



Proposed Adjustments to SRP's Standard Electric Price Plans



John Tucker
Director, Corporate Pricing
January 2019

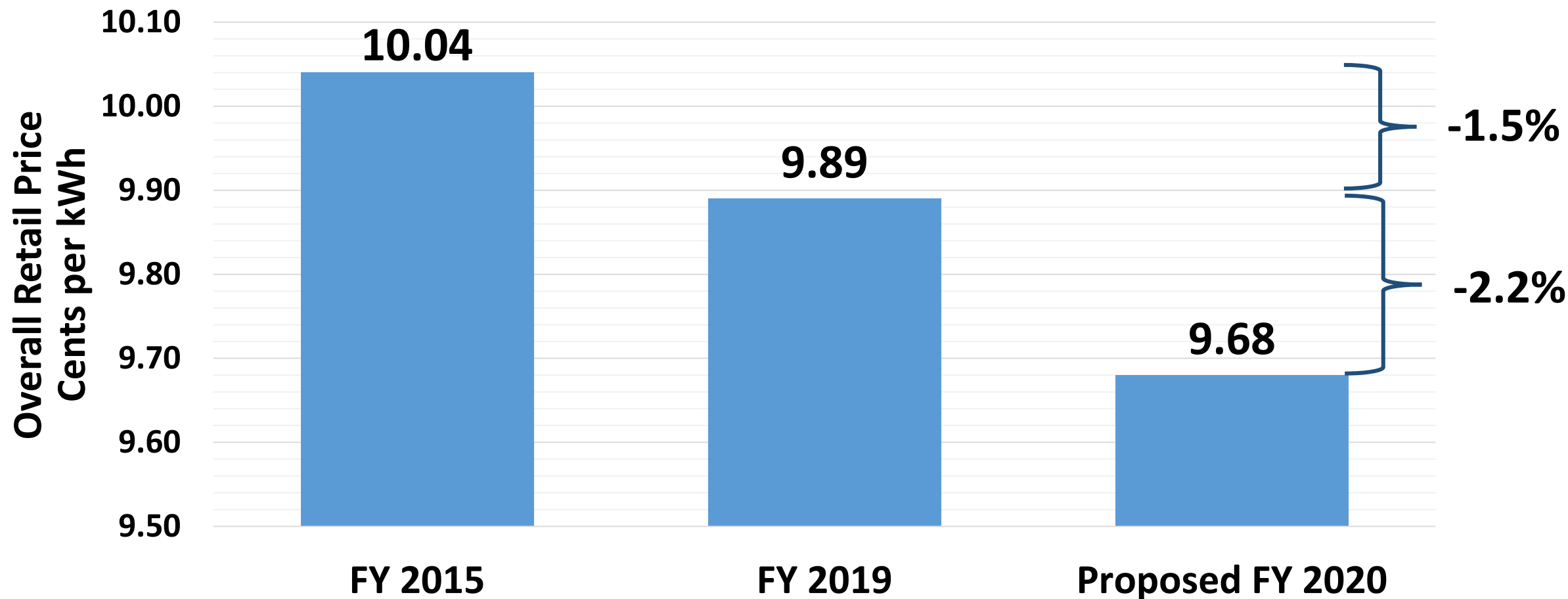
2019 Pricing Proposal

- Overall average price reduction of 2.2%
- More choices for residential solar customers
- Reduced Time-of-Use on-peak hours
- Reduced M-Power (E-24) prices to better align with Basic (E-23) prices
- Elimination of Environmental Programs Cost Adjustment Factor (EPCAF)

