



## ARIZONA CORPORATION COMMISSION

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Jeffrey Guldner, President  
Arizona Public Service Company  
400 N 5TH ST, MS 8602  
Phoenix, AZ 85004

IN THE MATTER OF THE COMMISSION'S INVESTIGATION INTO THE POLITICAL SPENDING OF ARIZONA PUBLIC SERVICE COMPANY AND ITS AFFILIATES, INCLUDING PINNACLE WEST CAPITAL CORPORATION. (DOCKET NO. E-01345A-19-0043)

Mr. Guldner,

I appreciate your recent sentiments expressing regret over Arizona Public Service's conduct in the last roughly 10-year period. Regaining trust can only occur through action over multiple years and by offering maximal transparency. This letter recommends steps APS could take and asks questions necessary for understanding if genuine change is occurring. I plan to ask these questions annually to gauge progress.

An electric utility with a captured customer base within a government-protected monopoly should focus on delivering safe, reliable, and affordable electricity, and accelerating the clean energy transition. Instead, what I still see in APS today is a political organization, focused on entrenching itself into the power structures of the state for its own benefit, sometimes at the expense of the public.

Below I list steps which would dramatically improve how I view your organization, and I believe in doing so, in the long run help your company achieve its financial goals.

I expect all questions addressed to APS be interpreted as a question posed to both APS, Pinnacle West Capital Corporation, and any such affiliated entity. You can respond to many of the suggested steps below by stating dollars spent on political pursuits are sourced through shareholder profits, not ratepayers. However please know this will hold little weight, as the corporate benefits in putting influential groups and individuals on your payroll is clear and there is only one ultimate source of your dollars, your customer base. I also ask you to consider the message sent when a company so freely spend excess profits on extracurricular influence-building activity, and then subsequently attempts to convince regulators of a dire need for rate increases. I welcome any response you wish to give to these steps; however, they are largely meant to communicate what I would be looking for in an APS which has truly changed:

1. First, it is important to acknowledge a step you have already taken, your commitment to no longer engage in the election of your own regulators at the Commission. I hope you

have closely examined the culture well-reported in the media, which led APS leadership to believe these actions appropriate.

2. APS could make a similar commitment to not engage in initiatives, referendum, or ballot measures of any kind.
3. APS could make a similar commitment to cease other political campaign donations.
4. APS could cease or significantly curtail its expansive philanthropic giving.
5. APS could cease or significantly curtail its expansive lobbying operation.
6. APS could reposition or eliminate positions dedicated to political influence-building, with titles that today include “Corporate Giving Specialist,” “Program Manager, Strategic Partnerships,” “Public Affairs Manager,” and “Manager, Community and Economic Development.” These positions appear to have very little relation to the safe and reliable delivery of electricity, while they relate directly to a corporate strategy of political influence-building.
7. APS could commit to not hiring in any capacity, including for consulting/lobbying work, any former Arizona Corporation Commissioner, for the same reason stated above.
8. Considering you have no customers to lose or gain within a monopoly system, APS could cease all advertisement which is not directly related to safety and customer programs.

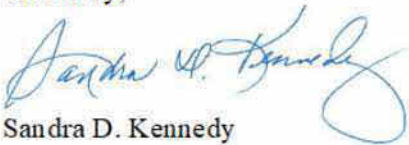
**Questions/Requests** (as stated above, questions referencing “APS” extend to Pinnacle West, and all other affiliated entities such as the APS Foundation)

1. Please provide the Commission with the total number of former Commission Staff and Commissioners that APS has retained in any capacity, including consultants or contractors in the past five years.
2. Please provide a comprehensive list of “outside lobbying expenses” for calendar years 2019, 2020, and 2021 in the same format APS provided in its June 17, 2019 response to a Commissioner Kennedy letter, filed in Docket No. E-01345A-19-0005 by Barbara Lockwood, except detail for each individual expenditure whether it was included in rates.
3. Please provide a comprehensive list of “advertising and marketing expenses” for calendar years 2019, 2020, and 2021, in the same format APS provided in the APS filing mentioned above, except detail for each individual expenditure whether it was included in rates. In the “Purpose” column, provide a more detailed explanation of the reason behind the marketing campaign. Non-detailed responses such as “general marketing,” “media placement,” or “creation of advertising materials” are not acceptable.

4. Please provide a comprehensive list of “501(c)(3) and 501(c)(4) expenditures” for calendar years 2019, 2020, and 2021, in the same format provided in the same APS filing mentioned above, except detail for each individual expenditure whether it was included in rates.
5. Please provide a comprehensive list of “Corporate Giving” also referenced as “Charitable Donations” for calendar years 2019, 2020, and 2021 in the same format APS provided in its May 9, 2019 response to a Commissioner Kennedy letter, filed in Docket No. E-01345A-19-0005 by Barbara Lockwood, except detail for each individual expenditure whether it was included in rates. This should include details for the APS Foundation.
6. Please provide information (see 4(b)) for or every APS employee or consultant with a job description related to the following:
  - a. Corporate Giving, Economic/Community Development, Public/Government /Policy/Regulatory Affairs, Communications, Strategic Partnerships.
  - b. Organize information for each employee/consultant applicable to 4(a) in a list as follows: **Column 1:** Employee/consultant identifier, this can be a number in no way associated with the individual, to protect privacy. Names should be excluded. **Column 2:** Job title. **Column 3:** Total employee/consultant compensation (all wages, salary, bonuses, incentives, etc.). APS may redact column 3 (employee compensation) in its response and provide this column un-redacted to qualifying recipients separately. **Column 4:** Percentage of employee/consultant compensation included in rates. **Column 5:** Short job description. One or two sentences is acceptable, more is welcomed if needed.

This letter provides clear steps I hope your Company will consider and is intended to be an attempt at a more productive dialogue. For the questions/information requests, please respond within 60 days.

Sincerely,



Sandra D. Kennedy  
Commissioner