

Pinnacle West and APS: Buying Politicians, Killing Solar in Sunny Arizona

ABOUT US

Arizona Advocacy Network is devoted to defending and deepening Arizona's commitment to democracy. Our vision is a truly representative political system in which all Arizonans make their voices heard. We believe the cornerstones of such a democracy are meaningful voting rights and access to the ballot, political decisions driven by voters instead of money, and a fair and independent judiciary. Learn more at www.azadvocacy.org.

EXECUTIVE SUMMARY/BULLET POINTS

Pinnacle West Profits and CEO Pay: Way Up

- APS profits: over \$2 billion in five years.
- Pinnacle West profits rose \$46 million in a single year, from \$442 million in 2016 to \$488 million in 2017.
- Shareholder returns are up 100.7% in five years.
- APS CEO Donald Brandt made \$15.2 million in 2017. As APS profits rise, Brandt's compensation increases. The CEO of a similarly sized utility in Arizona makes \$1.1 million per year.

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Pinnacle West Campaign and Dark Money Spending Way Up

- Pinnacle West 'invested' [\\$7 million](#) on the Arizona Corporation Commission (ACC) elections (2014 and 2016).
- APS spends heavily on campaigns, mostly dark money that doesn't require the disclosure of donors, despite a [three year effort to get APS to reveal the millions it spends to influence Arizona elections.](#)
- APS has spent [millions on its friend](#), current Arizona Governor Doug Ducey, who considers Brandt a "[great corporate citizen.](#)" Governor Ducey returned the [favor by signing a law meant to undermine any Prop. 127 victory and potentially subvert the will of the voters.](#)
- A local columnist wrote that APS CEO Brandt was "dancing in his corner office" when Ducey signed a 2016 [law to allow corporations even more secrecy](#) on campaign spending.
- As of [July 2018](#) Pinnacle West's PAC donated [\\$860,000 \(2018 election cycle\)](#) to legislators and groups that are fighting clean energy in Arizona.

Regulators Give APS Gets Big Increase In Rates...For Coal

- APS sought [two rate increases](#) over a two year period, one for [\\$95 million](#), and the other for [\\$67 million to pay for pollution controls at Four Corners](#), a 48 year old coal burner.
- Arizona ratepayers are going to spend [over \\$450 million on Four Corners – \\$57.1 million per year](#) – for electricity from one of the dirtiest coal plants in the Southwest.
- APS customer rates have increased, from [11.6 cents/kWh in 2015 to 12.16 cents/kWh](#) in 2017.
- APS' latest rate increase for \$95 million was supposed to cost ratepayers \$6 per month, but an expert hired by a citizen activist says the increase is actually [\\$16.59 per month](#).
- The numbers and regulatory proceedings are complex and confusing – purposefully. When [Germany instituted its clean energy rules](#), they were so simple that anyone could participate – and lots of people did. APS just keeps piling on the complexity, and making it harder and harder to go solar.

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BACKGROUND

If solar is abundant and cheap and the vast majority of [Arizonans want](#) more, why do [Massachusetts and Vermont generate more solar](#) electricity than Arizona? And if Arizona utilities love solar so much, why are they spending so much money fighting it?

The short answer is that the solar battle is a turf war. Arizona's electric utilities are cash cows, and they don't want solar to reduce sales and profits. However, utilities like APS can only keep the fat profits from their monopolies if politicians and regulators let them.

As a regulated utility, Arizona Public Service (APS) is under the authority of the Arizona Corporation Commission (ACC), which regulates most electric utilities in Arizona. However, unlike most states, regulators in AZ are *elected* rather than appointed (usually by the Governor). This is why Pinnacle West – APS' parent company – and other Arizona utilities – invest so heavily in the election process of this largely-unknown, rather boring group of five utility regulators.

While the rest of the U.S. moves forward on clean energy, APS has customers over a barrel to pay for coal for a long, long time – with total commitments to purchase [\\$2.7 billion worth of coal through 2031](#) via take-or-pay contracts. ("Take-or-pay" means that APS customers would pay for the coal whether they use it or not.)

When it comes to profits, APS punches [well above its weight](#). Far larger utilities in the country generate [lower profits](#) than APS. APS's profits increased [\\$46 million from 2016 to 2017](#) - from \$442 million to \$488 million – while shareholder returns increased 100% over five years. APS profits totalled [over \\$2 billion in five years](#).