SRP's Pricing Principles

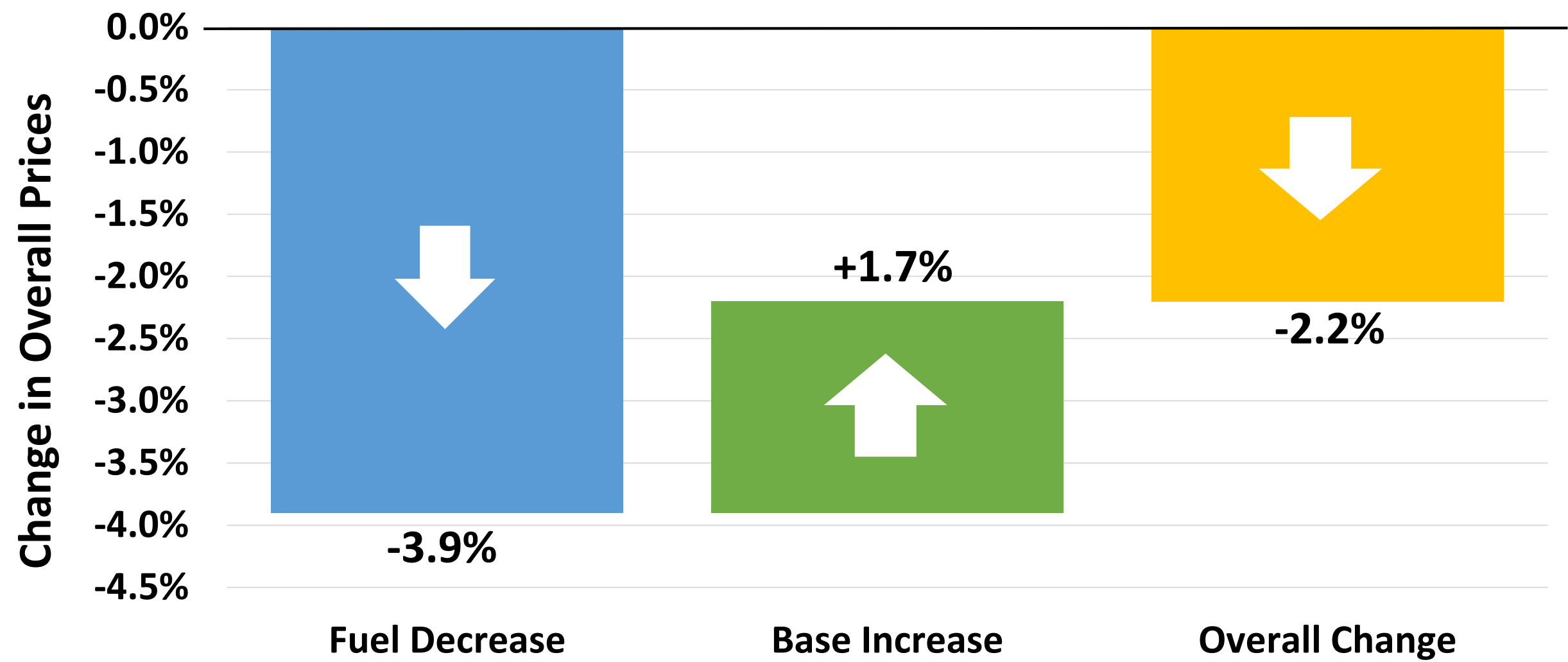
- **Cost Relation:** Prices need to reflect cost of service
- **Equity:** Treat all customers in an economically fair manner
- **Sufficiency:** Prices need to maintain enterprise financial health
- **Gradualism:** Stabilize price levels, smoothing the impact of cost movements
- **Customer Choice:** Promote pricing options that help customers manage their bills (e.g., Time-of-Use)

Current & Proposed Prices



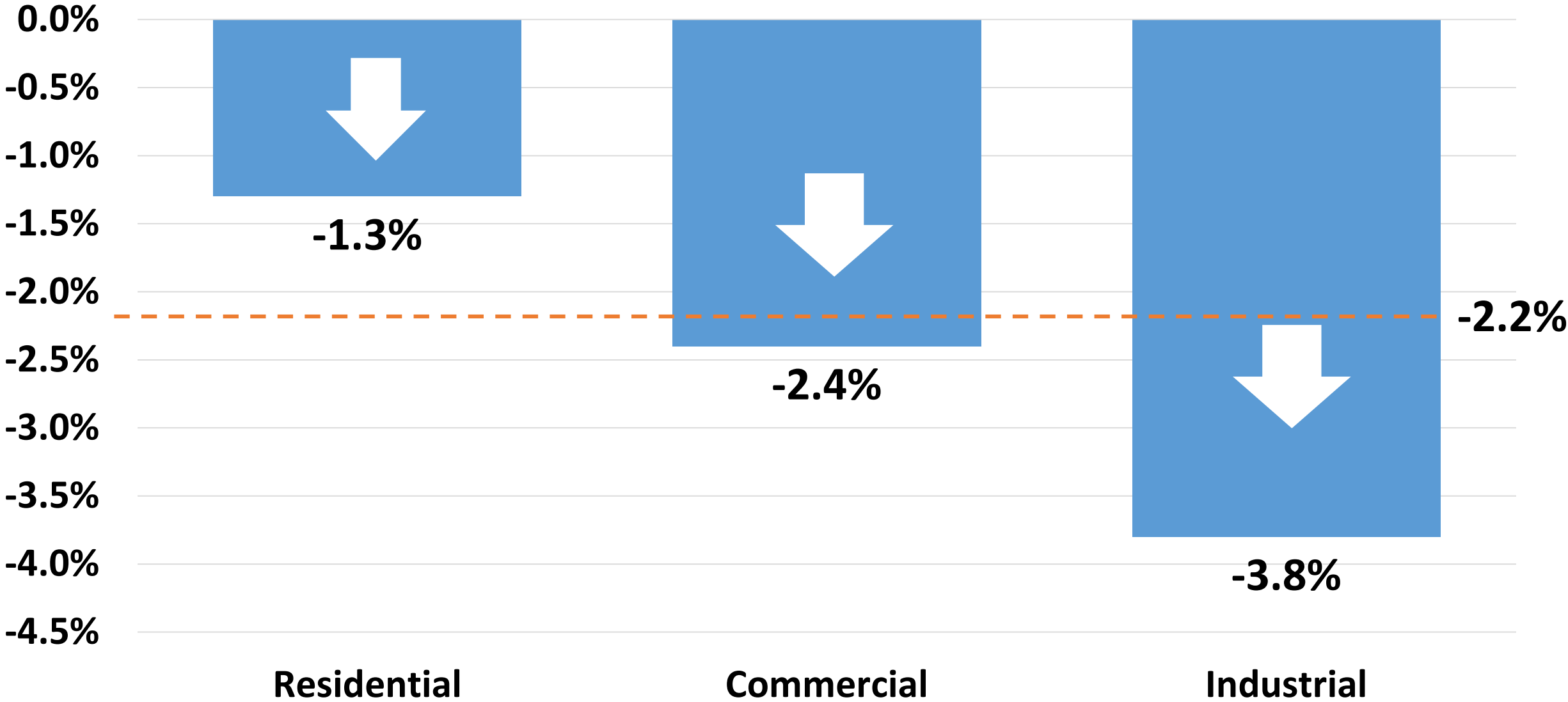
*Proposed prices for FY20 would be 3.7% below those approved for FY15

