

Please see the attached letters to the Arizona Corporation Commission from Senate Democratic Leader Priya Sundareshan and House Democratic Leader Oscar De Los Santos weighing in on efforts by Tucson Electric Power and Arizona Public Service raise their rates by double digits. These increases would both come on top of other large rate increases for both utilities since 2021 and would increase costs for ratepayers by hundreds of dollars per year in the middle of an affordability crisis in our state. Feel free to publish all, or any portion, of the letters as part of your coverage of these important cases (included below).

Re: Opposition to Tucson Electric Power Company's Proposed Rate Increase

Docket No. E-01933A-25-0103

Dear Chairman Myers and Members of the Arizona Corporation Commission,

As the Democratic Leaders of the Arizona House of Representatives and Senate, we write to urge the Arizona Corporation Commission to reject Tucson Electric Power Company's request for a 14% rate increase. The proposed rate increase is estimated to raise the costs of electricity for residential customers by \$240 per year while aiming to generate additional overall revenue for Tucson Electric Power by \$172 million. This request from Tucson Electric Power formally asks everyday customers to carry the weight of price increases to prioritize the wealth of shareholders during times when residents are already feeling the burden of higher gas, grocery, and housing costs.

As elected officials representing hundreds of thousands of constituents who depend on affordable and reliable electricity, and as some of us are Tucson Electric Power ratepayers ourselves, it is our duty to raise concerns regarding Tucson Electric Power's proposed rate increase. Families, seniors, small businesses, and working households across Southern Arizona are being asked to unjustly bear this burden. Tucson Electric Power serves approximately 455,000 customers in Pima County.

Arizona families are already navigating significant cost-of-living pressures. In a region where temperatures regularly exceed 110 degrees, electricity services are essential to survival. Summer bills will rise sharply at the time of year when families have no choice but to run their air conditioning. A 14% rate increase would translate to hundreds of additional dollars per year for residential customers. For seniors on fixed incomes, low-income families, and small business operating on thin margins, this is a question of whether they can afford to keep both the lights and air conditioning on. Low-income households in Pima County already spend a disproportionate share of their earnings on housing costs. Adding upwards of \$240 per year to their electricity bills is more than just an inconvenience for many households; it is life-altering and dangerous to ask families to decide between paying for electricity, food, medicine, or rent.

The Commission must also consider proposed electric utility rate increases against the backdrop of parallel increases in other utility rates, including water and gas rate increases approved by the Commission itself. Tucson Electric Power's service territory overlaps with several private water providers that have gotten significant rate increases approved by the Commission in recent years and a gas company with a rate case currently before the Commission. If

allowed, these collective rate increases likely add up to the largest upswing in cost of living that communities in all corners of Pima County have ever experienced—a ballooning of monthly expenses that is all but guaranteed to get worse over time with proposed formula rate models for both gas and electricity.

Beyond concerns for the pocketbooks and wellbeing of our constituents, we are concerned that Tucson Electric Power's rate request is not grounded in a realistic assessment of what it costs the company to maintain infrastructure and deliver reliable services. The question we ask the members of the Arizona Corporation Commission to consider is whether customers are being asked to pay a fair price or whether they are being asked to subsidize profits beyond what the evidence supports. Independent expert analysis filed in this case's proceedings suggests the latter. According to the independent analysis, the proposed shareholder returns are substantially higher than what investors in today's market require, meaning ratepayers would be overcharged by an estimated \$148 million per year with no corresponding benefit to service quality or reliability.

Tucson Electric Power received a 6% rate increase in January 2021 and another 10% rate increase just in August 2023, which means the proposed 14% rate hike would substantially compound those increases. Rates for Tucson Electric Power have risen nearly as fast in the three years between 2020 and 2023 as they did in the entire 22-year period from 1998 through 2020. These rate increases are outpacing the ability for families to adjust. Furthermore, we are concerned about the financial modeling underlying Tucson Electric Power's request. Credible analysis has found that the projections rely on assumptions that may be inflated, circular, and potentially

economically unrealistic. The data instead supports a rate increase far closer to 4% as opposed to the 14% suggested by Tucson Electric Power. Southern Arizona residents should not be asked to pay above-market returns to shareholders of a profitable corporation when Tucson Electric Power's parent company, Fortis Inc., has reported net earnings of \$1.6 billion in 2024. Arizona Attorney General Kris Mayes' expert testimony shows that Tucson Electric Power's proposed 14% rate increase is unjustified, and services could be maintained with strong credit rating with a rate increase of just 4%. The expert testimony provides clear demonstration that Tucson Electric Power is turning to its residential customers to bear the weight of shareholder profits that are higher than what it truly costs to maintain reliable electric services.

