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November 29, 2017

The Honorable Tim Walberg  
U.S. House of Representatives  
2436 Rayburn House Office Building  
Washington, DC 20515

Dear Congressman Walberg:

We strongly support the PURPA Modernization Act of 2017 (HR 4476). This legislation will make necessary reforms to our nation's energy policy enabling electric utilities to meet our customers' needs in an evolving marketplace.

APS is Arizona's largest and longest serving electric utility. We provide service to about half of all Arizonans through a diverse generation fleet with more than 6,200 MW of capacity, about 50% of which is carbon free.

The PURPA mandate to purchase energy from Qualifying Facilities (QFs) is no longer necessary. The original purpose of PURPA was to spur the creation of a market for independent generators and renewable energy resources. These key drivers have been satisfied by a combination of technology advancements and regulatory and market conditions. Low costs and state renewable mandates eliminate the need for PURPA's must take approach to renewable energy projects.

The current approach embedded in the PURPA continues to exacerbate operational challenges and drive up costs for our customers. The "duck curve" is a resource challenge in the Western United States and is becoming more prevalent in Arizona where large amounts of solar generation produce more energy than is needed midday. Those same solar resources are not available when Arizona electric consumers need energy the most during the early evening hours. As a result, there is a need to have more flexible resources available that can quickly be brought on-line to meet the energy needs in those early evening hours and ensure a reliable system.



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As we add more renewable resources in Arizona, it must be done in a coordinated manner through careful planning. PURPA inhibits this process. State regulations require APS to plan for future generation resources through a comprehensive and transparent planning process known as an Integrated Resource Plan (IRP). APS's IRP shows the need for flexible and dispatchable resources not must take renewable energy resources mandated by PURPA. APS also uses a competitive solicitation process into which QF developers can bid. This results in an efficient and reliable resource mix at a lower cost for our customers.

The PURPA Modernization Act improves the existing process in ways that can help to reduce costs for our customers and ensure resource decisions are consistent with our customers' needs. One example of this is a provision that expands the flexibility of state utility commissions to suspend the mandatory purchase requirement in the following situations: when an electric utility does not need additional QF power to meet customer's needs or if a utility participates in long-term integrated resource planning combined with a competitive procurement process. Both of these provisions ensure that resources acquired through the PURPA process are needed by our customers and are acquired at the lowest possible price.

PURPA reform is long over-due and we applaud your efforts to make these necessary reforms to benefit electric consumers. This legislation will clear the way for utilities to better respond to customers' needs and a changing market place.

Sincerely,

A handwritten signature in cursive script that reads "Barbara Lockwood".

Barbara Lockwood  
Vice President of Regulation

cc: The Honorable Greg Walden  
Chairman, House Energy and Commerce Committee

Robbie S. Aiken  
Vice President, Federal Affairs, Pinnacle West Capital Corporation/Arizona Public  
Service