

Arizona Public Service Low-Carbon Economy Principles

For more than 130 years, Arizona Public Service (APS) has provided safe, reliable and affordable energy to Arizona. In harmony with our commitment to serve Arizona's energy needs is our commitment to be a premier corporate citizen. To ensure we can continue to provide safe, reliable and affordable energy to our customers, we maintain a diverse generation portfolio. And to continue to meet our responsibility as a corporate citizen, we are making our energy cleaner. Clean energy is not new to APS. We have a long history of transitioning to clean energy assets that includes retiring coal-fired units, leading the way with solar energy and battery storage, building modern gas-fired units, and operating our nuclear facility—Palo Verde Generating Station, the largest carbon-free generation source in the United States. The electric utility sector is only one of many sectors that should be engaged in the transition to a low-carbon economy. APS believes we have a responsibility to power a low-carbon economy with clean energy that can be used to support the transition of other sectors like transportation through increased electrification. A future powered by a low-carbon economy will achieve a healthier environment, greater social responsibility and allow APS and our customers to leverage future opportunities.

To create a sustainable energy future for Arizona and a successful transition to a low-carbon economy, APS will operate according to the following principles:

- Maintain appropriate governance to drive management practices and decisions to achieve cleaner air and a low-carbon economy.
- Continue to explore solutions to decarbonize our generation assets and provide the grid infrastructure that allows the adoption of low and zero carbon emission resources.
- Maintain a high level of transparency with respect to carbon metrics and emissions reporting.
- Participate in legislative and regulatory actions that address cleaner air and a low-carbon economy while ensuring reliable and affordable energy to our customers.
- Participate with non-governmental organizations, industry trade groups, think-tanks and other organizations to achieve attainable and meaningful carbon reductions and advancement of a low-carbon economy.
- Engage in and share research that may further reduce carbon emissions associated with supplying electrical energy.