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**ACC APPROVES APS RATE REVIEW AGREEMENT***Customers to benefit from continued investment in reliability, clean energy, innovation*

PHOENIX – The Arizona Corporation Commission today approved a comprehensive and broadly supported agreement to resolve [Arizona Public Service](#)'s first rate review in five years. ACC Staff, the Residential Utility Consumer Office, limited-income advocates, private rooftop solar organizations and dozens of other stakeholders supported the consensus agreement, which encompasses a wide range of customer interests and shows what can be accomplished when people come together to resolve complex policy issues.

The ACC approved the previously established agreement with modifications, but the changes do not materially affect the overall economic terms of the agreement.

"Arizona's energy consumers are the clear winners here because this agreement enables investment in a smarter, cleaner energy infrastructure, gives customers more choice and control through new rate options, and continues Arizona's solar leadership," said [Don Brandt](#), APS Chairman, President and CEO.

The agreement brings substantial benefits to Arizona while minimizing the impact on customer bills. Specifically, it allows for a 3.3 percent overall revenue increase, effective Aug. 19. The revenue increase is the company's first base rate increase in five years with the typical monthly residential bill increasing 4.5 percent, or about \$6 per month. The agreement also includes:

- A \$10 million to \$15 million per year investment in an AZ Sun II rooftop solar program in which limited- and moderate-income customers would receive a monthly credit to allow APS to install rooftop solar systems on their homes;
- A \$15 million refund of surplus energy efficiency program funds to customers;
- Increased program funding, annual crisis bill assistance and a simplified monthly bill discount for limited-income customers;
- Grandfathering for existing private solar customers; and
- Four new off-peak holidays, increasing the total number to 10.

"This allows us to continue investing in Arizona's future and continue making efficient, cost-effective investments while providing safe, reliable service for our customers," said Brandt. "It is a needed step in creating a long-term, sustainable energy policy for our customers and the state."

Specifically, resolution of the rate review allows APS to:

- Invest significantly over the next three years in upgrades and maintenance for the energy grid;
- Reduce emissions and water use through a \$500 million investment to modernize the Ocotillo Power Plant;
- Reduce emissions and comply with more stringent federal environmental standards through a \$400 million investment at the Four Corners Power Plant ; and
- Fund the continued development of innovative technologies such as battery storage, microgrids and advanced solar research.

The ACC's decision also builds on a previous Commission decision that aims to ensure private solar customers are fairly compensated when they produce excess electricity, while reducing the generous subsidies previously paid for by customers without rooftop solar. Future solar customers will be compensated for their excess electricity at a credit starting at 12.9 cents/kilowatt-hour.

### **What Happens Next?**

The rate adjustment will take effect on Aug. 19. Customers do not need to take any immediate action. APS will communicate with customers starting in the fall about how they can pick a new rate plan. The new rate options include incentives for more efficient use of energy and additional opportunities to save money. Among the benefits of the rate plans:

- An updated time-of-use plan that will become the standard rate for future customers;
- Two optional demand rate plans, plus a pilot demand rate for customers with certain types of technology at their homes, all of which would provide even more opportunities to save;
- Additional savings for customers with two more off-peak hours on weekdays (3 p.m. to 8 p.m. instead of noon to 7 p.m.) and four more off-peak holidays; and
- A plan that includes a super off-peak period of 10 a.m. to 3 p.m. weekdays in winter to encourage customers to use more electricity at midday when solar production is abundant and demand is low.

For business customers, the agreement:

- Establishes a special discount rate for public schools;
- Caps the net impact bill increase for military installations;
- Offers a new economic development rate option to encourage businesses to relocate or expand, along with a rural municipal economic development rate;
- Creates a new rate to attract highly efficient customers, such as data centers, that need affordable, highly reliable electricity;
- Provides an aggregation rate that lowers energy costs for qualifying chain accounts such as grocery stores; and
- Improves time-of-use options to work better with the operating schedules of many businesses.

APS will not file another request for a comprehensive review of its rates before June 1, 2019, meaning three years between rate reviews.

"Our entire rate review has been open, collaborative and inclusive of a broad range of customer classes and stakeholders," said Brandt. "Nearly 15 months after we filed our initial proposal, we have a resolution that benefits our customers and positions Arizona as a leader in smart energy policy."

[APS](#) serves about 2.7 million people in 11 of Arizona's 15 counties, and is the Southwest's foremost producer of clean, safe and reliable electricity. Using a balanced energy mix that is nearly 50 percent carbon-free, APS has one of the country's cleanest energy portfolios, including both Palo Verde Generating Station and renewable energy. The company is also a proven leader in introducing technology and services that offer customers choice and control over their energy consumption. With headquarters in Phoenix, APS is the principal subsidiary of [Pinnacle West Capital Corp.](#) (NYSE: PNW).