Proposal



*Percentages based on overall bill

Proposed Average Adjustment Varies by Class

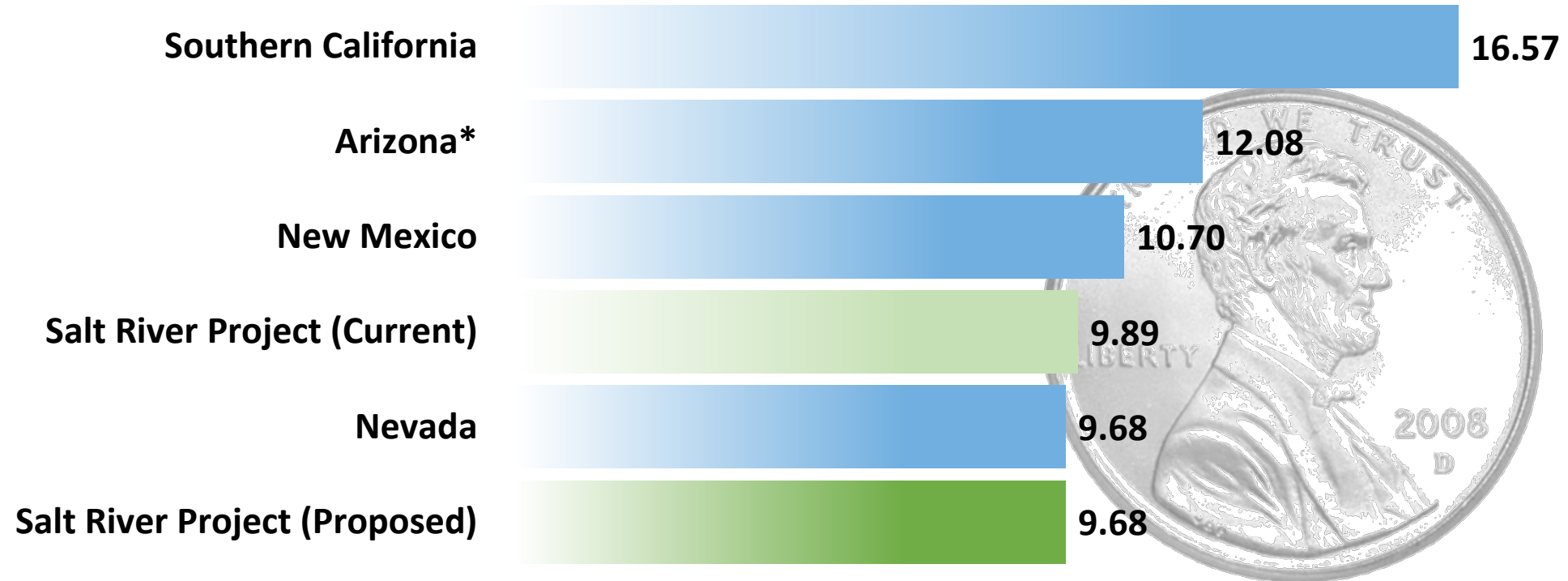


Why the Changes are Needed

- To decrease overall prices to reflect lower fuel costs
- To keep up with economic growth and maintain reliability
- To support the transition to sustainable resources and new technologies

Price Comparison

Overall Price (Cents per kWh)



Source: Dept. of Energy EIA-826 Reports for 12 months ending September 30, 2018

Source for SRP Prices: SRP Test Year Data

*Arizona does not include SRP

SRP 2035 Sustainability Goals: Focus Areas



Current Process

- You're invited to offer input on existing goals or propose new goals for the Board's consideration
- You can submit comments through February 7th at www.srpnet.com/2035

Environmental Programs Cost Adjustment Factor

- Renewable energy and energy efficiency are part of SRP's core business
- Environmental programs continue, but costs rolled into other billing components
- Costs of renewable energy and energy efficiency are proposed to be recovered through the Fuel and Purchased Power Adjustment Mechanism (FPPAM) or base prices

