

Tucson Electric Power

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November 20, 2025

Vice Chairman Nick Myers
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

RE: 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.
Docket No. E-01933A-25-0187

Dear Vice Chairman Myers:

Tucson Electric Power ("TEP," or "Company") has reviewed your letter dated November 13, 2025, in the above-referenced docket.¹ We appreciate the opportunity to respond to your questions.

TEP filed an application on August 25, 2025, in this docket requesting that the Commission approve an Energy Supply Agreement ("ESA") for electric service to be provided by TEP to a planned data center site ("Project") that will be developed by Beale Infrastructure Group and its affiliate Humphrey's Peak Power, LLC ("Customer"). The ESA covers 286 MW of capacity for the initial phase of the Project.

On November 6, 2025, Beale issued a press release stating, among other things, that it "is committing to match 100% of energy use at its Pima County data center with renewable energy." Beale stated 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 stated that, "...[w]hile these new projects are coming on line, the commitment to 100% renewable energy will be fulfilled with purchases of renewable energy credits (RECs)."²

I appreciate your questions and concerns regarding this press release; however, I can assure you that the power contemplated under the ESA will not be sourced from 100% renewable resources. TEP is not building or acquiring any new resources that would exclusively serve this Project. The Company will serve the Project with our current energy mix, including resources that are being developed as part of TEP's 2023 Integrated Resource Plan ("2023 IRP"). Our answers to your specific questions are provided below.

- Q. Is TEP planning to serve the Customer with its current energy mix or exclusively with renewable energy?**
- A. TEP will not serve the Customer exclusively with renewable energy. The Company will provide the Customer with energy from its current portfolio, including resources to be developed as outlined in TEP's 2023 Integrated Resource Plan ("2023 IRP") that was acknowledged by the Commission in Decision No. 79589.

¹ <https://docket.images.azcc.gov/E000047560.pdf?i=1763396543055>

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

Q. Is TEP having to add renewable generation to serve the Customer or are TEP's current resources sufficient?

A. TEP does not need to add renewable generation to serve the Customer above and beyond those resources being developed pursuant to its 2023 IRP. The Customer is scheduled to begin taking power in 2027 and reach its full capacity of 286 MW by the end of 2028. The Customer's power will be served by TEP's then-existing resource mix, as well as capacity that is expected to become available from expiring wholesale sales contracts.

Q. How might Beale's announcement impact TEP customers and how might it impact TEP's future generation mix?

A. Beale's announcement will not impact TEP's customers. Any change to TEP's future generation mix requested by the Customer for this Project will be at the Customer's cost and subject to Commission approval of a separate special contract.

As noted in our application, this Customer can help reduce the overall cost for TEP to serve all its customers. The Project's energy use will help flatten our overall system load profile thereby making more efficient use of the grid. This allows TEP to operate its generation fleet and energy delivery system in a more optimal manner while spreading its fixed cost over a greater volume of energy.

Thank you for the opportunity to address your questions and concerns.

Sincerely,

/s/ Erik Bakken

Erik Bakken,
Senior Vice President and Chief Administrative
Officer
Tucson Electric Power Company