

Senate Engrossed House Bill

utilities; high load factor customers

State of Arizona
House of Representatives
Fifty-seventh Legislature
Second Regular Session
2026

CHAPTER 111

HOUSE BILL 2756

AN ACT

AMENDING TITLE 30, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 2;
REPEALING TITLE 30, CHAPTER 2, ARIZONA REVISED STATUTES; AMENDING TITLE
40, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION
40-207; REPEALING SECTION 40-207, ARIZONA REVISED STATUTES; RELATING TO
PUBLIC UTILITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 30, Arizona Revised Statutes, is amended by adding
3 chapter 2, to read:

4 CHAPTER 2

5 PUBLIC POWER ENTITIES

6 ARTICLE 1. GENERAL PROVISIONS

7 30-301. Public power entities; new extra high load factor
8 customers; semiannual reports

9 A. A PUBLIC POWER ENTITY THAT SERVES MORE THAN ONE MILLION
10 CONNECTIONS IN THIS STATE SHALL FILE WITH THE GOVERNING BODY OF THE PUBLIC
11 POWER ENTITY SEMIANNUAL REPORTS REGARDING NEW EXTRA HIGH LOAD FACTOR
12 CUSTOMERS, AS DEFINED BY THE PUBLIC POWER ENTITY, THAT INCLUDE BOTH OF THE
13 FOLLOWING WITH RESPECT TO THE IMMEDIATELY PRECEDING SIX-MONTH PERIOD:

- 14 1. THE NUMBER OF REQUESTS FOR INTERCONNECTION.
15 2. THE NUMBER OF COMPLETED INTERCONNECTIONS.

16 B. BEGINNING TWO YEARS AFTER THE EFFECTIVE DATE OF THIS SECTION,
17 THE GOVERNING BODY OF THE PUBLIC POWER ENTITY MAY SUSPEND THE SEMIANNUAL
18 REPORT REQUIREMENT BY A MAJORITY VOTE OF THE GOVERNING BODY IF THE NUMBERS
19 REPORTED BY THE PUBLIC POWER ENTITY PURSUANT TO SUBSECTION A OF THIS
20 SECTION ARE ZERO FOR AT LEAST TWO CONSECUTIVE SIX-MONTH PERIODS. THE
21 GOVERNING BODY MAY VOTE TO REINSTATE THE SEMIANNUAL REPORT REQUIREMENT AT
22 ANY TIME.

23 Sec. 2. Delayed repeal

24 Title 30, chapter 2, Arizona Revised Statutes, as added by this act,
25 is repealed from and after December 31, 2033.

26 Sec. 3. Title 40, chapter 2, article 1, Arizona Revised Statutes,
27 is amended by adding section 40-207, to read:

28 40-207. Electric service corporations; new extra high load
29 factor customers; semiannual reports; rules;
30 exemption

31 A. AN ELECTRIC PUBLIC SERVICE CORPORATION OPERATING IN THIS STATE
32 SHALL FILE WITH THE CORPORATION COMMISSION SEMIANNUAL REPORTS REGARDING
33 NEW EXTRA HIGH LOAD FACTOR CUSTOMERS, AS DEFINED BY THE CORPORATION
34 COMMISSION, THAT INCLUDE BOTH OF THE FOLLOWING WITH RESPECT TO THE
35 IMMEDIATELY PRECEDING SIX-MONTH PERIOD:

- 36 1. THE NUMBER OF REQUESTS FOR INTERCONNECTION.
37 2. THE NUMBER OF COMPLETED INTERCONNECTIONS.

38 B. BEGINNING TWO YEARS AFTER THE EFFECTIVE DATE OF THIS SECTION,
39 THE CORPORATION COMMISSION MAY SUSPEND THE SEMIANNUAL REPORT REQUIREMENT
40 BY A MAJORITY VOTE IF THE NUMBERS REPORTED BY THE ELECTRIC PUBLIC SERVICE
41 CORPORATION PURSUANT TO SUBSECTION A OF THIS SECTION ARE ZERO FOR AT LEAST
42 TWO CONSECUTIVE SIX-MONTH PERIODS. THE CORPORATION COMMISSION MAY VOTE TO
43 REINSTATE THE SEMIANNUAL REPORT REQUIREMENT AT ANY TIME.