Residential Highlights

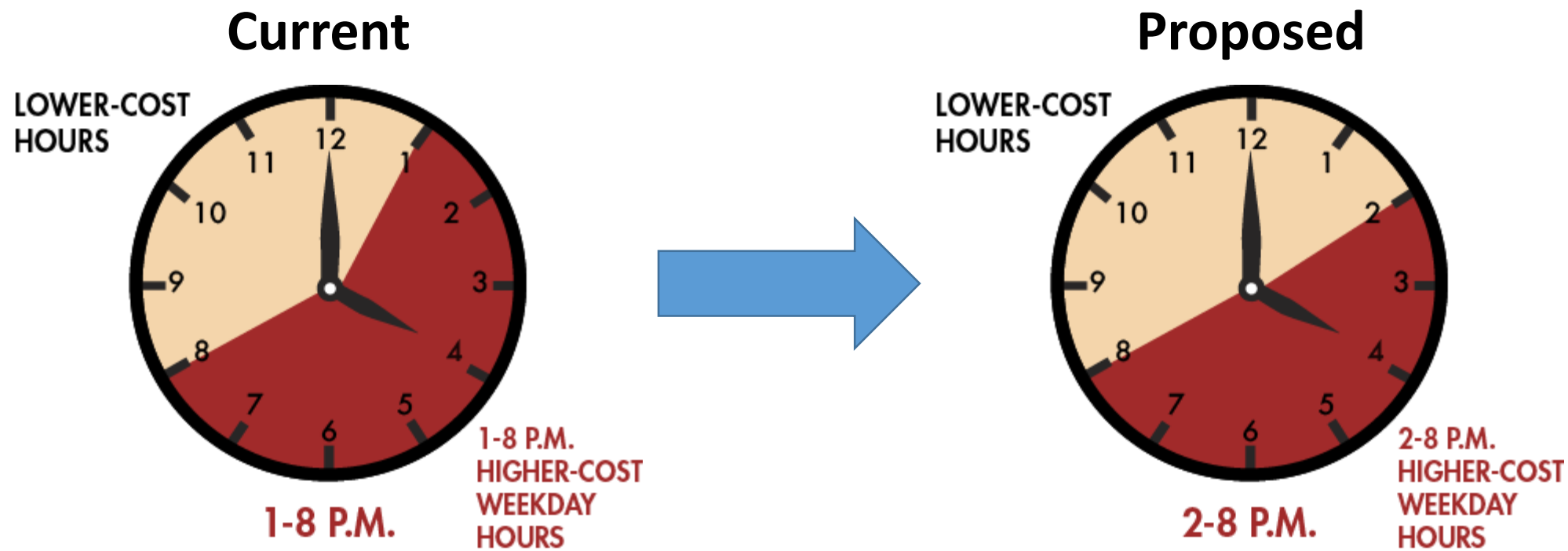
- Proposed residential bill impacts
- Reduced Time-of-Use on-peak hours
- EZ-3 program changes
- Reduced M-Power (E-24) prices to better align with Basic (E-23) prices
- More choices for residential solar customers

Proposed Average Residential Customer Bill Impact

	Average Monthly Usage (kWh)	Average Monthly Impact	Total Impact
Basic E-23	1,074	-\$1.12	-0.9%
M-Power E-24	1,037	-\$3.75	-2.9%
EZ-3 E-21, E-22, E-25	1,251	-\$1.53	-1.1%
Time-of-Use E-26	1,593	-\$2.27	-1.3%
Customer Generation E-27	587	-\$1.03	-0.9%

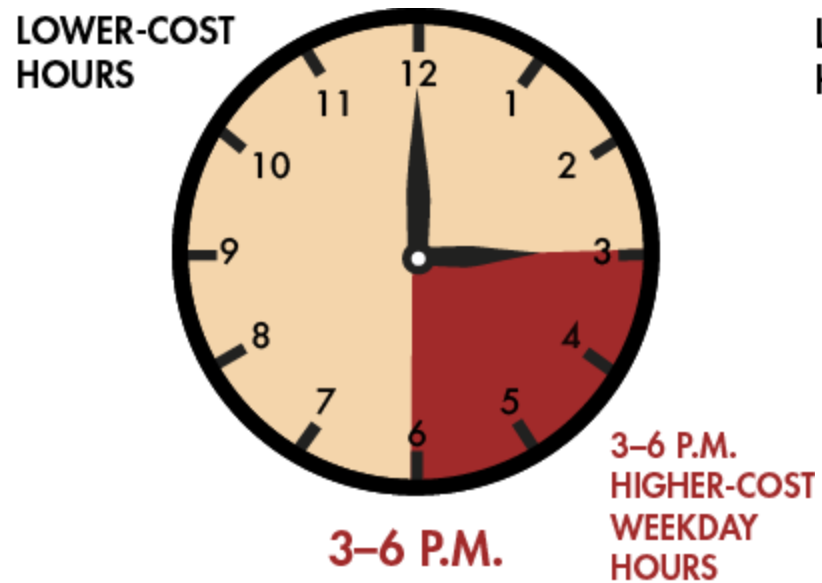
New Time-of-Use Summer On-Peak Hours

Impacted Price Plans	
TOU E-26	Customer Generation E-27
TOU EV E-29	Residential Demand E-27P

