



Proposed Adjustments to SRP's Standard Electric Price Plans Effective with the May 2019 Billing Cycle

March 4, 2019



Delivering water and power™

Agenda

McSheffrey / Tucker

- Pricing Components / Rate Structure
- Monthly Service Charge
- Customer Generation Rate Design
- Export Rate
- Analysis of ASDA Proposal

John Coggins

- SRP Value of Solar Work

Susan Tierney Presentation

If time permits:

- NGS (John Coggins)
- Analysis of Director Brown's Proposal
- Analysis of Sunrun's Presentation
- E-67
- Other Pricing Items
- Brattle Recommendations
- Water Support (Michael O'Connor)

Director Brown's Proposal

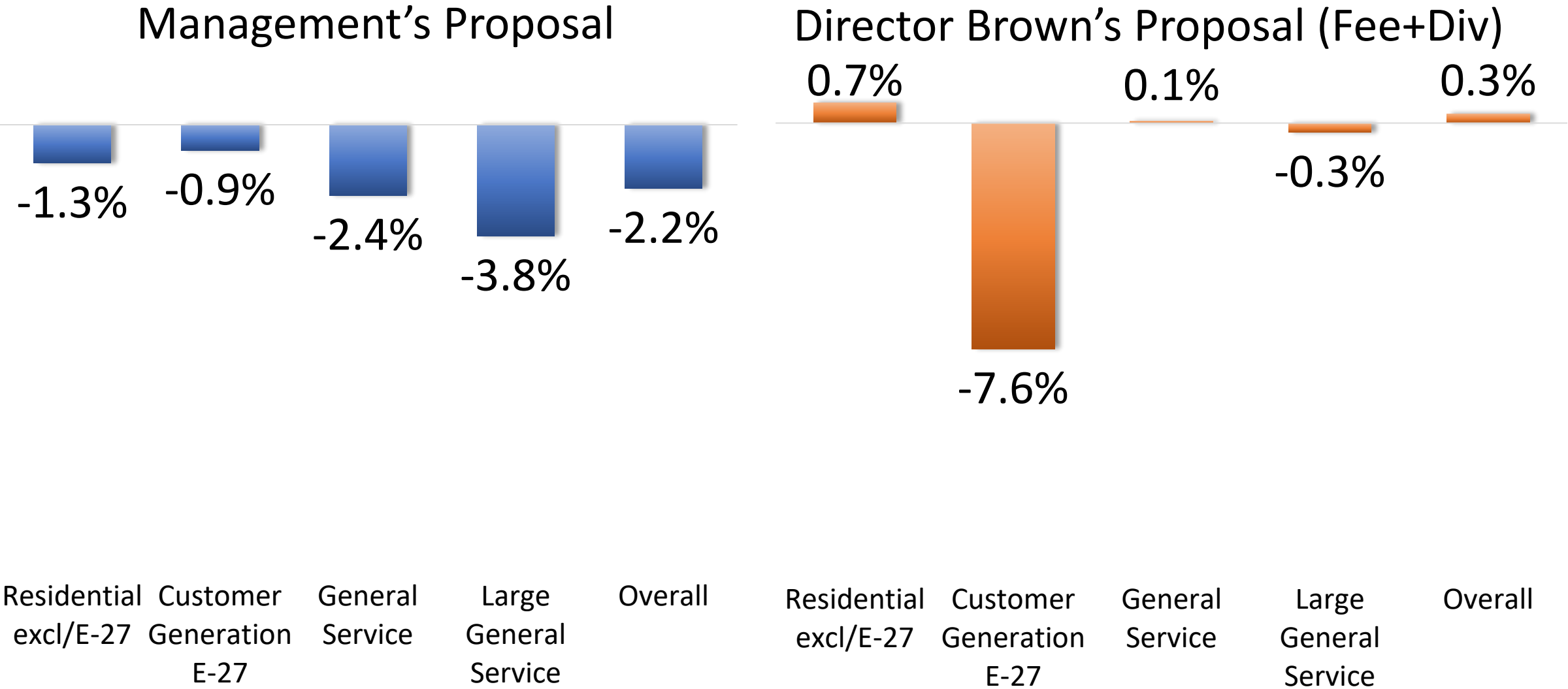
Director Brown's Proposal

\$/kWh fee: \$0.0024
\$/kWh dividend: \$0.0150

\$/kWh dividend: \$0.010

Proposed carbon fee & dividend for Salt River Project	
System characteristics	
Fee and Dividend can be changed to recalculate other lines.	
GWh/yr retail sales	30,000
MT/yr	18,000,000
\$/MT fee	\$ 4.00
\$/MT dividend	\$15.00
\$/kWh fee	\$0.0024
\$/kWh dividend	\$0.0150
annual revenue from fee	\$ 72,000,000
Brown customers	
kg CO ₂ /kWh	0.6
kWh brown/mo av	1000
MT CO ₂ /mo av	0.6
MT/yr av	7.2
fee/kWh	\$0.0024
avg fee /mo	\$ 2.40
avg fee /yr	\$ 28.80
Green customers	
# solar DG	15000
kw/customer	6
kWh green/mo	900
kWh green/yr	10800
kWh brown/mo	100
kWh brown/yr	1200
MT avoided/rooftop/yr	6.5
avg dividend/kWh	\$ 0.010
avg dividend/mo	\$ 13.50
avg dividend/DG customer/yr	\$162.00
Financial summary	
total annual dividends	\$ 2,430,000
total annual mitigation	\$ 69,570,000
% of fees that go to dividends	3.4%
% of fees that go to adaptation & mitigation	96.5%

Director Brown's Proposal Evaluation: Overall Bill Impacts



Director Brown's Proposal Evaluation: Findings & Recommendations

- Used assumptions from Director Brown's proposal
- Eliminates proposed decrease
 - ~\$69M dollars in additional revenue vs Management's proposal
- Most non-DG residential customers would see an increase
- Would this apply to large industrial solar energy offerings?

