

REFERENCE TITLE: utility; resource plan; commission review

State of Arizona
House of Representatives
Fifty-seventh Legislature
First Regular Session
2025

HB 2788

Introduced by
Representative Olson

AN ACT

AMENDING TITLE 40, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 40-104; RELATING TO THE CORPORATION COMMISSION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Title 40, chapter 1, article 1, Arizona Revised
3 Statutes, is amended by adding section 40-104, to read:

4 40-104. Integrated resource plan; third-party evaluation;
5 definitions

6 A. THE COMMISSION SHALL REQUIRE AN ELECTRIC PUBLIC SERVICE
7 CORPORATION IN THIS STATE TO PREPARE AND SUBMIT AN INTEGRATED RESOURCE
8 PLAN TO THE COMMISSION FOR REVIEW AND APPROVAL AT LEAST ONCE EVERY THREE
9 YEARS. THE PLAN SHALL:

10 1. PROJECT ENERGY DEMAND FOR THE NEXT FIFTEEN YEARS, INCLUDING AT
11 LEAST THREE SCENARIOS THAT PROJECT LOW, MEDIUM AND HIGH LOAD GROWTH
12 SCENARIOS.

13 2. SUMMARIZE AND QUANTIFY ALL EXISTING ELECTRIC GENERATION PLANTS
14 THE PUBLIC SERVICE CORPORATION USES TO MEET EXISTING AND FUTURE DEMANDS,
15 LESS ANY PLANNED RETIREMENTS, AND IDENTIFY EACH ELECTRIC GENERATION PLANT
16 THAT IS SCHEDULED TO RETIRE OR THAT THE COMMISSION HAS APPROVED TO RETIRE
17 WITHIN THE NEXT FIFTEEN YEARS.

18 3. IDENTIFY ALL ELECTRIC GENERATION PLANTS THAT ARE NOT YET
19 CONSTRUCTED OR THAT ARE NOT CURRENTLY OWNED, OPERATED OR USED BY THE
20 PUBLIC SERVICE CORPORATION AND THAT COULD BE CONSTRUCTED OR COULD BE
21 PURCHASED, OPERATED OR OTHERWISE USED OR RELIED ON TO MEET THE DIFFERENCE
22 BETWEEN EXISTING GENERATING CAPACITY AND FUTURE ENERGY DEMAND IN THE NEXT
23 FIFTEEN YEARS.

24 4. ANALYZE THE TOTAL ESTIMATED CAPITAL AND OPERATING EXPENDITURES
25 FOR EACH ELECTRIC GENERATION PLANT, COMBINATION OF PLANTS AND COMBINATION
26 OF OWNERSHIP STRUCTURES THAT ARE IDENTIFIED PURSUANT TO PARAGRAPH 3 OF
27 THIS SUBSECTION OVER THE USEFUL LIFE OF EACH PLANT OR COMBINATION OF
28 PLANTS.

29 5. ANALYZE THE TOTAL RELIABILITY VALUE, INCLUDING EFFECTIVE LOAD
30 CARRYING CAPABILITY, FOR EACH ELECTRIC GENERATION PLANT AND COMBINATION OF
31 PLANTS THAT ARE IDENTIFIED PURSUANT TO PARAGRAPH 3 OF THIS SUBSECTION TO
32 ENSURE RELIABLE ELECTRIC SERVICE IS AVAILABLE TO RETAIL ELECTRIC CUSTOMERS
33 IN EACH YEAR FOR THE NEXT FIFTEEN YEARS.

34 6. USING THE RATEPAYER IMPACT MEASURE TEST, DETERMINE THE
35 COMBINATION OF ELECTRIC GENERATION PLANTS AND OWNERSHIP STRUCTURES OF THE
36 PLANTS THAT ARE IDENTIFIED IN PARAGRAPH 3 OF THIS SUBSECTION AND THAT
37 RESULT IN ALL OF THE FOLLOWING:

38 (a) THE LOWEST OVERALL LIFETIME REVENUE REQUIREMENT FOR THE
39 ELECTRIC PUBLIC SERVICE CORPORATION OVER THE USEFUL LIFE OF THE RELEVANT
40 PLANTS.

