TRUTH VS. LIES: CLEARING UP THE THOMPSON & MYERS RECORD

Lie #1: Thompson & Myers Support the Green New Deal

Truth: Thompson and Myers began eliminating Green New Deal policies immediately upon taking office in 2023. Not only have Thompson and Myers stopped the Green New Deal in Arizona, they eliminated subsidies and put backstops in place to ensure Arizona ratepayers are protected from private development.

Lie #2: Thompson & Myers Don't Support President Trump's Energy Agenda

Truth: Thompson and Myers have worked with the White House and the National Energy Dominance Council, on matters like natural gas expansion, permitting and regulatory reform, and transforming outdated coal facilities like Cholla, to natural gas. Forcing Cholla to re-open as a coal plant would cost APS rates $1.9 Billion in additional costs!

Lie #3: Thompson & Myers Approved Automatic Rate Increases

Truth: We listened to voters when you asked us to find a way to smooth rate increases instead of all of us getting hit with a large rate spike every few years, which is why we passed a plan to allow the use of Formula Rates. Formula Rates are not automatic increases; instead, they allow utilities to charge actual costs and prevent over-earning. It spreads the rate increases out over a period of time rather than a large increase every few years, but the utility still has to go through a prudency test every year and ensure any new plant is used and useful before the formula rates are approved.

LIE #1: THOMPSON AND MYERS SUPPORT THE GREEN NEW DEAL

TRUTH: Thompson and Myers began eliminating Green New Deal policies immediately upon taking office in 2023. Thompson and Myers have introduced Free Market Principals into government and it's working. Renewable generation projects being built today are not constructed or owned by utilities, but instead are privately funded. This reduces ratepayer risk by guaranteeing lowest costs and not leaving ratepayers on the hook when renewable generation doesn't produce.

Not only have Thompson and Myers stopped the Green New Deal in Arizona, they eliminated subsidies and put backstops in place to ensure Arizona ratepayers are protected from private development. They have eliminated cost shifts, required utilities to use an all-source RFP for the most reliable power at the lowest cost, and ensured that any power procured costs less than what the utility would produce it for otherwise.

Importantly, in early 2024, they did something that no other Republican Commissioner had done previously: they initiated the repeal of the Renewable Energy Standards and Tariffs (REST) and Energy Efficiency Rules. These Green New Deal mandates have cost Arizona ratepayers over $3B since they were put into place in 2001.

The principles that Thompson and Myers pushed for are working, as evidenced in the recent public announcement by APS that they are walking back a company commitment made years ago to be carbon neutral by 2050.

LIE #2: THOMPSON AND MYERS DON'T SUPPORT PRESIDENT TRUMP'S ENERGY AGENDA

TRUTH: Thompson and Myers have led the charge at the Commission for natural gas expansion. Working with the federal government on permitting and regulatory reform to drive the recent announcement of Transwestern Pipeline's expansion from the Permian Basin, and Kinder Morgan's development of a new compressor station to increase capacity into the north valley.

Additionally, Thompson and Myers have approved thousands of MWs of natural gas generation since they were sworn into office. Even overturning the previous Republican controlled Commission's denial of SRP's Coolidge Plant natural gas expansion.

They have worked directly with the White House, National Energy Dominance Council, Department of Energy, and the utilities to begin the conversion of outdated and expensive coal plants, including Cholla coal plant, to natural gas, extending the generating capacity and the life of the plants for another 20+ years. They are also participating in conversations about bringing in new nuclear technology.

With no federal funding to offset costs, Thompson has worked extensively with both the White House and National Energy Dominance Council, saving APS ratepayers over $1.9 Billion by not forcing the restart of the shuttered Cholla coal plant, which was required to close as a result of Obama era EPA policies. The extra $1.9 Billion in costs would have gone to things like deferred maintenance, new coal contracts, and the installation of mandated emission and pollution control devices.

In 2023, Thompson and Myers co-sponsored an amendment that requires APS to replace any generation lost from the potential future closure of the Four Corners Power Plant with equally reliable and dispatchable generation, like natural gas.

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Myers spent countless hours working with the Federal Energy Regulatory Commission to amend Rules that would have had a negative impact on Arizona's ratepayers, like Rule 1920, and the repeal of Rule 871 to significantly reduce the timeframe to obtain natural gas permits through the federal government.

Most recently, Thompson and Myers were able to engage their colleagues to join a 19 state coalition of Attorney General's to push back against Blackrock Investments' strategy to invest in Arizona utilities and subsequently push for ESG/DEI policies on the utilities they invest in. Arizona was the only Commission in the United States to join the lawsuit.

LIE #3: THOMPSON AND MYERS APPROVED AUTOMATIC RATE INCREASES

TRUTH: We listened to voters when you asked us to find a way to smooth rate increases instead of all of us getting hit with a large rate spike every few years, which is why we passed a plan to allow the use of Formula Rates. Formula Rates have been used by FERC since the 1960's, and have been in place for some time in several Republican held states like Florida, Louisiana, North Dakota, and Texas.

Formula Rates **are not** automatic increases; instead, they allow utilities to charge actual costs and prevent over-earning. It spreads the rate increases out over a period of time rather than a large increase every few years, but the utility still has to go through a prudency test every year and ensure any new plant is used and useful before the formula rates are approved. The expenses will still be scrutinized by RUCO, ACC Staff, the public, and by the Commissioners.

Besides allowing for gradualism, it also makes the process MUCH more transparent and accessible to the general public. No longer will a member of the public have to get a lawyer and intervene in the rate case just to get the data that is used in making the rates. They now simply follow the process on the website.

Additionally, formula rates actually save the customers money. When the utility holds on to debt that its customers owe, that debt is allowed to accrue interest (think of the utility as a credit card). The longer it takes to pay it back, the more interest is accruing on hundreds of millions of dollars! Now, by smoothing out the rate increases, it also reduces the interest owed to the utility.

EXPERIENCE MATTERS

The Arizona Constitution Title 15 requires that the Commission shall prescribe just and reasonable rates and charges to be made and collected by public service corporations for

services rendered. That allows Arizona‘s regulated utilities to recover their costs through rate making. Denying a utility’s ability to recover prudently incurred costs that have improved our grid would be a direct violation of the Arizona Constitution.

Fuel (natural gas and coal), poles, wires, pipes, employees, and even inflation all goes into the costs, along with attorney fees. The typical process for ratemaking takes nearly 18 months, so the money the utility spent nearly two years ago or more, is a big composition of our rates.

Additionally, Myers and Thompson have worked tirelessly to reduce Arizona’s regulatory lag and improve our regulatory ranking, which previously sat last in the nation. By moving Arizona to the middle of the pack, Arizona’s utilities have access to cheaper capital, saving ratepayers money. Think of it like a credit rating; the worse your rating, the higher your interest rate.

Finally, Arizona is now playing an important role in policy at the national and Federal level as Arizona electric utilities explore the day-ahead energy market. Both Thompson and Myers are actively participating to ensure both Arizona’s electric grid and Arizona’s consumers are protected as the process moves forward.

To learn more about Kevin and Nick, visit their websites at:

https://thompsonforcorpcomm.com/

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