



May 31, 2023

RE: APS 13.6% Rate Increase Request
Docket E-01345A-22-0144

Dear Commissioners,

The Arizona Public Health Association respectfully urges the Arizona Corporation Commission to deny Arizona Public Services' \$460M rate increase - which would result in a net 13.6% bill increase for ratepayers. *As an alternative, we request you urge the utility to return to the Commission with a request that includes more investment in renewable sources and energy efficiency and relies less on coal.*

AZPHA understands that public utilities like APS have capital needs and variable costs that periodically require rate increases to ensure a reliable supply of energy and meet anticipated peak demands. However, we believe this request (Docket E-01345A-22-0144) is unreasonable and excessive as it focuses investments on expensive energy sources (coal) rather than cheaper and cleaner renewable sources and underleverages energy efficiency.

If implemented as requested, this rate increase would pose an avoidable burden on vulnerable and low-income Arizonans. Why do I use the word avoidable? Because with better planning, the utility could acquire cleaner energy sources with lower operating costs that would moderate this excessive rate increase request.

For example, APS' request rests on an existing strategy to continue operation of their outdated coal-fired power plants, even though

those plants are no longer economical to operate and are more costly than clean energy alternatives.

Since the last rate case, APS has spent hundreds of millions of dollars in capital expenses and operations and maintenance costs at the coal fired Four Corners Generating Station and Cholla Power Plant. The rate increase before you rest on APS' plan to spend hundreds of millions more to keep Four Corners operating until 2031. We think this is short-sighted and harmful to Ratepayers.

If APS were asking Ratepayers for an increase to cover capital costs to increase renewable capacity (solar) while quickly phasing out coal, we could understand the Commission's decision to approve the rate increase. However, that is not the request before you.

This request doubles down on inefficient and expensive energy production by continuing to run the costly (and dirty) Four Corners and Cholla Power Plants through 2031 while under-investing in renewable sources and energy efficiency.

APS could save ratepayers money, reduce pollution, and moderate their rate increase request by retiring the Four Corners Power Plant before 2031 and replacing it with lower-cost renewable energy. At a minimum, their plan should have switched Four Corners to seasonal operations this year as originally planned.

In addition to over-committing to coal sources (rather than less expensive renewable sources of energy), APS' request fails to increase resources to incentivize energy efficiency – the lowest cost energy option for meeting peak demands.

APS' rate increase should have included increased investments in energy efficiency, which can reduce customer bills. Investing in

energy efficiency helps keep electric bills lower and as noted above can lower energy burden on those with low incomes. Investments in efficiency result in all electricity customers paying less than it would cost to generate that same power from more expensive alternatives.

In short, we understand that utilities like APS require periodic rate increases to plan for growth, meet customer needs, and accommodate peak loads. *However, we believe the request (as submitted) focuses too much of APS' resources on expensive energy sources (coal) rather than pressing forward with cheaper renewable sources and leveraging energy efficiency – strategies that are better mid-term approaches to serving and protecting Ratepayers.*

As a final note, we commend APS for including \$10M/year in coal community transition funding (over 9 years) for communities that would be impacted by their belated plan to close coal-fired plants in 2031. A final proposal should accelerate the use of those funds over a shorter time period to accommodate a more rapid decommission of those plants.

Sincerely,

A handwritten signature in black ink, appearing to read "Will Humble". The signature is fluid and cursive, with a long horizontal stroke at the end.

Will Humble, MPH

Executive Director, Arizona Public Health Association
Director, Arizona Department of Health Services (2009-2015)