 buy-through programs provides both the benefits of such

1 programs and the conclusion that buy-through programs are in
2 the public interests.

3 Similarly to supporting renewable energy,
4 supporting buy-through access is not an issue that is going
5 away anytime soon. In fact, it appears to be gaining more
6 and more traction in the state of Arizona.

7 SRP is also capable of providing buy-through
8 service. Arizona Revised Statute 30-803(d) states: Public
9 power entities shall provide buy-through service to any
10 electric customer on request at no additional charge other
11 than charges for required transmission, distribution, and
12 ancillary services.

13 While this provision was part of legislation for
14 electric competition in Arizona, which did not roll out as
15 expected, the legislative intent remains.

16 MARTY ROZELLE: Johnny. Time.

17 JOHNNY KEY: Oh, stop, sorry. Can I finish my
18 last sentence?

19 MARTY ROZELLE: Yes.

20 JOHNNY KEY: Perfect.

21 As a member of the Arizonans for Electric Choice
22 and Competition, we will be submitting detailed written
23 comments. And we are available to present our case before
24 the board better with presentation at your invitation.

25 We strongly encourage each board member to read

1 and consider our arguments as you move forward with this
2 decision.

3 Thank you very much for your time.

4 (Applause.)

5 MARTY ROZELLE: Thank you, Johnny.

6 All right. Court Rich.

7 COURT RICH: Good evening, Vice President Hoopes,
8 members of the board.

9 For your record, my name is Court Rich with
10 The Rose Law Group. I'm here today to talk to you on behalf
11 of Sunrun.

12 I want to make some comments just to the board
13 members. We don't get a chance to talk often, and so I want
14 to take this opportunity.

15 The last time you saw me, and you saw a lot of
16 folks in the solar industry, was when the E-27 rate was
17 adopted.

18 And we all remember how controversial that was at
19 the time.

20 At that point SRP was really a first mover in the
21 country as far as large utilities trying to figure out what
22 to do about rooftop solar.

23 And since that time we've learned a lot.

24 But at that time, you guys made a decision. It
25 was a bold move. There was a lot of doubts about it.

1 And I think we've seen what's happened as a
2 result.

3 And I want to talk to you about that a little bit.

4 But since then some other utilities, close to home
5 and around the country, have made other moves. In Nevada we
6 saw the main utility there completely go way further than
7 SRP ever even imagined and completely stop rooftop solar.

8 Then in reaction to their customers and to the
9 public, they went back and now they have a robust solar
10 program again in Nevada.

11 Similarly we saw the other utilities, the
12 regulated utilities in Arizona, push for policies that would
13 change the way that they deal with solar, rooftop solar in
14 the state. And they've implemented those policies now. But
15 they haven't still gone as far as SRP has.

16 And I want to talk to you about some of the
17 differences between now what APS or TEP service territory,
18 how they treat rooftop solar customers since they've
19 made their move and how SRP still treats rooftop solar
20 customers.

21 And with regard to the new proposed plans, I'll
22 talk about those, you're talking about giving solar
23 customers 2.8 cents per kilowatt hour for the electricity
24 they send out to the grid.

25 By comparison, if you happen to live in APS

1 service territory, they will be giving and continue to give
2 customers 11.61 cents per kilowatt hour. So that's
3 2.8 cents for SRP, 11.61 cents for APS.

4 I'm not saying you have to be APS, but I'm saying
5 that is a dramatic difference.

6 And that means something. Right?

7 The fixed charge, you've heard a lot of people
8 talking about fixed charge for solar customers.

9 If you have a 200-amp service or above and you're
10 on this new rate, your fixed charge is going to be about
11 \$45, which is more than double what your fixed charge would
12 be with solar in APS service territory and in TEP service
13 territory.

14 So as board members I say here's your opportunity
15 to revisit what you did.

16 You were first movers on this.

17 You did something bold.

18 We know that the solar adoption rate in your
19 service territory has plummeted. It's an objective fact.
20 You can't deny it.

21 When you compare what's happened since you
22 implemented the new rate here, you have about, I think
23 someone said, about 5,000 customers on the new rate.

24 In that same time frame APS has added somewhere in
25 the 50 to 60,000 new rooftop solar customers in that exact

1 same time frame.