Sunrun's Presentation

Sunrun's (Court Rich) 2/18/19 Presentation

A lot has happened since SRP's last pricing process

- Anything less than \$132/month is not covering the average class cost of service
- 278,677 customers paying below the average cost of service

Amount paid below cost
of service per month

X

Number of
customers in
the stratum

X

12 months

=

The amount shifted
per year by stratum

**278,677 customers in stratum 1-4 shift
\$126,613,146 to stratum 5 and 6 per year!**

E-23 Cost shifts explained

Stratum	Percent of class	Customers in strata	Cumulative total customers	Monthly bill avg.	Amount shifted by Stratum
1	6.6%	30,808	30,808	\$44	(\$32,533,248)
2	11.9	55,549	86,357	\$68.41	(\$42,388,330)
3	17.8	83,090	169,447	\$93.75	(\$38,138.310)
4	23.4	109,230	278,677	\$121.66	(\$13,553,258)
5	26.6	124,168	402,845	\$161.33	\$43,702,168
6	13.7	63,951	466,796	\$248.58	\$89,464,890

Basic E-23 Current Return by Stratum

Stratum	Avg. Monthly Summer Kwh	Revenue	Expense	Return	Expense*
1	0-400	\$44	\$42	2.5%	\$132
2	401-850	\$70	\$65	2.9%	\$132
3	851-1,300	\$95	\$89	2.7%	\$132
4	1,301-1,800	\$125	\$118	2.1%	\$132
5	1,801-2,600	\$165	\$155	2.4%	\$132
6	2,600+	\$253	\$222	5.0%	\$132

*Court Rich Assumption

Response to Sunrun's Presentation

- Costs are driven by customer, demand (kW) and energy (kWh)
- Smaller customers have lower revenue *and lower costs*
- By extension of this logic, all subsidies could be eliminated if SRP billed everyone \$132/month, regardless of electricity (kW/kWh) use

February 18th Board Presentation

Customer Generation Options

Potential Rate	% of Customers with a Lower Annual Bill	Average Monthly Savings	Average Savings (%)
Best on E-13 TOU Export	17%	\$9.07	7.8%
Best on E-15 Average Demand	23%	\$9.22	6.3%
Either E-13 or E-15	40%	\$9.15	6.9%

E-67

E-67 Proposal

- Criteria: 20 MW, 90% load factor
- Providing large, efficient users of energy with another price plan option
- Responsive to customer and community input to support regional economic development
- E-65 class averages
 - Load: 16 MW
 - Load factor: ~75%

Other Items

Why Doesn't SRP Have a Web Enabled Price Plan Calculator?

- SRP's web enabled price plan calculator is being released in phases.

Today

- Customers have the ability to call SRP, and if there is adequate history a price comparison will be given over the phone.
- Prospective solar customers can access SRP's MyAccount web portal to compare their current price plan to E-27.

Future

- SRP is currently developing a price plan comparison tool. This feature will be made available in SRP's MyAccount web portal by spring of 2020.

Other Comments

- Remaining M-Power/Basic price differential
- Qualifications for Bill Assistance Program

Brattle Recommendations

Brattle Recommendations on Cost Allocation	In Process of Implementing	Will Implement for Future Price Process	Management Evaluating
Increased transparency (formal documentation)	✓		
FERC uniform system of accounts	✓		
More clearly identify and collect costs related to differences in class returns			✓
Allocate FPPAM hourly			✓
Allocate SBC using delivered kWh		✓	
Allocate Ancillary Services 3-6 on delivered kWh at the generator		✓	
Dedicated distribution depreciation	✓		

Brattle Recommendations on Rate Design	In Process of Implementing	Will Implement for Future Price Process	Management Evaluating
Develop roadmap to Marginal Cost based rates			✓
Monitor peak period shifts	✓		
Consider shorter summer season if appropriate			✓
Value flexibility. Extend CPP rate.			✓
Phase out time-of-week pumping rate			✓
Combine similar costing periods			✓
Common rate design model for all rates		✓	

Public Comment Update

AECC Comments & Recommendations

- Recommends implementation of a buy-through program similar to APS
 - Priority over E-67
- Recommends adoption the Average and Excess method for allocating fixed generation costs
- Supports continuation of interruptible programs
- Supports elimination of the EPCAF
- Supports a lower cost cap on SBC/EE
 - Recommends costs allocated on percent of bill basis

Customer Contacts and Inquiries

	Since 2/15/19	Total*
Customer Comments	+15	96
Customer Questions – All Answered	+1	16
Call Center Customer Inquiries	+7	60
Formal Data Requests (Sets of Questions)	+9	35
All Points of Contact	+32	207

*Questions and comments received from December 20, 2018 through March 1, 2019

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
5th Board Meeting (Decision Meeting)	March 25 th
Implement Price Plans	May Billing Cycle