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NICK MYERS
Vice Chair

ARIZONA CORPORATION COMMISSION

November 13, 2025

In the matter of the application of Tucson Electric Power Company for approval of a special agreement for electric service with Humphrey's Peak Power, LLC. (E-01933A-25-0187)

Tucson Electric Power Company:

On August 25, 2025, Tucson Electric Power Company (TEP) filed an application in this docket requesting the Commission approve an Energy Supply Agreement (“ESA”) for electric service to be provided by TEP to a planned data center site that will be developed by Beale Infrastructure Group (“Beale”) and its affiliate Humphrey’s Peak Power, LLC (“Customer”).¹

In the application, TEP states that approval of the Agreement will “positively impact existing TEP customers” (p. 1) and that the ESA is designed to protect all other customers “from any cost or reliability impacts” (p. 2). TEP also describes “several important customer protections that are unique to the ESA” (pp. 2-3). TEP concludes the application by stating that the “Customer is not receiving a discounted rate, rather, they are taking service under a Commission-approved tariff while also agreeing to contractual commitments to ensure that TEP’s retail customers are neither subsidizing the power for the project nor assuming any risk if the project does not achieve its full anticipated load.” (p. 4).

On November 6, 2025, Beale announced that it “is committing to match 100% of energy use at its Pima County data center with renewable energy.” Beale states that it “will seek to accelerate the development of new renewable energy resources for TEP’s grid that produce enough energy to match 100% of the data center’s energy consumption—at the data center’s cost.” It also states that “[w]hile these new projects are coming online, the commitment to 100% renewable energy will be fulfilled with purchases of renewable energy credits (RECs).”²

Beale’s announcement raises some questions. Is TEP planning to serve the Customer with its current energy mix or exclusively with renewable energy? Is TEP having to add renewable generation to serve the Customer or are TEP’s current resources sufficient? How might Beale’s announcement impact TEP customers and how might it impact TEP’s future generation mix? I look forward to your response as I continue to evaluate TEP’s application.

Sincerely,

A handwritten signature in black ink, appearing to read "Nick Myers".

Vice Chairman Nick Myers

¹ <https://docket.images.azcc.gov/E000045992.pdf?i=1763050384939>

² https://bealeinfra.com/wp-content/uploads/2025/11/Beale-Press-Release-Pima-County-Energy-Investment-11_06_25.pdf