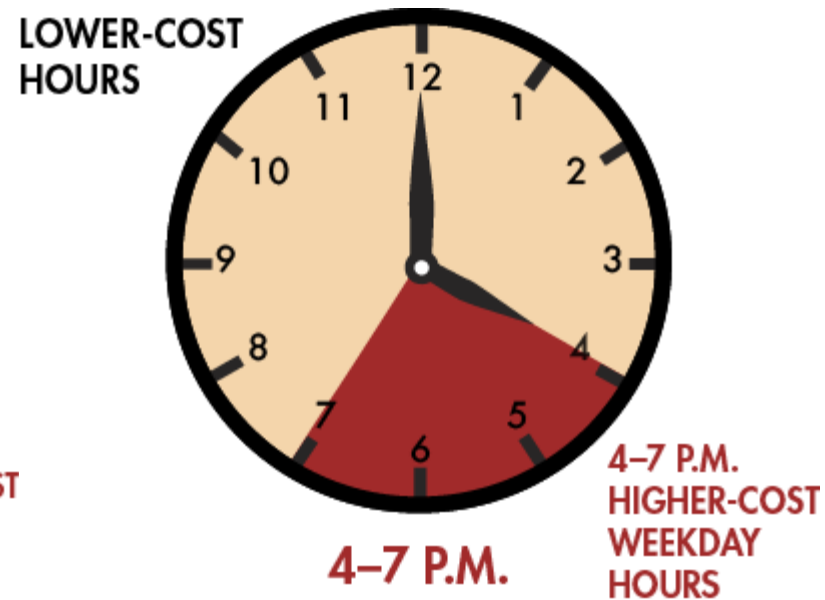


EZ-3 Program

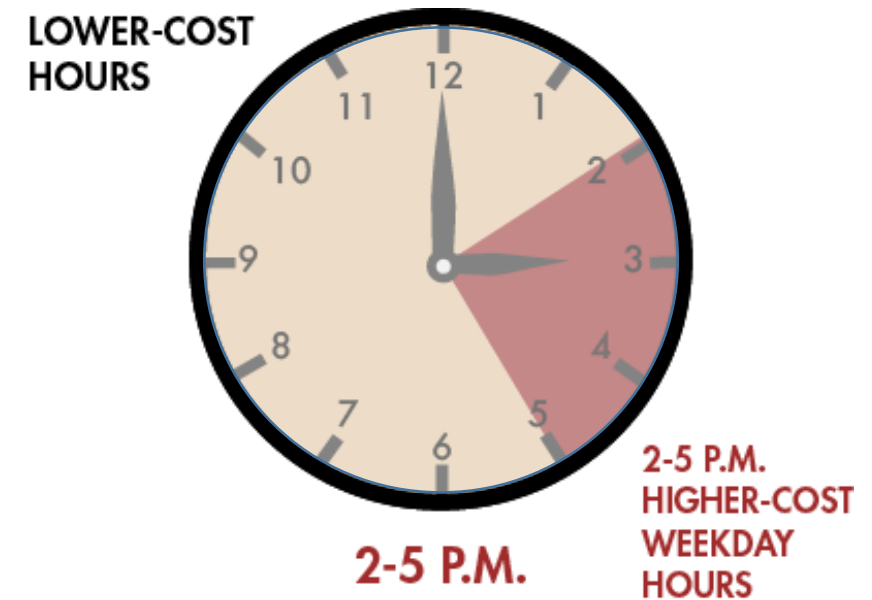
Standard Price Plan



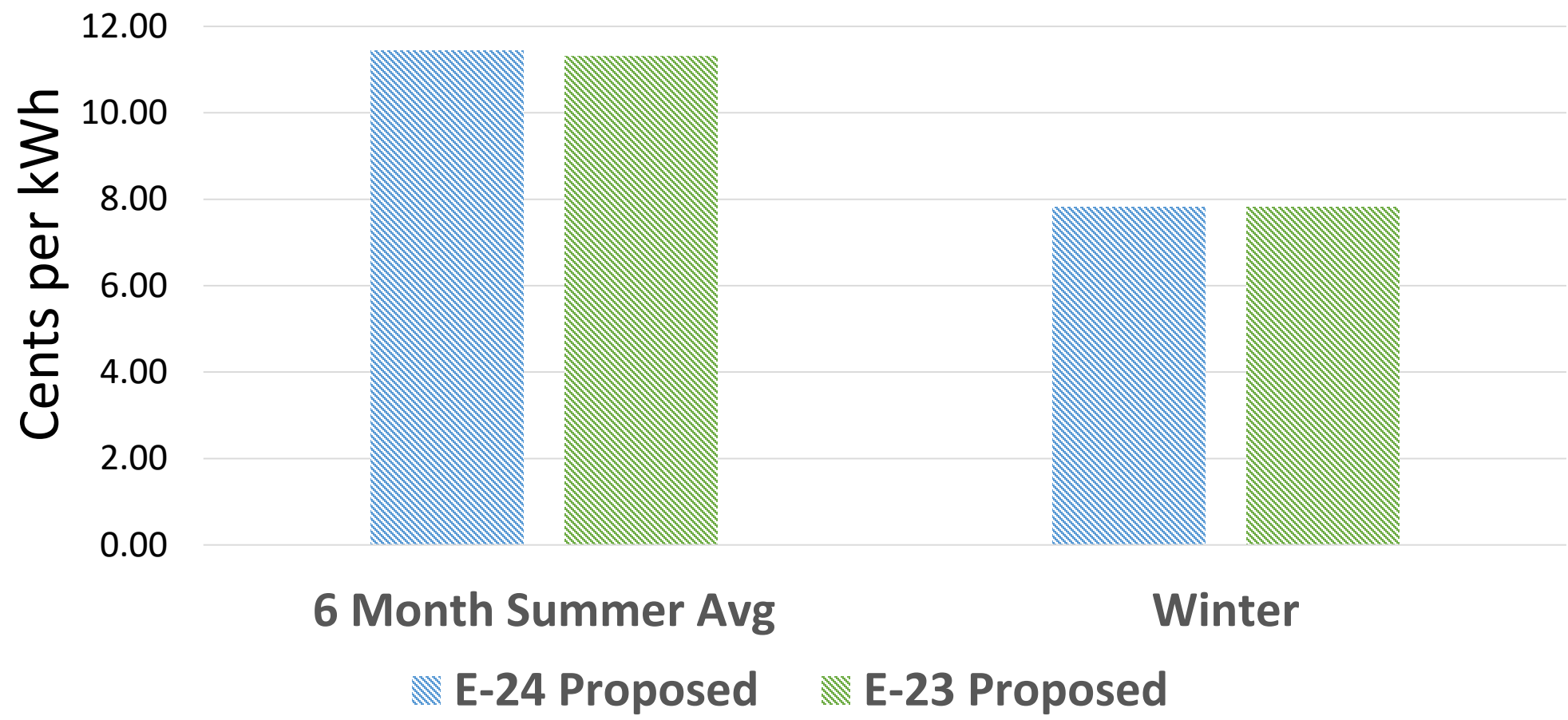
End Pilot, Make Standard Price Plan



End Pilot



Reduced M-Power (E-24) Prices to Better Align with Basic (E-23) prices

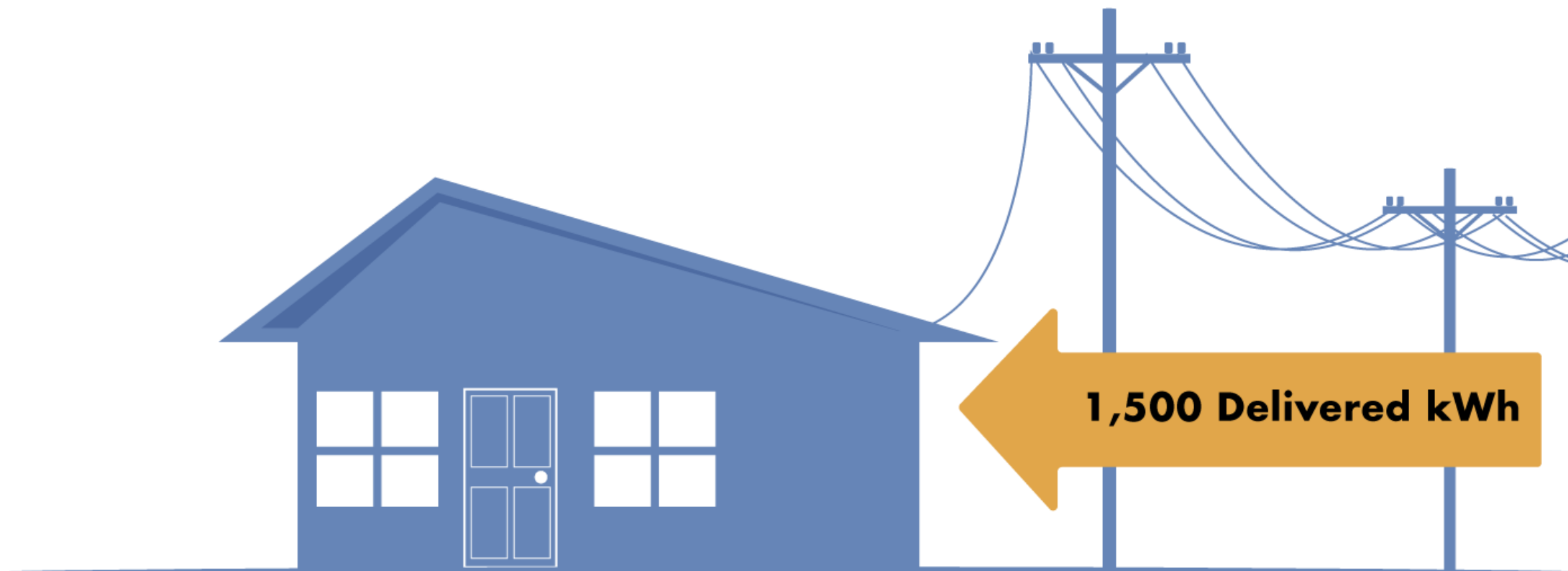


*Average seasonal kWh prices, does not include Monthly Service Charge

More Choices for Residential Solar Customers

- Proposing 4 options for these customers
 - **Customer Generation E-27** (existing)
 - **Average Demand E-15**
 - **TOU Export E-13** (non-demand)
 - **TOU Export for EVs E-14** (non-demand)