APS also pays its CEO, Donald Brandt, far more than other CEOs who run larger utilities. Brandt earned [\\$15.2 million in 2017](#), plus [\\$14 million in pension benefits, and a \\$30 million 'golden parachute'](#) in case APS is bought by another company. Brandt's compensation is ten times more than [Salt River Project CEO Mark Bonsall](#), or ASU President [President Michael Crow](#), with multiple campuses, an online university, and 100,000 students.

Brandt's salary plus benefits are closer to the CEOs of the [largest utilities in the U.S.](#), such as Tom Fanning of Southern Company ([\\$15 million](#)), and he makes more than Xcel Energy CEO [Ben Fowke at \\$10 million](#), with a utility with has nearly triple the revenues.

APS is paying itself handsomely to keep solar down. Although total solar investment in AZ to date is [\\$8.2 billion](#), it could be much, much higher. Clean energy also means more jobs. A 2017 U.S. Department of Energy study showed that [solar provides 79 times more jobs than coal](#), and 78 times more jobs than natural gas for the same amount of power generated.

APS' Campaign Spending in Arizona

2018 Election Cycle

Pinnacle West has now spent over [\\$11 million](#) on Arizonans For Affordable Electricity, a group formed to kill the Clean Energy for a Healthy Arizona ballot initiative that would require regulated utilities to get 50% of electricity from clean sources by 2030. This is far higher than the current requirement of 15% by 2025, or Arizona's [current 6% solar generation](#).

APS also has a [\\$3.2 million kitty](#) for a group called Arizonans for Sustainable Energy Policy, which is set up to back certain APS-approved ACC candidates. The total for the two groups is a stunning [\\$14.2 million](#).

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APS' influence, however, could be slipping. Current Commissioner Tom Forese [lost the 2018](#) August ACC primary race, despite nearly [\\$600,000 in contributions](#), including [\\$450,000 of personal and family money](#). Forese was defeated by Republican Rodney Glassman, whose [\\$514,684 in contributions includes \\$100,000](#) of Glassman's own money.

Current ACC Commissioner Justin Olson, who voted against the APS rate hike, also beat Forese in the primary. Olson is no stranger to APS, however, [benefitting](#) from another dark money group associated with APS, the [Arizona Free Enterprise Club](#). Pinnacle West also donated [\\$4,700 to Olson's political campaigns from 2010 to 2016](#).

On October 5, 2018, Republican ACC candidates Glassman and Olson [came out against Prop 127](#), the ballot initiative requiring 50% clean energy by 2030. Democratic primary winner Kiana Sears, who [worked at the ACC for 6 years](#), has come out in favor of Prop 127.

Sandra Kennedy, who served on the Commission from 2009 to 2013, is currently a candidate for the ACC, and won the August 2018 Democratic primary. Kennedy has been targeted by APS in the past, and was defeated in her [2014 run with \\$1.3 million of dark money likely spent by APS](#).

Groups With Ties To APS Submit Arguments Against the Clean Energy Ballot Initiative

Many of the [groups that have received funding from APS also submitted arguments to the Arizona Secretary of State's voter publicity pamphlet against the clean energy ballot initiative](#). These groups include the Arizona Cattle Feeders Association (\$1.15 million from 2016 to 2017), the Arizona Chamber of Commerce (\$100,000 in 2016, APS executive Jessica Pacheco is on the board), the Arizona Hispanic Chamber of Commerce (\$250,000 in 2015 from the APS Foundation, APS executive is on the board), and others.

Many of the groups that have received funding from **APS** also submitted arguments to the Arizona Secretary of State's voter publicity pamphlet **AGAINST** the **clean energy ballot initiative**. 

These groups include:

- **Arizona Cattle Feeders Association** → **\$1.15 million from 2016 to 2017**
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- **And OTHERS**

APS is also working to undermine the 50% by 2030 ballot initiative by [getting Arizona cities and counties to pass resolutions against Prop 127](#) in apparent violation of state law. So far, Gila, Greenlee and Navajo County, as well as the towns of Snowflake, Pinetop-Lakeside and Chino have come out against the ballot measure. APS was not successful in Yuma County, as the County Attorney advised against APS' request, saying that it would violate state law. The applicable law, A.R.S. 11-410 (A), states that "a county shall not spend or use resources, including facilities, to influence the outcomes of elections," including supporting or opposing ballot measures. While debates on ballot propositions are allowed, a county taking a position is not.

