



Regulatory Affairs
PAB4TB | P.O. Box 52025
Phoenix, AZ 85072-2025

June 17, 2025

Re: In the Matter of the Commission's Inquiry and Review of the Existing Rate Classifications and other Potential Issues Relating to Data Centers (Docket No. E-00000A-25-0069)

Dear Chairman and Commissioners,

Salt River Project (SRP) is a community-based, not-for-profit organization which provides reliable, affordable and sustainable water and power to more than 2 million people in central Arizona. Like other utilities in the Southwest, SRP is experiencing extraordinary demand for energy spurred by increased electrification of homes, vehicles, advanced manufacturing and data centers. SRP appreciates the opportunity to provide comments on the Arizona Corporation Commission's (ACC) inquiry and review of the existing rate classifications and other potential issues related to data centers.

SRP is a proactive partner in Arizona's economic development. We work closely with municipalities, regional partners (e.g., the Arizona Commerce Authority, Greater Phoenix Economic Council and Pinal Partnership) and the state to help current and prospective customers understand infrastructure timelines, costs and available energy solutions. SRP has been diligently working to streamline and enhance these processes for the benefit of our community and the prospective employers and customers looking to locate in the State of Arizona.

SRP has seen a significant increase in anticipated load growth from new and potential large business customers, particularly data centers. SRP's current projections indicate that the data center segment accounts for 60% of SRP's peak load growth and 70% of total energy sales over the next decade. This is not unexpected as according to a leading national data center development report, Phoenix ranks as a top five market for data center capacity in the United States and has been identified as one of the most active markets globally in terms of hyperscale demand and development.¹ Maricopa County is on target to become the second largest market for data centers in the United States by 2028. SRP currently has over two dozen potential data center projects in our pipeline and a potential total demand of 12,000 MW.

This historic level of growth from data centers raises two primary challenges. First, SRP must take steps to locate, permit and build the generation and transmission infrastructure to meet this significant new load growth. Second, SRP must also take financial and contractual steps to reduce

¹ See, *Phoenix Data Center Market - Special Report*, Data Center Frontier at 3, https://creative.endeavorb2b.com/WP/DCF%20Report%20Phoenix%20Data%20Center%20Market.pdf?oly_enc_id=&oly_anon_id=5afaea40-1dee-4f0f-9852-18a488ff9af6 (2022).

any improper cost shifts from these new large customers to our current customers, particularly SRP's residential customers.

Currently, SRP takes a number of steps to protect customers from improper cost shifts. SRP requires large load customers to be served with dedicated substation service and works closely with these customers to design substations that meet their needs for redundancy, power requirements and power quality. SRP further requires these large load customers to prepay for the transmission infrastructure network upgrades that are associated with bringing their load onto the system.

Most recently as part of its 2025 Price Process, the SRP Board modified the Standard Price Plan for Large Load Substations customers (E-67) to ensure capacity and energy costs are not borne by other customers. Under the updated E-67 rate plan, new accounts with at least 20 MW of forecasted load will be subject to minimum billing requirements based on the greater of their actual demand or 80% of their forecasted load.

Finally, SRP is currently revising its large load integration process with the intent of transitioning from a serial study to a cluster load impact study process. This new cluster load impact study process will implement a more scalable and efficient process for new large loads and will further mitigate potential risks associated with these large load customers like data centers and therefore reduce the risk overbuilding or underbuilding the system again- helping to reduce shifting costs to other customers.

SRP is taking the necessary steps to permit and build infrastructure to accommodate this new load growth. For over 120 years, SRP has delivered on its mission to serve its customers and communities by providing reliable, affordable and sustainable water and energy. By providing these essential resources, SRP has helped the Phoenix metropolitan area develop and thrive. SRP has been investing in the grid at historic levels to ensure reliability, enhance sustainability and keep up with increasing electricity demand. Between 2019 and 2024, SRP committed over \$9.4 billion to new generation and storage resources, and more than \$2.6 billion in capital investments to support transmission and distribution systems. At the same time, we have maintained low residential rates, remaining in the lowest quartile in the Southwestern United States. While the scale of today's challenges is unprecedented, our guiding principles have remained the same – to act in the best interest of the people we serve and help build a better future for Arizona.

SRP appreciates the consideration of these issues raised in these comments and welcomes the opportunity to engage in further discussions and collaboration with the ACC and other stakeholders to continue to support Arizona's growth and prosperity.

Sincerely,

SRP Regulatory Affairs



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