It is important to state that we are not asking the Arizona Corporation Commission to deny Tucson Electric Power the ability to recover its legitimate costs. We recognize that a well-functioning utility requires financial health and capital investments. However, we are opposed to a rate structure that goes beyond fair compensation and transfers wealth from Arizona families to shareholders without valid justification. The evidence presented in this case indicates that a lesser percentage could fully cover the actual costs of Tucson Electric Power's capital, preserve its credit rating, and ensure continued reliable service. Arizonans deserve better than having to choose between affordable electricity and a financial stable utility; it is more than possible to have both.

In conclusion, the Arizona Corporation Commission has both the authority and the responsibility to ensure that rates for Arizona consumers are just and reasonable. The Democratic Caucuses of the Arizona Legislature respectfully urge the Arizona Corporation Commission to hold Tucson Electric Power's

rate increase to a level that is evidence-based and to reject any proposal that means Tucson families are on the hook of paying hundreds of millions of dollars in unnecessary charges each year.

Finally, thank you for your service and your careful consideration of this matter.

Sincerely,

Democratic Leader Oscar De Los Santos
State Representative – District 11
Arizona House of Representatives

Democratic Leader Priya Sundareshan
State Senator – District 18
Arizona State Senate

Re: Opposition to Arizona Public Service Company's Proposed Rate Increase

Docket No. E-01345A-25-0105

Chairman Myers and Members of the Arizona Corporation Commission:

The undersigned members of the Arizona House of Representatives and Senate Democratic Caucuses write to urge the Arizona Corporation Commission to reject Arizona Public Service (APS) Company's request for a 14-percent net base rate increase. This proposal, if approved, would impose

an additional burden of more than \$240 per year on the average residential customer—a burden that many Arizona families simply cannot bear. At a time when the cost of housing, food, gas, healthcare, and everyday necessities has climbed sharply above what Arizona families experienced during the 2021–2022 test period on which APS grounds its request, approving this rate increase would be deeply unjust, economically harmful, and unsupported by the evidence.

I. Arizona Families Cannot Afford This Rate Increase

The 2021–2022 period that forms the basis of APS’s current rate structure was, by any economic measure, a dramatically different world than the one Arizona families inhabit today. Inflation, for one, has remained persistently above pre-pandemic norms in Arizona and across the nation. Families are already stretched thin, and just as overseas conflicts cause gas prices to skyrocket, Arizonans are now being asked to absorb yet another major utility rate increase on top of years of compounding price increases in every other category of their household budgets. The numbers tell a sobering story. Arizona’s cost of living—historically one of the state’s most attractive features—exceeded the national average for the first time in 2023, according to the Arizona State University Morrison Institute’s “State of Housing in Arizona” report. Rental housing and utility costs exceeded the national average by 8.6 percent that year and there’s no sign of it slowing down. Between 2019 and 2024, renters in Arizona saw their monthly costs rise 23 percent while their incomes, adjusted for inflation, rose only 4 percent. The families who have chosen between paying a utility bill, filling up a tank of gas, or buying groceries, and who are one unexpected expense away from financial crisis—those

are the families the Commission must weigh against APS's balance sheet.