APS-related groups are fighting hard against Prop 127. Arizonans for Affordable Electricity and Arizonans for Sustainable Energy Policy hired Veridus LLC, a PR and lobbying firm that employed former ACC Executive Director Ted Vogt's wife, Annie Vogt. Veridus LLC has now received [\\$179,068.18 from Arizonans for Affordable Electricity, and \\$55,000 from Arizonans for Sustainable Energy Policy](#). Arizonans for Affordable Electricity has spent a total of [\\$7,612,546.67](#) on Petition Partners, which made news when they offered [up to \\$7,500 in "signing bonuses"](#) to persons collecting signatures for the renewable energy initiative to quit, paying them to join Petition Partners, essentially a "bribe."

Separate from the corporate money, the Pinnacle West Capital Corporation PAC has given a total of [\\$863,700 to campaigns](#), PACs and political parties as of late August 2018.

2016 Election Cycle

In early 2016, a ballot initiative that would have guaranteed net metering at retail rates, and prevented utilities from adding “demand charges” for solar customers was effectively gutted by a bill introduced by [then-state Representative Debbie Lesko](#). Lesko’s ironically-named Solar For All Act would have allowed utilities to add extra fees, called ‘demand charges,’ to solar customers, thus making rooftop solar more expensive. Demand charges are usually only charged to commercial and industrial electricity customers, not residential customers. The bill also would have allowed small solar businesses to be overseen by the ACC, which would dramatically increase costs for small solar companies.

Echoing Lesko’s bill, [APS gave \\$4.1 million to the Market Freedom Alliance](#) in 2016, which used some of its funds to promote these added demand charges. Increased solar fees resulted in a 95% decline in solar installations after Salt River Project [added a \\$50 per month fee in 2015 for solar customers](#).

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Another target for APS money is a group that supports Debbie Lesko’s current congressional campaign. Although [AZ is 29% Hispanic](#), Pinnacle West contributed \$50,000 in February 2018 to Defend US PAC, an aggressively anti-immigrant PAC. Defend US PAC spent its entire piggy bank of [\\$208,466 on Lesko’s congressional bid](#).

In August 2018, [Lesko won](#) the District 8 Special Election held with help from [\\$702,685 in outside spending](#) – in addition to \$564,404 from inside the district. APS CEO Brandt and his wife put \$5,400 into the race, held to fill the seat of disgraced GOP AZ Congressman Trent Franks (who resigned after it was revealed he offered to [pay a staffer \\$5 million](#) to father his child).

Dark money groups spent \$460,982 opposing Lesko's opponent, Dr. Hiral Tipirneni. Lesko and Tipirneni will face off again in the November 2018 election for District 8.

2012-2014 Election Cycles

In 2013 the AZ Republic uncovered a 2009 plan by APS to influence ACC elections with dark money. [Lincoln Strategy Group wrote a plan](#) for The Institute for Energy Policy "at the request of APS" and employee Jessica Pacheco then went to work for APS, where she remains a top lobbyist. APS CEO Don Brandt said he has "little memory" of the plan.

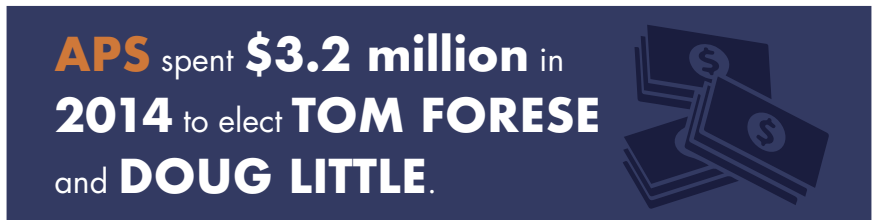
[APS spent \\$3.2 million in 2014 to elect Tom Forese and Doug Little.](#) The

funds were well-spent, as Commissioner Forese has been invaluable to APS:

granting rate increases and

helping to get rid of an investigation into APS' political spending. Forese was particularly helpful to APS in APS' dark money ventures. While Commissioner Bob Burns has tried for three years to get APS to disclose its dark money contributions, Forese has worked to "block [ACC Commissioner [Burns](#) at every turn."