2 So it's not working out right here.

3 And I think there shouldn't be, in my opinion, a
4 difference if someone in Gilbert or Mesa wants to put
5 rooftop solar on their house, they shouldn't be prohibited
6 from doing that just because they live in, you know, Mesa or
7 Gilbert when the person of some parts of Scottsdale or
8 Flagstaff or Yuma, or wherever you live with APS territory,
9 or Tucson, can get solar.

10 It shouldn't just be because I happen to live in
11 SRP service territory that I can't access solar.

12 And so while we were encouraged by the concept of,
13 hey, SRP is proposing some new rate structures, when we
14 looked at them and we've done preliminary analysis, they're
15 actually worse for rooftop solar than the E-27 plan.

16 So the plan that has caused you to grow at a
17 hundred times slower -- hundreds of times slower than APS
18 has grown is actually better than the new plans that you're
19 being provided with.

20 And so I know there was some comments from
21 the audience about thank you for providing new plans.

22 I'd be happy to talk to people about why they're
23 actually worse.

24 So this is your chance as board members to take a
25 look at this. And we hope that you'll take the opportunity

1 to ask some tough questions of your staff, and to help shape
2 this and put SRP in a position where just because you happen
3 to live in SRP service territory you're not worse off in
4 this regard.

5 You have the same opportunity to save money with
6 solar. You have the same opportunity to help the
7 environment.

8 And so I'd offer to any of the board members,
9 happy to answer questions whenever it's appropriate from
10 you, look forward to presenting to you further in the
11 process and providing additional information.

12 But I really look forward to having this
13 discussion and hopefully the board can try to give the folks
14 that live in this service territory the same type of chance
15 that other people in Arizona have.

16 Thank you very much.

17 MARTY ROZELLE: Thank you, Court.

18 (Applause.)

19 MARTY ROZELLE: So, Sheila Motomatsu. Did I say
20 that right? And followed by Caryn Massey and Sumanth
21 Louanath -- I can't read that particularly. But right now
22 we're talking to -- we're hearing from Sheila.

23 There you go. All right.

24 SHEILA MOTOMATSU: Hello. I'm one of SRP's
25 1,041,000 captive electric customers. And I'm here to ask

1 that SRP lower its utility rates and do its part in
2 combating global climate change.

3 I believe SRP can do so and easily remain fiscally
4 viable.

5 SRP's electric rates are too high, and the
6 proposed price plans are a variance of the same.

7 Many electric customers are under the misguided
8 impression that SRP provides fair rates because they are in
9 general lower than APS's, but this is an apples to oranges
10 comparison.

11 SRP and APS are two different types of utilities.
12 SRP is categorized as a public power utility, whereas APS,
13 whose parent company is Pinnacle West, is an investor owned
14 for-profit utility.

15 When compared with some similarly sized public
16 power utilities, SRP rates are much higher.

17 For example, CPS Energy in Texas, which is a
18 similarly sized public power utility by net generation
19 customers served, megawatt hour sales, electric revenues,
20 charges its customers a monthly service fee of \$8.75,
21 compared to SRP's \$20.

22 They charge between 6.9 to 8.9 cents per kilowatt
23 hour in comparison to SRP's nominal 11 cents per kilowatt
24 hour.

25 I'm a solar customer wannabe, but I haven't become

1 a solar customer because SRP solar rate plans would unfairly
2 punish me.

3 The monthly service charge for solar customers is
4 an outrageous \$32.44 in comparison to the already overpriced
5 \$20 a month.

6 SRP justifies the solar price plans by saying the
7 solar customers purchasing less power cause an undue burden
8 to non-solar customers.

9 I would like to have a solar customer -- a solar
10 system generate clean energy for my household consumption.
11 I think it's unfair that a monthly fee -- in monthly fees
12 alone SRP charges solar customers 162 percent of what a
13 non-solar customer is charged.

14 CPS Energy puts fourth a rate plan that is the
15 same for both non-solar and solar customers. Solar
16 customers and non-solar customers are charged a monthly fee
17 of 8.75, and their per kilowatt hour charges are the same.

18 CPS allows net metering.

19 If a solar customer gets 1500 kilowatt hours from
20 the utility and sends on back 1,000 kilowatt hours, they're
21 charged 500-kilowatt hours at the same per kilowatt hour as
22 a non-solar customer.

23 This is fair, and SRP should do the same.

24 In October a report from the United Nations
25 scientific panel on climate change warned of dire

1 consequences that will rise if greenhouse gas emissions
2 continue and the atmosphere warms by 1.5 degrees Celsius
3 above pre-industrial levels.

