



CEO SPEECH

Thank you for taking time from your busy schedules and joining me today.

It is always a pleasure to visit Prescott. APS has a long history of service and community involvement in the area. This May we dedicated Brad Ziegler Field in partnership with the Arizona Diamondbacks.

It was an honor for us to help make this field possible. One of 34 community baseball fields built around the state through the “Diamonds Back” program, and a personal donation from relief pitcher Brad Ziegler, the field also serves as a memorial for the 19 fallen Granite Mountain Hotshots.

This year we also donated 2.3 acres of our land to the City of Prescott for the Willow Creek Dog Park. We were leasing the land to the City for more than 13 years, and now the property is in the hands of its citizens for your use, enjoyment and stewardship.

Earlier today, I met with our Prescott-area employees. These are the men and women who keep the lights on, and who respond in impressive fashion when Mother Nature hits, as you all remember just recently with the damage done by the tornado last month. In addition, they are truly ambassadors of our company, giving so much of their time to the community as volunteers. You’ve seen them helping the Fourth of July festivities to go smoothly, lighting up the Courthouse Square at Christmas, and lending a helping hand to their neighbors through area nonprofit agencies all year round.

Right now, I’m happy to be here with all of you and share an update on APS and Arizona’s energy future.

First, I want to touch on some good news about Arizona in general. We watch the economy closely, and there’s much reason for optimism. Homebuilders I talk to are bullish on the state’s long-term outlook, and a number of positive economic indicators we’re seeing have contributed to Forbes ranking Arizona as the number one state for projected job growth. I’m sure we are all hopeful to see that come to fruition.

Arizona’s energy future is equally bright.

When you think of “bright,” especially in Arizona, you probably first think of the sun. Right now, there is enough solar energy on our system to power more than 200,000



Arizona homes. To help put that in perspective, Arizona ranks first among all states for solar per capita; we're proud to rank third nationally among all U.S. utilities, helping drive Arizona's solar leadership.

Energy from renewables is expected to double in the next 15 years, and rooftop solar to triple. In addition, savings from energy efficiency will triple over the next 15 years. We're modernizing power plants, retiring old, inefficient units and adding equipment that will reduce emissions. The result is a much cleaner energy mix going forward.

We want our energy to be clean, and we need it to be reliable. The technology we're using to modernize our electricity grid will make it more dynamic and flexible, enabling our customers to power their lives in exciting new ways, and helping ensure reliable service no matter when or how customers use electricity.

Up the hill in Flagstaff, we're combining new technology with our solar leadership. What happens to electric service in a neighborhood when a third or more of the homes have rooftop solar? That's a scenario that may not be too many years away. Rather than wait to find out, we picked a neighborhood and helped more than 100 residents and a school go solar. Now we can study the effects on the grid, add more renewable energy to the system, and make sure we're prepared for the future, for any neighborhood.

As the way customers use energy evolves, and the grid evolves with it, how we pay for the grid will need to evolve as well to reflect modern realities. Future rate design must be fair for all customers, whether they are early technology adopters or low-income households struggling to make ends meet. Our job is to embrace these changes; to plan; to integrate; to enable innovation; and to ensure Arizona achieves a sustainable and reliable – and bright – energy future.

With that, I'd like to hear from you. How are you doing? How are we doing? If I haven't had the pleasure of meeting you, or if you haven't met everyone in the room, please introduce yourself.

Thank you.