Also in 2013, APS [spent \\$3.7 million to support a regulatory change that would have dramatically increased the monthly bill for solar customers](#) by an estimated \$50-100 per month, although the ACC ultimately approved a \$5.00/monthly bill increase for solar customers, far less than the [\\$50-\\$100 per month increase sought by APS](#). The same year (2013), utility trade group Edison Electric Institute spent [\\$520,000 in ten days on TV ads](#) against net metering and in support of APS' attack on distributed solar.



APS and the Arizona Corporation Commission (ACC)

What is the Arizona Corporation Commission (ACC) and Why Should I Care?

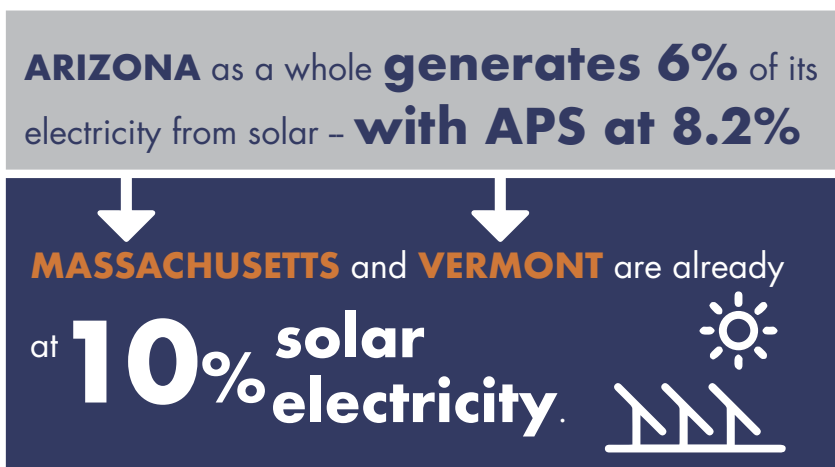
The Arizona Corporation Commission (ACC) was [established by Article 15](#) of the Arizona Constitution, and was designed to be a 4th branch of government. Only 6 other states have constitutionally created Commissions, and Arizona is one of only 13 states with elected Commissioners. The ACC is unique in that it shares characteristics with all three branches of government: Executive, Judicial and Legislative.

Commissioners are part of the Executive branch, make Judicial decisions, and act Legislatively by passing rules and regulations. The ACC is unique in the U.S. in that it also incorporates businesses (this is usually done by the Secretary of State), and oversees securities regulation and pipeline safety. The ACC also approves rate increases, and is responsible for determining just how much clean energy – mostly solar – Arizona utilities should generate. These regulators determine what kinds of power plants will be built, who will pay for them, and how much profit APS can make.

How Much Solar in Arizona, and in APS Territory?

Currently, [APS' in-state electricity mix](#) is 30-40% coal (the number is higher if exported coal electricity is included), 24% natural gas, 31% nuclear and 8.2% renewables. (The state of Arizona is [6% solar](#).) APS owns only 2% of the renewables, the rest is purchased from other producers. Although Arizona's renewable energy goal of 15% by 2025 was forward-looking when it was implemented in 2007-2008, Arizona is now behind many states, with [Massachusetts and Vermont generating over 10% of electricity](#) from renewables.

