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Austin Jensen
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Re: SRP Response to additional comments from the Arizona Large Customer Group (AZLCG)
regarding the SRP Proposed Buy-Through Program

September 21, 2023

Dear Austin,

This letter will acknowledge and respond to the AZLCG's comments submitted to the SRP Corporate Secretary's Office on September 18, 2023, concerning the SRP proposed Buy-Through Program.

SRP management was pleased to receive and respond to AZLCG's initial comments submitted on July 14, 2023. Copies of those comments, and management's response, were provided to all members of SRP's Board of Directors on August 3, 2023, in advance of the August 10th meeting at which the proposed Buy-Through Program was first presented to the Board. Copies were also delivered to Christensen and Associates, the independent consultant advising the Board on the proposed Buy-Through Program before the August 10th meeting. As part of its presentation at that meeting, SRP management summarized stakeholder input and the resulting changes in the program proposal. Since that meeting, SRP management has further revised the proposal in response to stakeholder feedback.

To provide transparency and allow easy access to information, SRP's Buy-Through Program website includes copies of all presentations and proposals by SRP management, as well as all written comments submitted to SRP's Corporate Secretary, and management's responses to those comments. Specifically, in those materials, SRP management has provided detailed information on areas on which the AZLCG has expressed questions or concerns.

In our response to your July 14th submission, SRP management strove to provide comprehensive and detailed information and explanations on each issue raised by AZLCG. We understand from your most recent submission that AZLCG is requesting reconsideration of, or further information concerning, cost components, FPPAM under-collection, and program certainty. Regarding cost components, SRP is unclear on what explanation or details, beyond what was provided in our previous responses to AZLCG and other stakeholders, you would find helpful. SRP intends to review proposed program costs at the September 26th Special Board Meeting, at which the SRP Board will formally consider the approval of the Buy-Through Program. We invite representatives of the AZLCG to attend that meeting and raise any specific questions or concerns.

Concerning the FPPAM, to expand on our earlier response to AZLCG's July 14th submission, FPPAM is a stand-alone mechanism separate from broader financial performance. Therefore, just as SRP does not increase the FPPAM balance owed by customers when CNR performance does not meet expectations, SRP also does not credit the under-collection balance when Combined Net Revenue (CNR) performance exceeds expectations.

As to program certainty, SRP management does not intend to recommend to the Board that SRP commit to minimum amount of advance notice for program termination. As an initial matter, addressing program termination is moot, as Arizona law requires that SRP offer the program. If SRP has the ability in the future to terminate the program, SRP management's recommendations will take into account the needs and interests of all SRP customers, including the planning and preparation needs of buy-through participants.

SRP management is open to receiving ongoing stakeholder feedback once the Buy-Through Program is implemented. Whether to establish a formal advisory or similar group will be determined after the program has launched.

Finally, SRP management appreciates AZLCG's interest in working with us on our ongoing efforts to explore the value and feasibility of new or updated customer programs and offerings. Our Strategic Energy Managers (SEMs) routinely meet with, and gather input from, large customers to understand their goals and assess their needs. The SEM's would also welcome the opportunity to engage with AZLCG as directed by its members that are SRP customers. We also encourage the AZLCG to actively participate in any future SRP pricing process in which the SRP Board considers changes to SRP's standard electric price plans and riders. When SRP considers such changes, it conducts a comprehensive public process that is mandated by, and conducted in accordance with, Arizona law and SRP's Rules and Regulations.

This response will be provided to the SRP Board of Directors and made part of the record for the Board to consider. SRP management thanks AZLCG for its participation in this process and we look forward to future meaningful engagement with the AZLCG's members.

Sincerely,



Adam Peterson
Director Corporate Pricing