1 C. THE CORPORATION COMMISSION MAY, PURSUANT TO ARTICLE XV, SECTION
2 3, CONSTITUTION OF ARIZONA, ESTABLISH REQUIRED CHARACTERISTICS THAT GOVERN
3 THE TERMS FOR ELECTRIC SERVICE THAT IS PROVIDED TO EXTRA HIGH LOAD FACTOR
4 CUSTOMERS THAT ARE NOT OTHERWISE PROVIDED SERVICE UNDER A PREEXISTING
5 ELECTRIC PUBLIC SERVICE CORPORATION TARIFF. THE REQUIRED CHARACTERISTICS
6 MAY INCLUDE ALL OF THE FOLLOWING AND ENSURE FLEXIBILITY FOR AN ELECTRIC
7 PUBLIC SERVICE CORPORATION TO DEFINE SPECIFIC TERMS FOR EACH TRANSACTION
8 ON A CASE-BY-CASE BASIS:

- 9 1. PROVISIONS FOR MINIMUM BILLING REQUIREMENTS.
- 10 2. MINIMUM CONTRACT LENGTH.
- 11 3. PROVISIONS THAT GOVERN EARLY EXIT OR TERMINATION OF SERVICE
12 BEFORE THE TERM OF A CONTRACT CONCLUDES.
- 13 4. REQUIREMENTS FOR CUSTOMER-PROVIDED SECURITY, GUARANTEES OR
14 COLLATERAL TO SUPPORT SERVICE CONTRACT OBLIGATIONS.
- 15 5. REQUIREMENTS FOR EXTRA HIGH LOAD FACTOR CUSTOMER PAYMENTS TO
16 COVER THE COSTS OF ANY INFRASTRUCTURE IMPROVEMENTS, ADDITIONS OR
17 EXPANSIONS THAT ARE NECESSARY TO FACILITATE SERVICE TO THE CUSTOMER, WHICH
18 SHALL BE SUPPORTED BY SCHEDULES THAT ARE FILED BY THE ELECTRIC PUBLIC
19 SERVICE CORPORATION THAT DEMONSTRATE THE PROTECTION OF NON-EXTRA HIGH LOAD
20 FACTOR CUSTOMERS FROM SUBSIDIZING EXTRA-HIGH LOAD FACTOR CUSTOMERS.

21 D. THIS SECTION DOES NOT APPLY TO MEMBER-OWNED ELECTRIC
22 COOPERATIVES OR ELECTRIC PUBLIC SERVICE CORPORATIONS THAT SERVE FORTY
23 THOUSAND CONNECTIONS OR LESS.

24 Sec. 4. Delayed repeal

25 Section 40-207, Arizona Revised Statutes, as added by this act, is
26 repealed from and after December 31, 2033.

27 Sec. 5. Cost-of-service studies; exemption

28 Within one hundred eighty days after the effective date of this act:

- 29 1. On the corporation commission's request, an electric public
30 service corporation operating in this state shall file with the
31 corporation commission a cost-of-service study that shows the cost
32 allocation of serving new extra high load factor customers. This
33 paragraph does not apply to member-owned electric cooperatives or electric
34 public service corporations that serve forty thousand connections or less.
- 35 2. On the governing body's request, a public power entity that
36 services more than one million connections in this state shall file with
37 the governing body of the public power entity a cost-of-service study that
38 shows the cost allocation of serving new extra high load factor customers.

39 Sec. 6. Legislative findings

40 The legislature finds that this act:

- 41 1. Is necessary pursuant to article XV, section 3, Constitution of
42 Arizona, "for the convenience, comfort, and safety, and the preservation
43 of the health, of patrons of such corporations".

- 1 2. Does not attempt to set or establish any specific rates or
- 2 charges to be made or collected by public service corporations or require
- 3 the corporation commission to set or adopt any specific rates or charges
- 4 to be made or collected by a public service corporation.
- 5 3. Supports policies that establish new customer classes, rate
- 6 designs and cost allocation formulas for extra high load factor customers
- 7 that are reasonable and necessary to prevent cost shifts to residential
- 8 customers from extra high load factor customers.

APPROVED BY THE GOVERNOR JUNE 4, 2026.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 5, 2026.