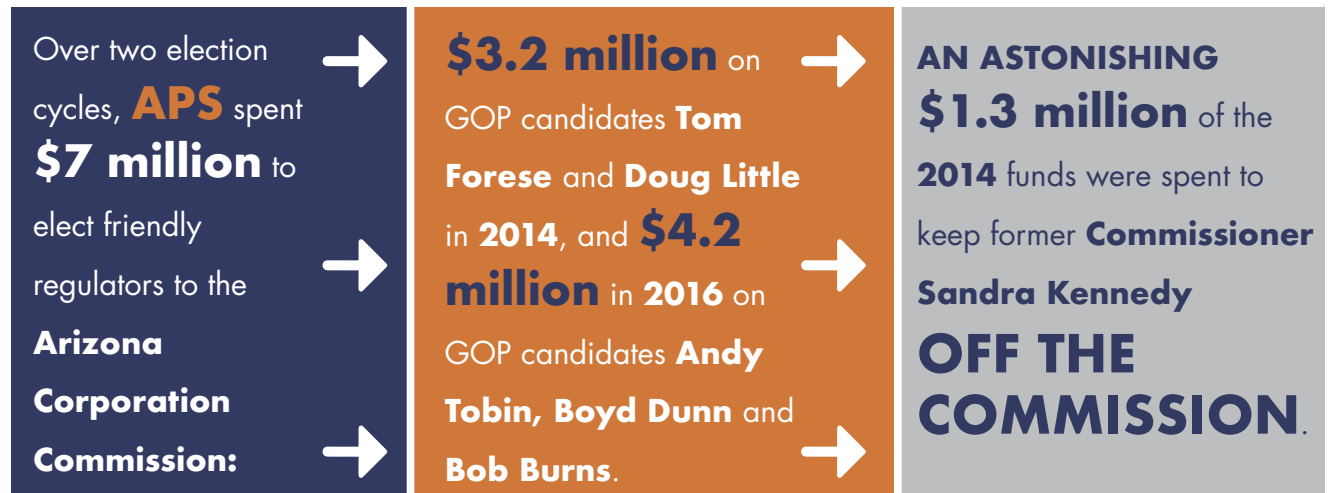
In other words, Arizona as a whole generates 6% of its electricity from solar – with APS at 8.2% – while Massachusetts and Vermont are already at 10% solar electricity. Arizona's current Renewable Energy Standard and Tariff, or REST, goal is 15% clean energy by 2025. APS is meeting the 2018 REST goal of 8% clean energy, but at today's low solar prices, 8% clean energy in such a sunny state is [low](#).



APS Spent Over \$7 Million on ACC Races in 2014 and 2016

The fact that the ACC is elected – only one of [13 states with elected rather than appointed regulators](#) – makes it particularly vulnerable to dark money spending, and to regulated utilities investing millions of dollars into ACC races. Arizona’s current commission, arguably bought and sold by APS, defines the term “Regulatory Capture.” Together, regulators and utilities have twisted Arizona electricity policy into the mess it is today.

Over two election cycles, APS spent \$7 million to elect friendly regulators to the Arizona Corporation Commission: [\\$3.2 million on GOP candidates Tom Forese and Doug Little in 2014](#), and [\\$4.2 million in 2016](#) on GOP candidates Andy Tobin, Boyd Dunn and Bob Burns. An [astonishing \\$1.3 million of the 2014 funds were spent to keep former Commissioner Sandra Kennedy](#) off the Commission.



Commissioner Bob Burns’ Three Year Struggle To Get Pinnacle West To Open Its Books

Over the past two-and-a-half years, Commissioner Bob Burns has asked APS and its parent, Pinnacle West, to open its books on dark money campaign spending. APS has refused, and is supported by the other four Commissioners, who refuse to ask APS a simple question: how much money have you invested in Arizona campaigns, and who is paying the tab? Is it ratepayers or shareholders?

In 2016, Commissioner Burns asked Arizona’s Attorney General whether he had the legal authority to force open APS’ books. [In 2016, in a 12-page Attorney General’s opinion, Attorney General Mark Brnovich agreed with Burns, despite having benefited from nearly \\$425,000 in campaign spending from APS.](#)

Two years later, in 2018, [the hearing on Commissioner Burns request for APS](#) to reveal its campaign spending took place.

During the hearing, Arizona Republic columnist Laurie Roberts wrote, [“If looks could kill, Burns would be dead.”](#) Roberts continued: “You’d think that now – given recent indictments in which a former commissioner is accused of accepting bribes – that commissioners would have bent over backward to show that they can’t be bought.”

Instead, [Commissioners Forese and Little each wrote letters arguing that APS has a First Amendment right](#) to spend on campaigns [without disclosing its involvement](#). To the contrary, even in its Citizens United decision the Supreme Court highlighted the need for disclosure of corporate campaign spending: “The First Amendment protects political speech; and disclosure permits citizens and shareholders to react to the speech of corporate entities in a proper way. This transparency enables the electorate to make informed decisions and give proper weight to different speakers and messages.”

