

SRP Board member responses to Jim Pratt's internal web portal posting to SRP employees. 03/29/2024

Pratt: Standing up for SRP, speaking the truth

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Team,

GM & CEO Jim Pratt

SRP is currently holding its regularly scheduled election for our publicly elected Board and Council. Terms are staggered, with half of the seats for each body up for election every other year. Election Day is April 2, and early voting is already underway.

This year's election has generated more interest from candidates and the public than previous years, and we support a robust and competitive process. Unfortunately, we are also seeing an increase in misinformation and attempts to mislead our customers and the public about SRP.

Specifically, some are attacking or sharing inaccurate information about what we're doing to meet unprecedented growth in our service territory and the goals and strategies we have developed to meet the challenges ahead.

What specifically is the inaccurate information attacking SRP's attempts to "meet unprecedented growth"? According to the FY23 Progress Update 2035 Sustainability report that was recently published. SRP has attained 55% of their Carbon Emissions Generation reductions while not reducing the carbon mass emissions significantly. The ecological systems do not respond to carbon intensity reductions, only mass reductions matter. Using carbon intensity to establish sustainability goals is in itself misleading.

While these types of tactics may be common in politics these days, I won't allow special interest groups to confuse or mislead Arizonans about the industry-leading work our team members are doing to serve our customers and to build a strong future for this state.

This sure smells like SRP Management is directing it's employees who are Arizonan's to vote for the incumbent team SRP Management wants to be "governed" by.

While we will continue attempts to publicly address these inaccurate claims in the media and elsewhere, I also want to set the record straight with you. We should all take pride in the significant accomplishments we've made together, recognize how we've delivered for our customers, and understand the importance of our commitment to transforming the grid and protecting our watershed.

- **Truth:** Between FY23 and FY24, SRP has more than doubled the amount of solar energy in our power generation mix (from 3.6% in FY23 to 8% in FY24). Further, we expect this generation technology will make up nearly 30% of our generation mix by the end of the decade.

A few points:

- 1) *3.4% solar net generation in MWh's for all of FY23 cannot be disputed—that is what SRP disclosed in their doc to the bond investors.*
- 2) *8%? How as board members have we never been provided this information? How are members of the public supposed to know this? SRP should transparently share the full details of this on SRP's external website of how this 8% is computed. Doing so will be so much better than this [content free page](#). Be sure and list details like SRP does for the [bond document page A-3](#): listing the solar generating site name, amount of FY24 generation in MWh's and % contribution to total SRP net generation:*

TABLE 3 — Fiscal Year 2023 District Power Sources

	Capability (MW) ⁽¹⁾	% of Total	Net Production	
			Amount (MWh) ⁽²⁾	% of Total
District Generation:				
Renewables – Bonnybrooke Solar.....	52	0.57%	129,941	0.33%
Renewables – NTUA Kayenta Solar 1+2.....	60 ⁽⁶⁾	0.66%	59,684	0.15%
Renewables – Binal Central Energy Center Battery.....	19 ⁽⁶⁾	0.21%	12,710	0.04%

- 3) *How can you have FY24 data when FY24 is not over for 5 more weeks?*

- **Truth:** Today, 35% of our energy mix comes from carbon-free resources and we have more than 1,500 megawatts (MW) of solar (enough to power 337,500

average-size homes) and 1,100 MW of grid-scale batteries (enough to power 247,500 average-size homes) under development.

Again, simply publish this if it is true, with all the source and MWh contribution detail. Be sure and identify if the "generation" is not generation, but instead avoidance due to SRP Energy Efficiency programs—which is important but requires separation.

- **Truth:** We are transforming our electric grid while maintaining our industry-leading reliability in one of the fastest-growing regions in the country. We will at least double the number of our generation resources in the next 10 years while also retiring more than 2,600 MW of coal.

And yet remain the only major power utility in Arizona that will not announce a closure date for its last coal generation facility.

"But SRP and rural electric cooperatives serving the state have not set timelines for retiring their last plants."

<https://www.azcentral.com/story/money/business/energy/2023/02/19/when-will-arizona-utilities-no-longer-rely-on-coal/69904569007/>

- **Truth:** While other U.S. utilities are reducing or delaying sustainability goals, our Board recently approved even more ambitious goals for SRP. By 2035, we will reduce our carbon intensity by 82% compared to 2005 levels (up from our original goal of 65%); support the adoption of 1 million electric vehicles in our service territory and manage 90% of EV charging; deliver over 4 million megawatt-hours of aggregate energy savings through our energy efficiency programs; achieve a 30% reduction in generation-related water use intensity compared to 2005; and support efforts to thin 800,000 acres of overgrown Arizona forests to protect our watershed. Significantly, we will achieve net-zero carbon emissions by 2050.

Why does SRP refuse to set a 2035 carbon mass goal?

And is SRP's 82% carbon intensity goal which allows increased carbon mass ejections really leading when other western utilities are much more aggressive:

- Xcel Energy has committed to an 80% carbon reduction by 2030
- PNM, the largest electricity provider in New Mexico, has committed to 80% emissions reductions by 2030

- PacifiCorp, which serves customers in six western states, projects it will reduce emissions 78% by 2030
- **Truth:** Our customers believe in SRP and consistently rank us as the No. 1 utility. For 22 consecutive years (and 24 times overall), we have topped the J.D. Power rankings for [customer satisfaction](#). For the past two years, our [commercial customers](#) have rated us No. 1 in the West. Customers also rated us the top utility in the nation in a recent [customer experience benchmark report](#).

Please share SRP's FY22, FY23, and FY24 YTD total disbursements to J.D. Power which might then be compared to other western electric utilities.

- **Truth:** SRP's rates are among the lowest rates in the Southwest. In fact, our rates are nearly 30% lower on average than APS. At the same time, we consistently rank among the top 5 utilities in the nation for reliability.

APS, is a very low bar to compare with SRP being a public utility that does not have to pay taxes (pays only ~4% in lieu of taxes), and does not answer to shareholders with quarterly profits and is expected to pay much less. SRP's reliability is great, commensurate with a geographic region not facing the challenges of other utilities: many more trees, more frequent and higher wind speeds, tornadoes, floods, hurricanes, earthquakes, etc.

- **Truth:** The election is part of the very public and transparent governance process that has enabled SRP to serve our customers and help the Valley grow and thrive for more than a century. We have a unique governance structure that continues to deliver enormous benefit to our shareholders, our customers and the entire state.

It is unique alright--the voting is far from democratic, basically a poster child for voter suppression.

At its heart, SRP is about people — our team members, our shareholders and our customers. Our history has proven time and again that we are at our best when we work together, and I believe anything is possible when we do.

No matter the outcome of this election, we're committed to always being truthful and transparent.

Yes, a whole lot more transparency is needed.

We will never waiver in delivering on our mission.

Thank you for making SRP a great organization. I am grateful for the opportunity to work alongside you.

Jim Pratt
GM & CEO

Sincerely,

Randy Miller
SRP Board of Directors, District 8

Mark Mulligan
SRP Council, District 8

Krista O'Brien
SRP Board of Directors, At-Large Seat 12

Nick Brown
SRP Board of Directors, At-Large Seat 13

Kathy Mohr-Almeida
SRP Board of Directors, At-Large Seat 14