41 (b) THE SAFEST AND MOST RELIABLE ELECTRIC SERVICE FOR RETAIL
42 ELECTRIC CUSTOMERS IN EACH OF THE NEXT FIFTEEN YEARS.

43 (c) THE INTENT OR DESIGN NOT BEING MEANT TO SATISFY ANY CARBON OR
44 EMISSIONS REDUCTION GOAL.

7. WHEN EVALUATING TOTAL ESTIMATED CAPITAL AND OPERATING EXPENDITURES PURSUANT TO PARAGRAPH 4 OF THIS SUBSECTION, PROVIDE A COST ANALYSIS THAT ASSUMES ANY SUBSIDIES, GRANTS OR CREDITS THAT ARE CURRENTLY AVAILABLE TO THE PUBLIC SERVICE CORPORATION WILL CONTINUE TO BE AVAILABLE TO THE PUBLIC SERVICE CORPORATION OVER ALL OR PART OF THE NEXT FIFTEEN YEARS. THE COST ANALYSIS SHALL TAKE INTO CONSIDERATION THE STATUTORY DEADLINES AND A COST ANALYSIS THAT ASSUMES SUBSIDIES, GRANTS OR CREDITS WILL NOT BE AVAILABLE TO THE PUBLIC SERVICE CORPORATION OVER THE NEXT FIFTEEN YEARS.

8. AS A SEPARATE ANALYSIS AND IF FEASIBLE, PROVIDE THE TOTAL ESTIMATED UPSTREAM AND DOWNSTREAM CARBON DIOXIDE EMISSIONS AND GREENHOUSE GAS EQUIVALENTS OF EACH ELECTRIC GENERATION PLANT AND COMBINATION OF PLANTS THAT ARE IDENTIFIED PURSUANT TO PARAGRAPH 3 OF THIS SUBSECTION OVER THE USEFUL LIFE OF EACH PLANT AND INCLUDES ALL OF THE FOLLOWING:

(a) SCOPE 1 EMISSIONS, SCOPE 2 EMISSIONS AND SCOPE 3 EMISSIONS FOR EACH PLANT.

(b) THE PARTS, MINERALS, METALS, MATERIALS AND COMPONENTS OF EACH PLANT.

(c) THE MANUFACTURE, PRODUCTION, TRANSPORTATION, DECOMMISSIONING AND RECYCLING OF EACH PLANT AND EACH PLANT'S RESPECTIVE PARTS, MINERALS, METALS, MATERIALS AND COMPONENTS.

9. INCLUDE A DESCRIPTION OF ALL MODELING ASSUMPTIONS THAT ARE USED IN EACH PORTFOLIO.

B. BEFORE THE COMMISSION APPROVES OR DENIES A PUBLIC SERVICE CORPORATION'S INTEGRATED RESOURCE PLAN, THE COMMISSION SHALL OBTAIN AND REVIEW AN EVALUATION THAT IS CONDUCTED BY AN INDEPENDENT THIRD PARTY AND THAT DOES ALL OF THE FOLLOWING:

1. VERIFIES THE PUBLIC SERVICE CORPORATION'S INFORMATION PROVIDED PURSUANT TO SUBSECTION A OF THIS SECTION.

2. PRESENTS ALTERNATIVE INFORMATION, ESTIMATES, ANALYSES, EVALUATIONS OR ASSUMPTIONS RELATED TO:

(a) THE PUBLIC SERVICE CORPORATION'S LOW, MEDIUM OR HIGH LOAD GROWTH SCENARIOS.

(b) THE PUBLIC SERVICE CORPORATION'S ESTIMATE OF TOTAL CAPITAL AND OPERATING EXPENDITURES FOR EACH PLANT OR A COMBINATION OF PLANTS OR OWNERSHIP STRUCTURES FOR THOSE PLANTS OVER THE USEFUL LIFE OF EACH PLANT.

(c) THE PUBLIC SERVICE CORPORATION'S MEASURE OF RELIABILITY, SUCH AS EFFECTIVE LOAD CARRYING CAPACITY FOR A PLANT OR COMBINATION OF PLANTS.

(d) WHETHER THE PUBLIC SERVICE CORPORATION COULD SAFELY AND RELIABLY MEET PROJECTED DEMAND AT A LOWER COST WITH LESS CAPACITY IF MORE RELIABLE AND DISPATCHABLE SOURCES OF POWER WERE INCLUDED.

