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ROBERT "BOB" BURNS
Chairman

ARIZONA CORPORATION COMMISSION

August 11, 2020

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

RE: ARIZONA PUBLIC SERVICE COMPANY RATE CASE
DOCKET NO. E-01345A-19-0236

Arizona Public Service Company and Interested Parties:

In Arizona Public Service Company's ("APS") rate case, APS has indicated that it will be closing its Four Corners Generating Plant ("Four Corners") in 2031, which is 7 years before originally planned. With the early closure of Four Corners, there will be stranded costs that need to be recovered. Below are four methods that I would like APS to develop and submit for Commission consideration in this rate case. Each method below should be based on the APS's planned closure date. APS is free to submit alternative methods for the Commission to consider along with those listed below.

Method #1:

Recovery of the stranded costs through the use of accelerated depreciation. Please specify and discuss in detail the rate impact to customers. This method should also include a detailed transition plan for the local community impacted by the early closure of this generating plant.

Method #2:

Recovery of the stranded costs through securitization of those costs. Please specify the interest rate for the loan to be used and the length of the loan; and discuss how this interest rate was determined. Please specify and discuss in detail the rate impact to customers. This method should also include a detailed transition plan for the local community impacted by the early closure of this generating plant.

Method #3:

Same as Method #2, but with the interest rate 1% lower than Method #2.

Method #4:

Same as Method #2, but with the interest rate 1% higher than Method #2.

1200 W Washington Street, Phoenix, AZ 85007

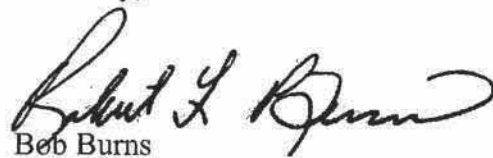
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Each of the methods above should also be developed for a closure of Four Corners 2 years earlier than APS's planned closure date and 5 years earlier than the planned closure date (for a total of 12 plans).

Any other party in this rate case may also develop similar plans for the Commission's consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Burns". The signature is fluid and cursive, with a large initial "R" and a long, sweeping tail.

Bob Burns
Chairman