

Meeting Date and Location

- July 23, 2024, 12:15 p.m.-1:00 p.m. via Microsoft Teams

Meeting Objectives

- Provide interested stakeholders with an update on projects that are eligible for inclusion within the System Reliability Benefit (SRB) Mechanism.

Attendees

Attendee	Organization
Alexander Abramson	Arizona Corporation Commission
Sarah Barrios Cool	Residential Utility Consumer Office
Patrick Black	Fennemore Law
Morgan Bigelow	IBEW
Diane Brown	AzPIRG
Teresa Hunsaker	Arizona Corporation Commission
Autumn Johnson	AriSEIA
Michelle King	Arizona Large Customer Group
Caryn Potter	Southwest Energy Efficiency Project
Dan Pozefsky	Residential Utility Consumer Office
Court Rich	Rose Law Group
Alex Routhier	Western Resource Advocates
Laura Wickham	Southwest Energy Efficiency Project
Cynthia Zwick	Residential Utility Consumer Office

Meeting Topics

Adam Constable – APS, Consultant, State Regulatory / Introduction and Stakeholder Process

Summary: Adam began the meeting with an introduction and an overview of the agenda for the meeting. Adam also provided an overview of the stakeholder process that was approved as part of the SRB Plan of Administration and detailed how participants can provide additional comments to APS during a stakeholder comment period following the meeting.

- **Question – Stakeholder:** Will meeting materials be provided in advance of the meeting?
- **Response – Adam Constable:** Yes, we will be able to provide these materials in advance for future meetings.
- **Question – Stakeholder:** Will we be able to be added to a stakeholder invite list for these meetings rather than RSVPing each time?

- Response – Adam Constable: Yes, calendar invites will be sent out to all previous attendees, but the current process of notifying the docket and requesting RSVPs will still be done moving forward to provide everyone an opportunity to attend.
- **Question – Stakeholder:** Can you better explain how the written responses are going to occur and how that comment period will be treated?
- Response – Adam Constable: Essentially these written responses are intended as a way for participants of these meetings to get official responses back from APS and will be filed within the docket following that 14-day period. It is a component of the feedback and stakeholder process that is described in the SRB Plan of Administration.

Derek Seaman, Director, Resource Acquisition / SRB Tables I-III Update

Summary: Derek provided an update of SRB Tables I-III to the participants. Within these tables he shared a description of the 2023 RFP and described three projects that are intended to be included as part of the SRB once completed. Those projects include Ironwood, Agave, and Sundance, and all have an estimated in-service date of Q1 2026. There are currently no completed SRB projects, so Table III currently remains blank.

- **Question – Stakeholder:** How does the decision-making process for adding new natural gas resources work in the regards to the 2050 goal of 100% clean energy? How does the depreciation of these resources work when they have the potential for a useful life beyond 2050?
- Response – Michael Eugenis: The depreciation aspect of it is controlled by the ACC in a separate process. It will ultimately be handled in ratemaking. In terms of our evaluation of the resource procurement itself, we go through a portfolio analysis and take into account the different value streams that we see from the resources when they are able to serve customers. We take those value streams into consideration as we look at a portfolio that is most resilient and reliable for our customers while capturing the most cost savings. In terms of what the future holds for these technologies, I really don't think there is an answer from the industry that states how much it is going to cost to convert these in the future, and even what that technology may be. Whether it's hydrogen or carbon capture, or even something else, I don't think there is really much data out there today that we can leverage in terms of better understanding what those costs may be. Given the information that we have available to us right now, we're pursuing a reliable portfolio at least cost for our customers. When you see the tremendous amount of renewable energy that we are investing in, you know that we anticipate renewable energy to be a part of that portfolio.
- **Question – Stakeholder:** Are you able to share some of the hypothetical SRB bill impact information that was shared as a result of the RPAC with this group? Secondly, will there be an analysis as part of these projects that shares what the customer impact would be by including this project in the SRB compared to the typical rate case process?

- Response – Jessica Hobbick: This is something we can take back to the group and leverage a future discussion to share those details with this group.
- **Question – Stakeholder:** In a typical rate case there are additional individual costs that may not be seen in an SRB project. Are there plans to examine how much the anticipated future rate case costs are going to decrease as a result of having this SRB proceeding and as a result of having this adjustor live outside of rate cases and shifting these costs.
- Response – Jessica Hobbick: For looking at future rate case costs and how these would be reduced by the inclusion of this resource, there is a requirement within the SRB mechanism that in a future rate case, that resource move into base rates. There would still be some element of that included in future cost recovery. I think of the SRB as kind of a temporary holding ground for those costs until you have a future rate case. I think that we would be able to incorporate what the cost is at the time its recovered in the SRB and then perhaps some additional scenarios, given the assumptions around timing, understanding that they would have to be somewhat speculative on when a future rate case would occur.
- **Question – Stakeholder:** I’m curious about what the other meetings are that have taken place on this subject. Diane mentioned that she had apparently seen some bill impact information presented. I’m just curious why maybe that information can’t be shared today with some of us. If you’re not able to share that information with us all today, is there a time that we could be prepared to get that information before the next quarterly stakeholder meeting?
- Response - Adam Constable: I’ll invite Jessica to add anything here as well but essentially that meeting that was referred to earlier was a result of the May RPAC meeting. There was a specific question asked there based on some of the SRB information that was discussed there at that meeting. As for bringing some of that information to this group, based on some of the comments Jessica made earlier, I believe that is something that we are planning on doing. As far as the timing goes, I would defer to Jessica on that, but absolutely hear your feedback on getting that sooner rather than later.
- Response – Jessica Hobbick: I agree Adam, the meeting on Monday was a follow-up where a few stakeholders had asked for some additional detail and again, happy to coordinate with Adam and team to bring some of that information on the resources discussed today to a future discussion.