Retired Arizona Supreme Court Justice Thomas Zlaket wrote a letter saying that the state Constitution [“clearly” allows the ACC to request or subpoena information](#) from APS and Pinnacle West, and that these disclosures would not violate free speech rights.

Current Commissioner Boyd Dunn, elected in 2016, has also helped to keep APS campaign spending secret. In mid-2017, Dunn submitted a 26-page proposed order [“designed to protect APS from Burns’s prying eyes.”](#)

While the ACC’s other four Commissioners – Tobin, Forese, Little and Dunn – voted to hire themselves [four attorneys to stop the investigation into APS’ dark money spending](#), the same four commissioners voted not to allow Burns a single attorney.

Burns lost in court, despite the court’s ruling that [he did have the authority](#) to subpoena APS CEO Donald Brandt. However, because Burns can’t get two other commissioners to enforce the subpoena, and the judge doesn’t have the authority to override a majority of the Commission, the investigation is at a standstill.

Unless Burns can get two new commissioners to help enforce the subpoena.

The result of this nearly three year saga is that APS-funded dark money groups like Save Our Future Now and the Arizona Free Enterprise Club do not have to disclose their donors because the Internal Revenue Service [\(IRS\) classifies them as “social welfare” organizations](#).

Social welfare for whom?

Commissioner Andy Tobin, Another Reliable Vote for APS

Current Commissioner Andy Tobin was appointed by Ducey to fill out the term of Commissioner Susan Bitter-Smith, who was forced to resign due to conflicts of interests since she was paid [\\$150,000 per year](#) to [run a cable TV association](#), in addition to her \$80,000 per year ACC salary.

Tobin is no stranger to conflicts himself, trying to raise [\\$332,000 to fund a Legislative Affairs Institute](#) to “educate” lawmakers, that would be housed at ASU. Via ASU Foundation, donors would be kept secret. Four-term Republican legislator and Gubernatorial Chief of Staff Chris Herstam was incredulous, stating that Tobin’s price tag “blew his mind.” Herstam pointed out that ASU’s Morrison Institute provides education for free for lawmakers.

Tobin’s ties to the ASU Foundation are also disturbing because in [2013 it accepted \\$181,000 from the APS Foundation](#), and then turned around and donated \$100,000 to a dark money group that worked to defeat pro-solar candidates. The ASU Foundation is chaired by Bill Post, the former CEO and Chairman of Pinnacle West.

When Tobin ran into a conflict because his relatives were employed by companies with business before the ACC, he was able to get a bill passed through the legislature loosening up those laws. Tobin needed the conflict laws weakened, or he [“wasn’t electable or appointable,”](#) according to Commission attorneys.



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Former Commissioner Stump Now Works for AZ Utilities

The revolving door just keeps spinning, as former Commissioner Bob Stump is [now working](#) for the utilities he used to regulate, including investor-owned utilities like APS and cooperatives. Stump achieved infamy just before the 2014 election, when he sent 13,000 text messages to dark money group the Arizona Free Enterprise Club, GOP candidates, APS executives and others. Nearly 80% of Arizona [voters polled wanted the text messages released](#), but very few were released. Stump [deleted the messages and destroyed the phone](#).

In 2012, Commissioner [Stump voted for trash-burning to count as “clean” energy](#), despite its high cost – nearly 4 times more expensive than solar, even in 2012 – and risk. An estimated 30 to 40% of the matter burned would be highly-polluting plastic, and the plant would be located in Phoenix, which already has horrible air quality. The group behind the trash-burner, Reclamation Power Group, is run by Ron Blendu, brother to [AZ legislator Robert Blendu](#), who served in the legislature with three of the ACC Commissioners.

Commissioner Stump’s Policy Advisor, [Amanda Ho](#), went directly from [ACC employment](#) to work for APS, where she currently is a Director of State Regulatory Affairs.

2016: APS Lobbyist Jim Norton and ACC Commissioner Gary Pierce Indicted

In 2012, an aide to Commissioner Gary Pierce revealed that Pierce had [helped a political operative and friend, Ron Ludders](#) of the Conservative Business League, steer money that target Democratic candidates and then-Commissioners Paul Newman and Sandra Kennedy.

In early 2015, a [former aide of six years to Gary Pierce](#) blew the whistle on multiple allegations, including 14 secret lunch or dinner meetings with APS CEO Don Brandt, 7 of which took place during rate case proceedings, a regulatory no-no. The aide said he knew about these meetings because he set them up.

