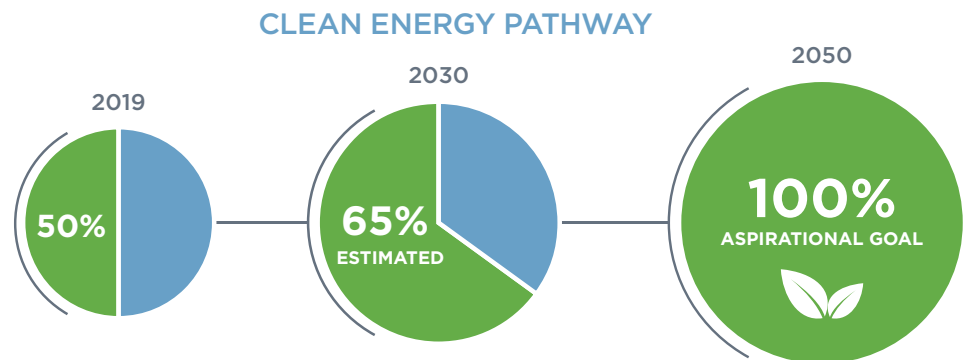


Helping Coal Communities Navigate the Clean Energy Transition

At Arizona Public Service, our vision is to create a sustainable energy future for Arizona. In support of that vision, we're committed to delivering 100% clean, carbon-free energy to our customers by 2050. Part of that clean energy commitment includes exiting coal generation by the end of 2031.

Creating a sustainable future is about more than just our energy mix. It includes investing in communities to build capacity and resilience. As we plan to exit coal-fired power plants in our region, we must also consider how to support the communities around those plants during this clean energy transition.



COMMUNITIES LOOK TO FUTURE

Through the Four Corners Power Plant, APS and the Navajo Nation have provided Arizona with a source of reliable, affordable electricity for decades. The plant, in turn, provides approximately one-third of the Nation's overall general funding each year. With APS slated to exit Four Corners by 2031, it's time to help the Navajo Nation in its transition away from a coal-based economy. The communities around the Cholla Power Plant and the Hopi Tribe (which benefitted from the Navajo Generating Station) are also looking to their economic future. Long-term planning and support are needed for these communities.

Financial Support to Power Change

Subject to the approval of the Arizona Corporation Commission, we are committing financial support and resources to assist these communities in building new economic opportunities. Our proposed support, a combination of funds from shareholders and included in rates, is based on a formula that gives all communities commensurate consideration, based on taxes, royalties and lease payments associated with APS. We will honor our shareholder commitments regardless of the ACC's final determination on the proposal.



Job Redeployments

All employees at APS-owned and operated coal-fired power plants will receive job redeployment offers at least six months prior to plant closures.

Overall, our commitments are consistent with our mission to serve our customers with clean, reliable and affordable energy. Simply said, this is the right thing to do.

NAVAJO NATION	SHAREHOLDER	INCLUDED IN RATES	TOTAL PAYMENTS
Coal Community Transition (Includes Electrification)	\$5,000,000	\$105,000,000	\$110,000,000
Economic Development	\$1,250,000	—	\$1,250,000
Transmission Revenue	\$17,500,000	—	\$17,500,000
Total	\$23,750,000	\$105,000,000	\$128,750,000

Coal community transition is paid out over ten years, economic development over five years, and transmission revenue over seven or more years.

CHOLLA COMMUNITIES	SHAREHOLDER	INCLUDED IN RATES	TOTAL PAYMENTS
Coal Community Transition	\$500,000	\$10,900,000	\$11,400,000
Economic Development	\$600,000	—	\$600,000
Total	\$1,100,000	\$10,900,000	\$12,000,000

Coal community transition and economic development are paid out over five years.

HOPI TRIBE	SHAREHOLDER	INCLUDED IN RATES	TOTAL PAYMENTS
Coal Community Transition	\$150,000	\$3,350,000	\$3,500,000
Economic Development	\$200,000	—	\$200,000
Total	\$350,000	\$3,350,000	\$3,700,000

Coal community transition and economic development are paid out over five years.