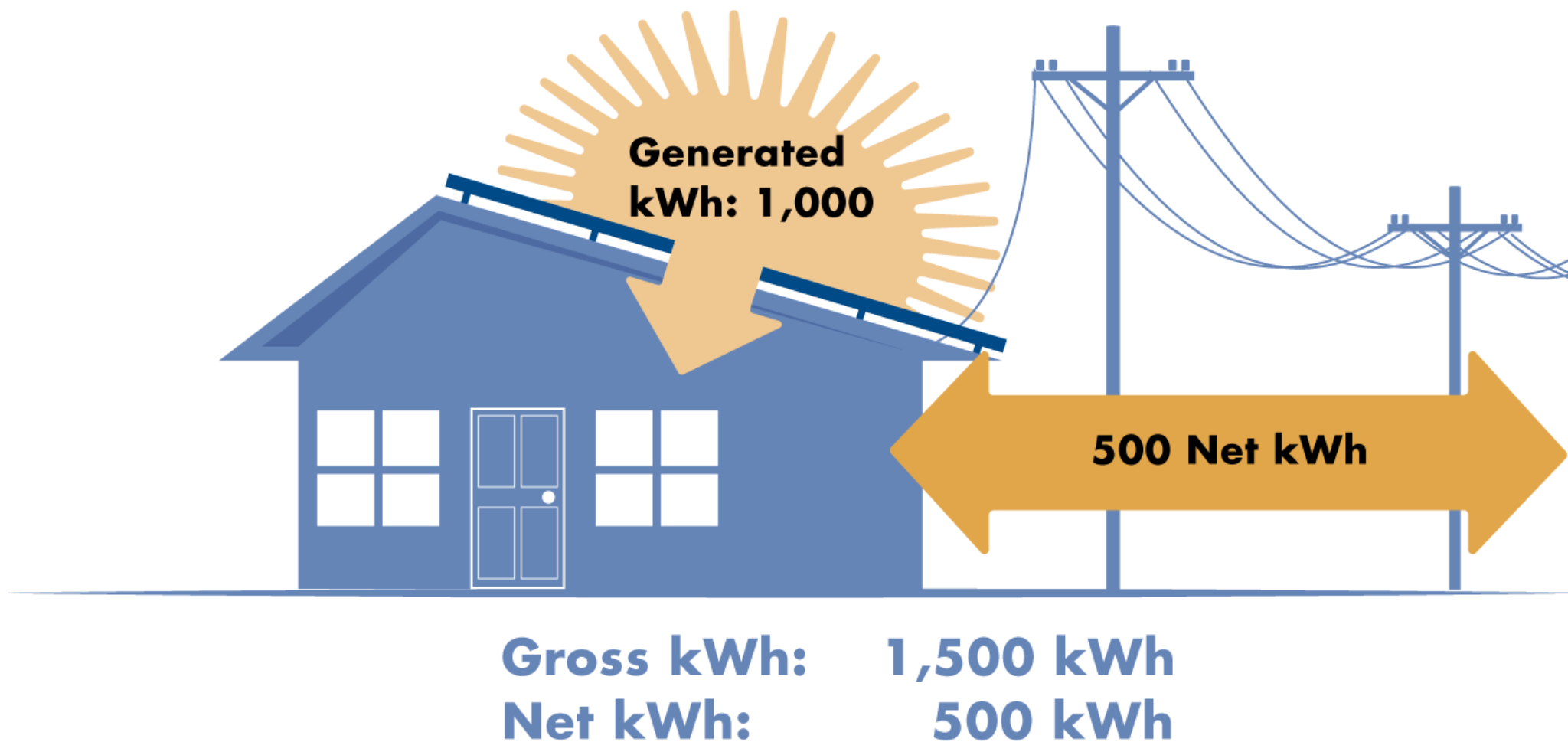
Before Solar (Illustrative)