APS is asking the Commission to approve what would effectively be the utility's third major rate increase in less than five years. APS received a rate increase of approximately 8.5 percent effective March 2024. If the Commission approves the current 14 percent net increase, APS's rates will have risen by roughly 23 percent in just two years. To make matters worse, when considering the annual formula rate mechanism adjustments over five years that the Commission authorized in 2025, the Commission's decision will likely leave the average APS customer paying significantly more by 2031 than the Commission intends to authorize in this rate case. Compounded over time, this trajectory is unsustainable for low- and fixed-income households, renters, and working families throughout the APS service territory. Arizona retirees on fixed incomes, for example, have submitted testimony before the Commission explaining that many have already reached the point of choosing between paying utility bills and buying food. That is not a hypothetical harm. It is the lived experience of Arizona families today and it is utterly unacceptable.

Data from the Energy Information Administration shows that Arizona residents also pay more for electricity than residents in 38 other states. This rate increase would entrench and deepen that inequity. The Commission has the authority, and we believe the constitutional obligation, to weigh the concrete harms to ratepayers against APS's claim of need, and to demand evidence that the amount APS seeks is genuinely warranted, not padded by excessive shareholder returns.

II. APS's Requested Return Is Excessive and Unjustified

The expert testimony filed by Attorney General Kris Mayes in this proceeding deserves the Commission's careful attention. The Attorney General, intervening in this rate case for the first time in Arizona history, has submitted analysis demonstrating that APS's proposed 14-percent rate increase could be reduced to just 3 percent while still maintaining reliable service and a strong credit rating. The Attorney General's experts conclude that APS's requested return on equity of 10.70 percent significantly exceeds what investors actually require, and that the proposed rate structure would result in approximately \$524 million per year being transferred from Arizona ratepayers to APS's shareholders—above and beyond what is necessary for financial stability. This conclusion is consistent with the broader evidence. APS's parent company, Pinnacle West Capital Corporation, reported in a 2024 press release consolidated net income attributable to common shareholders of \$608.8 million in 2024: a 21 percent increase over 2023's \$502 million. Pinnacle West's CEO has a target annual incentive award opportunity of up to 120 percent of his base salary and may earn up to 240 percent of base salary depending on earnings and performance goals. These are not the financial conditions of a company that is struggling. The Commission's standard is clear: rates must be just and reasonable. A rate of return that exceeds the actual cost of capital is not just and reasonable; it is a transfer of wealth from captive ratepayers to shareholders. APS is a monopoly. Its customers cannot go elsewhere and that monopoly position comes with a reciprocal obligation. Rates must reflect genuine costs, not inflated investor expectations. We urge the Commission to scrutinize APS's requested return on equity rigorously and to reject any element of the rate request that serves shareholder enrichment rather than utility necessity.

The Commission should further question the frequent rate increases sought by APS and other public utilities in the state when the justification for these rate increases has often pointed to the market volatility of natural gas prices, while these utilities do not offer a pathway to minimize further investment in natural gas-fired power plants. Rather, APS and other utilities have recently announced additional investments in building new natural gas-fired power plants, which will inevitably lead to more frequent rate increases to cover the expensive and volatile fuel costs of natural gas. When other options for investment in generation without ongoing fuel costs exist, it is not just and reasonable for the Commission to approve more investment in power generation that will inevitably lead to more rate increases. We recognize that utilities face genuine cost pressures. Infrastructure ages, demand grows, and as we saw with March's record shattering heat wave, climate volatility increases operational costs. APS is correct that some cost recovery is likely warranted since current rates were set based on 2021–2022 data. We do not argue that APS is entitled to zero rate relief.

But the magnitude of what APS requests demands exceptional justification. The Commission should scrutinize APS's proposed return on equity against market evidence and the independent analysis presented by the Attorney General. It should evaluate whether data center growth and large industrial customers are bearing a fair share of the infrastructure costs their demand creates, rather than shifting those costs to residential ratepayers. And it should weigh all of this against the concrete, documented hardship that another major rate increase will impose on Arizona families who are already stretched beyond their limits.

III. Rooftop Solar Customers Deserve Equitable Treatment

APS's current rate proposal includes increases to the Grid Access Charge applicable to distributed generation solar customers. We echo the concerns of Vote Solar, the Arizona Solar Energy Industries Association, and solar advocates statewide that targeting solar customers with disproportionate charges undermines Arizona's clean energy future, penalizes customers who have made good-faith investments in renewable energy, and contradicts longstanding public policy goals. Arizona is facing a dramatic projected increase in energy demand driven in significant part by data centers and advanced manufacturing facilities. Whatever one's view of that growth and how it should be managed, the grid-level implications are real: APS will need every available resource to meet peak demand reliably and affordably.