4 Many countries, states, and towns are taking this
5 seriously. And if they aren't mandated to do so, they are
6 voluntarily putting into place renewable energy goals to do
7 their part in combating global climate change.

8 Percent renewable energy is a well-used
9 performance metric.

10 SRP's percent renewable energy is a dismal
11 5.17 percent. This number isn't publicized anywhere on
12 SRP's website though.

13 Instead, SRP uses a contrived sustainable
14 portfolio percentage shown to be 17.25 percent of retail
15 requirements to confuse customers into thinking that SRP is
16 doing its part as an environmental steward.

17 SRP should honestly and openly report its
18 renewable energy percentage.

19 CPS's energy goal, by the way, is 50 percent by
20 2040.

21 Last year it was at 22 percent renewable energy,
22 and it still provided its solar customers fair access to
23 solar.

24 Unbeknownst to many SRP electric customers, SRP is
25 a highly profitable, not-for-profit public utility -- public

1 power utility.

2 It's comprised of two separate entities: Its
3 public power utility and its for-profit water company.

4 Unfortunately the water side is run annually at a
5 loss, which is collectively paid for by its electric
6 customers.

7 In 2017 that amount was \$15 million.

8 MARTY ROZELLE: Note the time.

9 SHEILA MOTOMATSU: Okay.

10 With electric rate payer money, SRP wrongly plays
11 politics. It's used electric rate payer money to promote
12 views from marijuana legislation and education.

13 The problem is all electric customers might not
14 hold the same views at SRP executives.

15 The highly profitable public power utility is
16 rolling in electric rate payer dough. It can offer its
17 captive rate payers lower rates. It can provide customers
18 who want solar choice fair access to solar. And it can take
19 steps to help combat global climate change.

20 It is my heartfelt wish that SRP make profound
21 changes and truly function on behalf of its customers and
22 the environment as a not-for-profit public power utility.

23 MARTY ROZELLE: Thank you, Sheila.

24 (Applause.)

25 MARTY ROZELLE: Caryn Massey.

1 CARYN MASSEY: Thank you so much.

2 Hi, my name is Caryn Massey, and I am here on
3 behalf SWEEP, the Southwest Energy Efficiency Project.

4 And I would like to thank the board and management
5 for having this opportunity to speak to SRP customers and to
6 Arizonans at large.

7 So today I would like to discuss three different
8 topical areas that SWEEP is interested in, and we'll be
9 providing a written commentary at a later time for as well.

10 So the first comment is for SWEEP in support of
11 SRP's proposal to fund energy efficiency programs and base
12 rates rather than the EPCAF.

13 Two, SWEEP's concerns about high monthly
14 residential service charges.

15 And three, SWEEP's support and recommendations on
16 electric vehicles.

17 And, like I said, we'll plan to submit those
18 written comments at a later time.

19 So for starters, SWEEP applauds SRP for its
20 leadership in providing energy efficiency services to its
21 customers. SRP has continued to surpass in energy savings
22 goals every year, and last year SRP saved enough power for
23 about 35,000 homes for a whole year.

24 That's pretty amazing savings.

25 SWEEP supports SRP's proposal to fund energy

1 efficiency programs and base rates as long as SRP's energy
2 efficiency budget and expenditures are available and
3 continue to be communicated in a transparent manner.

4 This proposal signals that SRP is embracing energy
5 efficiency as a core part of its operations and financial
6 strategy.

7 However, we have noted that SRP has not announced
8 strategic goals for energy efficiency past the fiscal year
9 2020.

10 SWEEP looks forward with anticipation that SRP
11 will commit to future energy efficiency goals that will
12 continue to provide significant cost savings for SRP
13 customers and high value for the SRP system.

14 And SWEEP is participating in the SRP 2035
15 process, and we'll work with SRP on its energy efficiency
16 plans and future goals after 2020.

17 And secondly, SWEEP appreciates that SRP is not
18 proposing to increase its monthly service charge. However,
19 we still remain very concerned that at \$20 a month, SRP's
20 monthly service charge is among the highest in the country
21 and in Arizona.

22 That is a high fixed charge that customers cannot
23 avoid or reduce.

24 A high monthly service charge discourages
25 customers from saving energy by muting price signals when

1 customers reduce their usage. It always disproportionately
2 impacts seniors, people on fixed incomes and low incomes.
3 And these are traditionally customers that use electricity
4 overall -- less electricity overall.