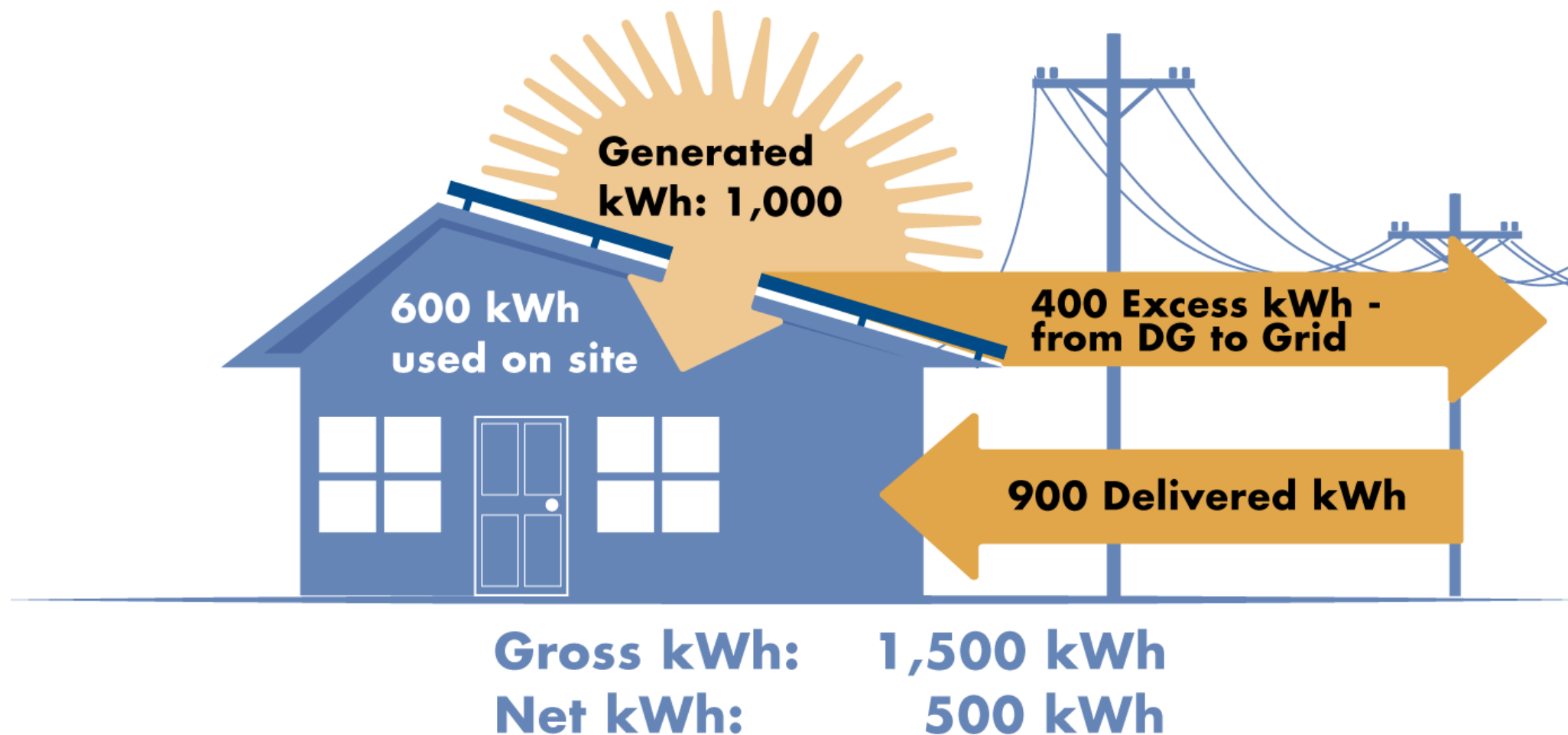
1,500 Delivered kWh

Gross kWh: 1,500 kWh

After Solar, Net Billing (Illustrative)



After Solar, Delivered/Export Billing (Illustrative)



New Distributed Generation Price Plans

	Price Plan	Monthly Service Charge	kW Price Component	kWh Prices	Excess kWh Credit
Demand	Customer Generation E-27	Unchanged	Tiered, On-Peak Monthly Maximum	On/Off-Peak (Net kWh)	N/A
	Average Demand E-15	Equal to E-27	Flat, Average of Daily On-Peak Maximums	Equal to E-27 (Net kWh)	N/A
Non-Demand	TOU Export E-13	Equal to E-27	N/A	Equal to E-26 TOU (Delivered kWh)	\$0.0281/kWh
	TOU Export for EVs E-14	Equal to E-27	N/A	Equal to E-29 TOU EV (Delivered kWh)	\$0.0281/kWh

Proposal Recap

- Overall average price reduction of 2.2%
- More choices for residential solar customers
- Reduced Time-of-Use on-peak hours
- Reduced M-Power (E-24) prices to better align with Basic (E-23) prices
- Elimination of Environmental Programs Cost Adjustment Factor (EPCAF)

Calendar

Open Information Center/Mail Public Notice	December 20 th
Customer/Stakeholder Meetings	January 22 nd and 24 th
1 st Board Meeting	February 18 th
2 nd Board Meeting	February 26 th
3 rd Board Meeting	March 4 th
4 th Board Meeting	March 11 th
Deadline to Submit Written Comments	March 15 th
5 th Board Meeting (Decision Meeting)	March 25 th
Implement Price Plans	May Billing Cycle

Price Process Information

- www.srpprices.com
- www.savewithsrp.com
- www.savewithsrpbiz.com
- (602) 236-8888