Distributed rooftop solar is one of those resources. It generates power during the hottest hours of summer days, precisely when Arizona's grid is under the greatest stress, and it does so without requiring new transmission infrastructure or utility capital expenditure.

APS solar customers produced nearly 1,000 megawatts of power during peak output periods in 2023, approximating the output of significant utility-scale generation. That is a contribution to grid reliability, not a burden on it.

Imposing charges that treat distributed solar as a cost to be recovered from solar customers, rather than a resource to be valued, sends exactly the wrong signal at exactly the wrong moment. It discourages the very investments in residential and community solar that could help Arizona meet surging demand without passing the full cost of new generation and transmission infrastructure onto all ratepayers. The Commission should ensure that the value distributed

generation provides to the grid is fairly credited, not obscured by rate design that serves utility revenue goals at the expense of solar customers.

Conclusion

The Arizona Corporation Commission was created to protect the people of this state from corporate overreach, especially from monopoly utilities. The families we represent—the retirees on fixed incomes in Phoenix, the working parents in Goodyear, the renters in Flagstaff and Yuma who cannot afford to absorb another \$240 per year in energy costs—are precisely the people the Commission was established to protect.

We urge the Commission to reject or substantially reduce APS's proposed rate increase, to scrutinize APS's proposed return on equity against the expert evidence in the record, and to ensure that the costs of system growth are equitably allocated among all customer classes. Arizona families deserve nothing less than a Commission that holds their interests as its highest priority.

Respectfully submitted,

Democratic Leader Priya Sundareshan

State Senator – District 18

Arizona State Senate

Democratic Leader Oscar De Los Santos

State Representative – District 11

Arizona House of Representative



ARIZONA STATE LEGISLATURE
1700 WEST WASHINGTON
PHOENIX, ARIZONA 85007

May 14, 2026

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

**Re: Opposition to Tucson Electric Power Company's Proposed Rate Increase
Docket No. E-01933A-25-0103**

Dear Chairman Myers and Members of the Arizona Corporation Commission,

As the Democratic Leaders of the Arizona House of Representatives and Senate, we write to urge the Arizona Corporation Commission to reject Tucson Electric Power Company's request for a 14% rate increase. The proposed rate increase is estimated to raise the costs of electricity for residential customers by \$240 per year while aiming to generate additional overall revenue for Tucson Electric Power by \$172 million. This request from Tucson Electric Power formally asks everyday customers to carry the weight of price increases to prioritize the wealth of shareholders during times when residents are already feeling the burden of higher gas, grocery, and housing costs.

As elected officials representing hundreds of thousands of constituents who depend on affordable and reliable electricity, and as some of us are Tucson Electric Power ratepayers ourselves, it is our duty to raise concerns regarding Tucson Electric Power's proposed rate increase. Families, seniors, small businesses, and working households across Southern Arizona are being asked to unjustly bear this burden. Tucson Electric Power serves approximately 455,000 customers in Pima County. Arizona families are already navigating significant cost-of-living pressures. In a region where temperatures regularly exceed 110 degrees, electricity services are essential to survival. Summer bills will rise sharply at the time of year when families have no choice but to run their air conditioning. A 14% rate increase would translate to hundreds of additional dollars per year for residential customers. For seniors on fixed incomes, low-income families, and small business operating on thin margins, this is a question of whether they can afford to keep both the lights and air conditioning on. Low-income households in Pima County already spend a disproportionate share of their earnings on housing costs. Adding upwards of \$240 per year to their electricity bills is more than just an inconvenience for many households; it is life-altering and dangerous to ask families to decide between paying for electricity, food, medicine, or rent.