5 And SWEEP urges SRP then to propose a much lower
6 monthly service charge and plans to bring forward a special
7 specific recommendation in our written comments.

8 And lastly, SWEEP strongly supports SRP's work to
9 advance the adoption of electric vehicles.

10 Electric vehicles are a win for SRP customers, a
11 win for SRP as an organization, and a win for the state of
12 Arizona.

13 Based on our newly released modeling, Arizona rate
14 payers would see billions of dollars in savings, cleaner
15 air, improved public health from more electric vehicles on
16 our roads.

17 And that's something that we can all agree on.

18 SWEEP thanks SRP for its work to offer special
19 electric vehicle tariffs that encourage EV adoption and
20 charging at times that provide the greatest benefits to the
21 grid. This is a great starting point, and we would like to
22 see SRP develop additional rate structures for workplace,
23 fleet, transit customers, fast charging, and for medium and
24 heavy duty vehicles in the future.

25 We also encourage SRP to work with stakeholders at

1 large to develop a longer term strategic transportation
2 electrification plan that provides an overall framework for
3 future investments, programs, and rate designs.

4 So in closing I just want to thank you again for
5 this opportunity to speak with you all. And, as I mentioned
6 earlier, we'll be submitting comments. And we look forward
7 to continuing to with you.

8 Thank you very much.

9 MARTY ROZELLE: Thanks, Caryn.

10 Let me just check in with our court reporter.

11 I have three cards left.

12 Lisa, do we have any more at the moment?

13 So, are you good? Okay.

14 He's working pretty hard. He's so quiet.

15 Is it Sumanth?

16 Am I saying it correctly? Yes.

17 SUMANTH LOUANATH: Hi. I'm Sumanth Louanath. I'm
18 an SRP customer for the past 12 years.

19 And I thank you, board members, for the
20 opportunity for being here.

21 I want to applaud SRP for its sustainability
22 efforts, the goals that you've outlined.

23 But at the same time, on the flip side of coin, I
24 think you need to reconsider the solar plans, you know, from
25 a sustainability. If you go look at the Department of

1 Energy, they talk about solar and wind as being one of the
2 most sustainable.

3 But at the same time, when it comes to residential
4 solar, I see confusion. It's great that now we have
5 four plans, but just looking at it, it doesn't give me good
6 deals.

7 My first request would be use an illustrative
8 example to provide the actual cost breakup on how those
9 plans would look like for the benefit of the customers, so
10 we can choose which plan would make sense.

11 The second comment is the 2.8 cents that's being
12 reimbursed to the customer, in my opinion, is too low for
13 the following reasons.

14 We -- I'm a wannabe solar installer. But, in
15 looking at the policies, it just scares me away.

16 And I don't know if that is the intent here.

17 But, regarding the fee, I believe that is there so
18 solar customers pay for the grid and the use of the grid. I
19 think that's fair.

20 But, when you're already paying for the
21 maintenance of the grid, for the upkeep of the grid in that
22 cost, what I don't understand is why solar customers are
23 being penalized more with a higher rate structure for the
24 demand charge, when that happens in every household.

25 And then secondly, the 2.8 cents does not

1 comprehend the fact that a residential solar customer also
2 has operations and maintenance to take care of of their own
3 systems, upkeep of the systems, repair of the systems, and
4 all of that is essentially a free service for the grid.
5 And, you know, so the residential customer from that
6 standpoint is not being compensated properly.

7 So I would like you to please consider those
8 aspects as you look to refine these plans as well.

9 Thank you.

10 MARTY ROZELLE: Thank you, Sumanth.

11 All right. Amanda Ormond.

12 And after Amanda will be Diane Hansen.

13 AMANDA ORMOND: Vice President Hoopes, board
14 members, and SRP staff, thanks for the opportunity to talk
15 to you today.

16 I am an SRP customer of 30 years. I also have
17 worked in the energy field for over 30 years in the state of
18 Arizona.

19 So I want to talk about setting goals, and then I
20 want to talk about a couple things that I noticed in the
21 plan.

22 First is, if you set goals for staff, then they're
23 more likely to achieve them.

24 What I note in the 2035 process is that you are
25 going to be setting a carbon goal, a carbon trajectory.

1 To me that makes eminent sense for this utility going
2 forward.

3 I would encourage that you set a carbon trajectory
4 based on not warming more than 2 degrees. So that 2035
5 process is looking at that, and I would encourage you to
6 adopt that as something for the utility.