3. USING THE RATEPAYER IMPACT MEASURE TEST, MAKES A RECOMMENDATION REGARDING THE COMBINATION OF PLANTS AND OWNERSHIP STRUCTURES FOR THOSE PLANTS THAT RESULT IN THE LOWEST OVERALL LIFETIME REVENUE REQUIREMENT AND

1 RELIABILITY REQUIREMENTS AS PRESCRIBED IN SUBSECTION A, PARAGRAPH 6 OF
2 THIS SECTION.

3 C. IF THE COMMISSION APPROVES A PUBLIC SERVICE CORPORATION'S
4 INTEGRATED RESOURCE PLAN, THE COMMISSION'S DECISION IS NOT BINDING ON
5 FUTURE RATE CASES.

6 D. AN INTEGRATED RESOURCE PLAN THAT COMPLIES WITH THIS SECTION AND
7 THAT HAS BEEN APPROVED BY THE COMMISSION SHALL SERVE AS EVIDENCE OF ALL
8 RELEVANT CONDITIONS KNOWN, OR THAT IN THE EXERCISE OF REASONABLE JUDGMENT
9 COULD HAVE BEEN KNOWN, BY AN ELECTRIC PUBLIC SERVICE CORPORATION DURING
10 THE THREE YEAR PERIOD BETWEEN INTEGRATED RESOURCE PLANS, UNLESS THE PUBLIC
11 SERVICE CORPORATION PROVIDES SUBSTANTIAL EVIDENCE OF NEW OR ALTERNATIVE
12 CONDITIONS THAT THE PUBLIC SERVICE CORPORATION BECAME AWARE OF AFTER THE
13 COMMISSION APPROVED THE INTEGRATED RESOURCE PLAN.

14 E. TO ENSURE THE CONVENIENCE, COMFORT AND SAFETY OF AND TO PRESERVE
15 THE HEALTH OF THE PUBLIC SERVICE CORPORATION'S CUSTOMERS, A PUBLIC SERVICE
16 CORPORATION OR A PARENT COMPANY, HOLDING COMPANY OR AFFILIATE OF THE
17 PUBLIC SERVICE CORPORATION MAY NOT ADOPT, IMPLEMENT ADMINISTER OR ENFORCE
18 ANY POLICY, PROGRAM OR SYSTEM OF EMPLOYEE OR INDEPENDENT CONTRACTOR
19 COMPENSATION THAT MEASURES AN EMPLOYEE'S OR INDEPENDENT CONTRACTOR'S
20 PERFORMANCE OR AMOUNT OF COMPENSATION IN WHOLE OR IN PART BASED ON
21 ACHIEVING A GOAL, OBJECTIVE, UNIT OF MEASURE OR METRIC THAT CONFLICTS WITH
22 THE PUBLIC SERVICE CORPORATION'S OBLIGATION OR ABILITY TO SERVE THE
23 PUBLIC, INCLUDING THE ABILITY TO PROVIDE SAFE AND RELIABLE SERVICE AT AN
24 AFFORDABLE RATE.

25 F. FOR THE PURPOSES OF THIS SECTION:

26 1. THE FOLLOWING TERMS HAVE THE SAME MEANINGS PRESCRIBED IN SECTION
27 40-201.

- 28 (a) "COMMISSION".
- 29 (b) "ELECTRIC GENERATION PLANT".
- 30 (c) "ELECTRIC SERVICE".
- 31 (d) "RETAIL ELECTRIC CUSTOMER".

32 2. "RATEPAYER IMPACT MEASURE TEST" MEANS A TEST THAT MEASURES THE
33 CHANGE IN CUSTOMER BILLS OR RATES DUE TO CHANGES IN THE UTILITY'S CAPITAL
34 AND OPERATING EXPENSES CAUSED BY THE UTILITY'S INVESTMENT OR PROCUREMENT
35 DECISIONS IN A PARTICULAR ELECTRIC GENERATION PLANT, COMBINATION OF PLANTS
36 OR COMBINATION OF OWNERSHIP STRUCTURES ASSOCIATED WITH THE PLANTS.