The Commission must also consider proposed electric utility rate increases against the backdrop of parallel increases in other utility rates, including water and gas rate increases approved by the Commission itself. Tucson Electric Power's service territory overlaps with several private water providers that have gotten significant rate increases approved by the Commission in recent years and a gas company with a rate case currently before the Commission. If allowed, these collective rate increases likely add up to the largest upswing in cost of living that communities in all corners of Pima County have ever experienced—a ballooning of monthly expenses that is all but guaranteed to get worse over time with proposed formula rate models for both gas and electricity.

Beyond concerns for the pocketbooks and wellbeing of our constituents, we are concerned that Tucson Electric Power's rate request is not grounded in a realistic assessment of what it costs the company to maintain infrastructure and deliver reliable services. The question we ask the members of the Arizona Corporation Commission to consider is whether customers are being asked to pay a fair price or whether they are being asked to subsidize profits beyond what the evidence supports. Independent expert analysis filed in this case's proceedings suggests the latter. According to the independent analysis, the proposed shareholder returns are substantially higher than what investors in today's market require, meaning ratepayers would be overcharged by an estimated \$148 million per year with no corresponding benefit to service quality or reliability.

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Furthermore, we are concerned about the financial modeling underlying Tucson Electric Power's request. Credible analysis has found that the projections rely on assumptions that may be inflated, circular, and potentially economically unrealistic. The data instead supports a rate increase far closer to 4% as opposed to the 14% suggested by Tucson Electric Power. Southern Arizona residents should not be asked to pay above-market returns to shareholders of a profitable corporation when Tucson Electric Power's parent company, Fortis Inc., has reported net earnings of \$1.6 billion in 2024. Arizona Attorney General Kris Mayes' expert testimony shows that Tucson Electric Power's proposed 14% rate increase is unjustified, and services could be maintained with strong credit rating with a rate increase of just 4%. The expert testimony provides clear demonstration that Tucson Electric Power is turning to its residential customers to bear the weight of shareholder profits that are higher than what it truly costs to maintain reliable electric services.

It is important to state that we are not asking the Arizona Corporation Commission to deny Tucson Electric Power the ability to recover its legitimate costs. We recognize that a well-functioning utility requires financial health and capital investments. However, we are opposed to a rate structure that goes beyond fair compensation and transfers wealth from Arizona families to shareholders without valid justification. The evidence presented in this case indicates that a lesser percentage could fully cover the actual costs of Tucson Electric Power's capital, preserve its credit rating, and ensure continued reliable service. Arizonans deserve better than having to choose between affordable electricity and a financially stable utility; it is more than possible to have both.


In conclusion, the Arizona Corporation Commission has both the authority and the responsibility to ensure that rates for Arizona consumers are just and reasonable. The Democratic Caucuses of the Arizona Legislature respectfully urge the Arizona Corporation Commission to hold Tucson Electric Power's rate increase to a level that is evidence-based and to reject any proposal that means Tucson families are on the hook of paying hundreds of millions of dollars in unnecessary charges each year.

Finally, thank you for your service and your careful consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "O. De Los Santos", written over a horizontal line.

Democratic Leader Oscar De Los Santos
State Representative – District 11
Arizona House of Representatives

A handwritten signature in black ink, appearing to read "Priya Sundareshan", written over a horizontal line.

Democratic Leader Priya Sundareshan
State Senator – District 18
Arizona State Senate



ARIZONA HOUSE OF REPRESENTATIVES
PHOENIX, ARIZONA 85007

May 15, 2026

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Re: Opposition to Arizona Public Service Company's Proposed Rate Increase

Docket No. E-01345A-25-0105

Chairman Myers and Members of the Arizona Corporation Commission:

The undersigned members of the Arizona House of Representatives and Senate Democratic Caucuses write to urge the Arizona Corporation Commission to reject Arizona Public Service (APS) Company's request for a 14-percent net base rate increase. This proposal, if approved, would impose an additional burden of more than \$240 per year on the average residential customer—a burden that many Arizona families simply cannot bear. At a time when the cost of housing, food, gas, healthcare, and everyday necessities has climbed sharply above what Arizona families experienced during the 2021–2022 period on which APS grounds its request, approving this rate increase would be deeply unjust, economically harmful, and unsupported by the evidence.