7 You also have moved the energy efficiency spending
8 or proposing to get rid of the EPCAF and move energy
9 efficiency and renewables into the primary part of the
10 budget. I think that that's absolutely terrific and a good
11 way to go.

12 But in doing that you don't have any specific
13 goals that I can tell on energy efficiency and renewables.

14 You announced your 1,000 megawatts of solar, which
15 I think is absolutely fantastic. You, I think, were
16 responsive to your big customers that they wanted solar.
17 But what's the goal beyond that.

18 I think you need to articulate to your management
19 what the goals should be.

20 On energy efficiency, you know from your hard work
21 and spending on energy efficiency that that is the lowest
22 cost resource out there. If you set an achievable goal,
23 your staff will get there.

24 So, you know, it's great that you are putting the
25 dollars for energy and efficiency in the regular part of

1 budget, but if you don't set specific goals, where are you
2 trying to go and how are you going to achieve any kind of
3 carbon reduction.

4 So those are comments about goals.

5 When I look at your plan and think about your
6 future resources, I would ask you to please not build or buy
7 any more natural gas. We do have carbon problems. When we
8 look at the price of storage and renewables, it is so
9 competitive that if you need peaking energy you can now do
10 it with solar and storage and not have to do it with gas.
11 Gas is all imported from this state. It does us absolutely
12 no good. So please you got a lot of fast start, natural
13 gas, I think you've got plenty, so please think about going
14 a different direction.

15 Please close NGS at the end of 2019. Please do
16 not sell that plant to anybody else.

17 There's been, you know, different folks
18 approaching you saying that they want to keep it open.

19 You know that it's not good economically. Please
20 don't let it be sold to some other entity.

21 You provided the Navajo Nation with a closure
22 package, which is pretty good. It's generous, and it
23 provides them with some technical assistance and money. But
24 that's different than a transition package. The Navajo
25 Nation needs the opportunity to be able to start building

1 renewable resources and move away from coal.

2 So, there's been comments submitted to you and
3 there will be more about what a transition package could
4 look like.

5 You're proposing a rate decrease. What we're
6 saying is use a little bit of that decrease to help out the
7 Native Americans that have supported that coal plant and our
8 lifestyle for many decades.

9 The high fixed charge, you've heard a little bit
10 about opportunity. I look at this when you set a high fixed
11 charge but then you tell people to conserve and you spend
12 our money on conservation packages, those are in direct
13 conflict with each other. So I would look into that
14 carefully.

15 There are other ways to make sure that you're
16 collecting all the revenues that you need to.

17 There's concepts like setting a minimum, as
18 opposed to a set fee. So please ask your staff to go
19 sharpen their pencils on that.

20 Solar customers, we've heard that some of the rate
21 designs that you're proposing are not a step forward. We
22 know we're going to more distributed generation. We know we
23 have opportunities with batteries. Let's be creative, work
24 with your solar customers to put batteries on their homes
25 that maybe you can have access to. Let's help them set

1 their energy expectations and be able to manage their own
2 energy use.

3 Electric vehicles, we're going to see large
4 penetrations of electric vehicles coming on the system.
5 That's going to help you when it comes to solar and demand
6 and access generation. I would say create incentives for
7 both infrastructure as well as adopting electric vehicles,
8 because that will help you with your solar excess
9 generation.

10 And finally, in the battery category, I know
11 batteries are new, they're hard to know what to do with
12 them, where to put them on the system. But they are our
13 future and they're going to allow us to invest in Arizona as
14 opposed to sending dollars outside the state.

15 You have phenomenal management. You have
16 phenomenal staff. Be innovative. Please be, you know, the
17 innovation engine in this state. Please be the leading
18 utility.

19 Thank you.

20 MARTY ROZELLE: Thank you, Amanda.

21 (Applause.)

22 MARTY ROZELLE: All right. Diane Hansen.

23 DIANE HANSEN: Hi. Thank you very much.

24 Mr. Hoopes, vice president, the board, and the
25 rest of the staff here, I appreciate the opportunity to get

1 to come and talk to you today.

2 It sounds like just about everybody in the room is
3 on the same page.

4 I'm a mother, a grandmother, and a
5 great-grandmother. And I want to leave a world to my
6 children and my grandchildren that is safe and clean and
7 environmentally sound.