I. Arizona Families Cannot Afford This Rate Increase

The 2021–2022 period that forms the basis of APS's current rate structure was, by any economic measure, a dramatically different world than the one Arizona families inhabit today. Inflation, for one, has remained persistently above pre-pandemic norms in Arizona and across the nation. Families are already stretched thin, and just as overseas conflicts cause gas prices to skyrocket, Arizonans are now being asked to absorb yet another major utility rate increase on top of years of compounding price increases in every other category of their household budgets.

The numbers tell a sobering story. Arizona's cost of living—historically one of the state's most attractive features—exceeded the national average for the first time in 2023, according to the Arizona State University Morrison Institute's "State of Housing in Arizona" report. Rental housing and utility costs exceeded the national average by 8.6 percent that year and there's no sign of it slowing down. Between 2019 and 2024, renters in Arizona saw their monthly costs rise 23 percent while their incomes, adjusted for inflation, rose only 4 percent. The families who have chosen between paying a utility bill, filling up a

tank of gas, or buying groceries, and who are one unexpected expense away from financial crisis—those are the families the Commission must weigh against APS’s balance sheet.

APS is asking the Commission to approve what would effectively be the utility’s third major rate increase in less than five years. APS received a rate increase of approximately 8.5 percent effective March 2024. If the Commission approves the current 14 percent net increase, APS’s rates will have risen by roughly 23 percent in just two years. To make matters worse, when considering the annual formula rate mechanism adjustments over five years that the Commission authorized in 2025, the Commission’s decision will likely leave the average APS customer paying significantly more by 2031 than the Commission intends to authorize in this rate case.

Compounded over time, this trajectory is unsustainable for low- and fixed-income households, renters, and working families throughout the APS service territory. Arizona retirees on fixed incomes, for example, have submitted testimony before the Commission explaining that many have already reached the point of choosing between paying utility bills and buying food. That is not a hypothetical harm. It is the lived experience of Arizona families today and it is utterly unacceptable.

Data from the Energy Information Administration shows that Arizona residents also pay more for electricity than residents in 38 other states. This rate increase would entrench and deepen that inequity. The Commission has the authority, and we believe the constitutional obligation, to weigh the concrete harms to ratepayers against APS’s claim of need, and to demand evidence that the amount APS seeks is genuinely warranted, not padded by excessive shareholder returns.

II. APS’s Requested Return Is Excessive and Unjustified

The expert testimony filed by Attorney General Kris Mayes in this proceeding deserves the Commission’s careful attention. The Attorney General, intervening in this rate case for the first time in Arizona history, has submitted analysis demonstrating that APS’s proposed 14-percent rate increase could be reduced to just 3 percent while still maintaining reliable service and a strong credit rating. The Attorney General’s experts conclude that APS’s requested return on equity of 10.70 percent significantly exceeds what investors actually require, and that the proposed rate structure would result in approximately \$524 million per year being transferred from Arizona ratepayers to APS’s shareholders—above and beyond what is necessary for financial stability.

This conclusion is consistent with the broader evidence. APS’s parent company, Pinnacle West Capital Corporation, reported in a 2024 press release consolidated net income attributable to common shareholders of \$608.8 million in 2024: a 21 percent increase over 2023’s \$502 million. Pinnacle West’s CEO has a target annual incentive award opportunity of up to 120 percent of his base salary and may earn up to 240 percent of base salary depending on earnings and performance goals. These are not the financial conditions of a company that is struggling. The Commission’s standard is clear: rates must be just and reasonable. A rate of return that exceeds the actual cost of capital is not just and reasonable; it is a transfer of wealth from captive ratepayers to shareholders. APS is a monopoly. Its customers cannot go elsewhere

and that monopoly position comes with a reciprocal obligation. Rates must reflect genuine costs, not inflated investor expectations. We urge the Commission to scrutinize APS's requested return on equity rigorously and to reject any element of the rate request that serves shareholder enrichment rather than utility necessity.

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Conclusion

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Respectfully submitted,



Democratic Leader Priya Sundareshan
State Senator – District 18
Arizona State Senate



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State Representative – District 11
Arizona House of Representatives