8 I am a Sierra Club member. I'm the Interfaith
9 Power & Light member and also a member of Citizens Climate
10 Lobby.

11 It's my goal in my life to try to help us leave a
12 better planet to our future generations.

13 You play a big part in that.

14 And I am hoping that you will listen tonight and
15 have heard what these people have said.

16 We want the carbon out of the air.

17 We want renewable, sustainable sources of energy.

18 We want solar power.

19 And Arizona, it makes so much sense, and it is the
20 future.

21 Get on board and embrace it and make it happen,
22 and make it happen faster than your proposals now. It's
23 critically important.

24 Climate -- the climate things that are happening
25 today, the amount of pollution that's in the air, is

1 devastating to our planet, to our health, to our lives, and
2 to our future.

3 The Citizens Climate Lobby has recently introduced
4 a bill to Congress that is a carbon fee and dividend
5 program.

6 I'm hoping that you will look at that and embrace
7 it.

8 We want the carbon emissions out of the air for
9 our health and our future.

10 I really do appreciate you listening to all the
11 people here tonight, and know how very, very seriously that
12 we are taking this and the effort that's being made by us
13 poor little citizens that really want to make a big change.
14 But we need your help.

15 Thank you very much.

16 MARTY ROZELLE: Thank you, Diane.

17 (Applause.)

18 MARTY ROZELLE: And finally, it's George, who we
19 had a question we weren't quite clear on.

20 George, how do you spell your last name?

21 GEORGE KINNEY: Kinney.

22 MARTY ROZELLE: Oh. K-I-N-N-E-Y?

23 GEORGE KINNEY: Yes.

24 MARTY ROZELLE: Okay.

25 GEORGE KINNEY: Hello, board. I just wanted to

1 clarify the future.

2 One future where we build solar. We can build it
3 way out the desert and spoil the natural habitat.

4 And that cost for the grid and infrastructure goes
5 into everyone's rate base.

6 Having solar located in the city on people's
7 rooftops makes the best use of our natural environment,
8 makes the best use and lowest cost use of reducing the
9 infrastructural need to bring electricity into the Valley
10 because it's already here.

11 It's not adding a need for additional capacity for
12 grid transmissions and the infrastructure that takes it for
13 delivery.

14 I also now want to talk about the future. The
15 future I was trying to address with a question. Let me be
16 clear about that.

17 There is exponential growth right now as we talk
18 about the electric vehicle.

19 Now, ideally, for utility to maximize its plant
20 equipment here in Arizona, people work in the daytime, they
21 use their electricity during the activities in the heat of
22 the day, and they need their air conditioning.

23 No one here disagrees that people should suffer in
24 the summertime.

25 But here's the opportunity of course with the

1 exponential growth of electrical vehicles coming.

2 And I don't think SRP really is planning for that
3 in the sense of adding additional generation capacity for
4 exponential growth that comes suddenly.

5 Now, the point I was trying to raise is we have
6 really two competing ideas. Do we want solar customers to
7 plug in their electric vehicles to absorb their additional
8 supply they create during peak demands, because that's what
9 I would do. What we want a solar electric vehicle customer
10 to do is plug in at nighttime so that SRP can maximally use
11 its already existing resources.

12 Not going to filibuster, but I would raise a third
13 point.

14 The third point, if SRP really wants to help
15 put -- distribute its solar here in the Valley, it could
16 adopt a leasing program, where in essence it's encouraging
17 the construction of new solar in the Valley, in parking
18 lots, people's home tops, pressing the model of that nature.

19 So let me leave you with those three ideas.

20 I don't think SRP is prepared for the future,
21 what's coming.

22 No one is really prepared for the exponential
23 growth of the electric car.

24 You can see it in the productions. You can see it
25 in the forecast.

1 STATE OF ARIZONA)
)
2 COUNTY OF MARICOPA) ss.
3

4 BE IT KNOWN that the foregoing proceeding was
5 taken before me, Marty Herder, a Certified Court Reporter,
6 CCR No. 50162, State of Arizona; that the foregoing 75 pages
7 constitute a true and accurate transcript of all proceedings
8 had upon the taking of said meeting, all done to the best of
9 my skill and ability.

10 DATED at Chandler, Arizona, this _____ day of
11 January, 2019.

12

13

14

C. Martin Herder, CCR
Certified Court Reporter
Certificate No. 50162

15

16

17

18

19

20

21

22

23

24

25