Attorney General (AG) Mark Brnovich was supposed to investigate, but with [APS spending](#) large sums in support of Brnovich's campaign, the AG's investigation had obvious conflicts.

In mid-2016, Commissioner Gary Pierce and APS lobbyist Jim Norton were named in an [eight-count indictment handed down in May 2017](#), alleging that Norton acted as a conduit between Pierce and his wife, and water utility owner George Johnson. The charges allege that Pierce was paid \$31,000 by Johnson, in exchange for votes that increased Johnson's profits. The \$31,000 was paid to Pierce's wife, Sherry, for political work. The indictment also included a plan for Pierce to buy a \$350,000 parcel of land with funds from Johnson.

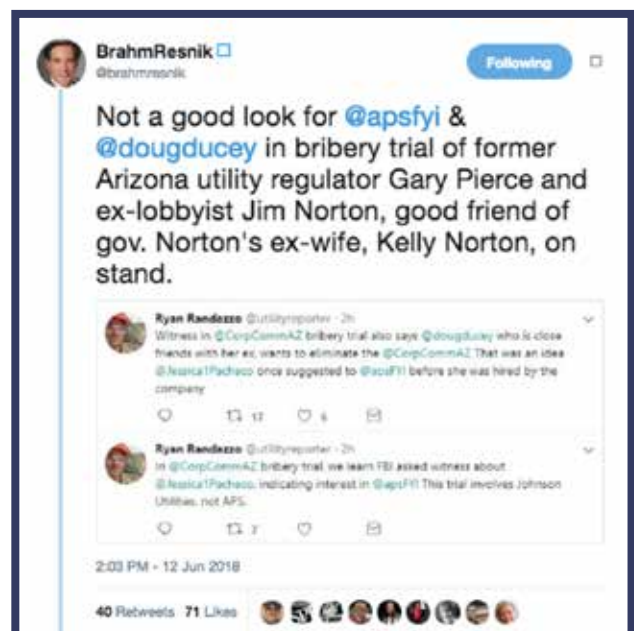
According to the indictment, the payments to Sherry Pierce were to ["conceal the direct payment of funds" by Johnson to Gary Pierce](#). According to the U.S. Attorney's office, it "stumbled" across the bribery case while working on a ["much larger and more intensive investigation."](#)

In 2016, the FBI confirmed its ["long-term investigation related to the financing of certain statewide races in the 2014 election cycle,"](#) contacting Pierce, the ACC and Pinnacle West. We still don't know what the FBI is investigating.

The indictments shook up Arizona's GOP political elite, as Norton's lobbying firm, Axiom Public

WEB OF CONNECTIONS

2016: APS Lobbyist JIM NORTON and ACC Commissioner GARY PIERCE Indicted



Affairs, was a powerful player at the state legislature, and Norton is a [longtime personal friend](#) of Governor Doug Ducey, and helped U.S. Rep. Andy Biggs with his campaign in 2016. Following the indictment, Axiom clients APS, Raytheon and the Arizona Chamber of Commerce cut ties with Axiom.

[Norton has worked with Sean Noble](#), a well-known political operative who distributed millions in dark money to assist Ducey's 2014 bid for Governor. Noble, along with former Arizona State House Speaker Kirk Adams – now Ducey's Chief of Staff – ran two AZ-based dark money groups associated with the Koch brothers' conservative network. Ducey has benefitted from [millions of dollars of Koch Brothers spending](#) over the the past four years.

As the [trial for fraud and bribery began in June 2018](#), the "unindicted co-conspirator" was unveiled as Kelly Norton, Jim Norton's ex-wife. In 2015, when she was approached by FBI agents, Kelly was the Executive Director of the Arizona Mining Association. She decided to cooperate with the bribery investigation [to stay out of prison](#).



Jim Norton's PR representative [during the trial was Matt Benson](#) from Veridus LLC, the same group fighting the Clean Energy for a Healthy Arizona.

What were some of the goodies, besides rate hikes and keeping its books secret, that APS was able to get from Gary Pierce? Besides many anti-solar votes, Pierce [shelved an ACC discussion on deregulation](#), which would have been a direct threat to APS' monopoly. With the possibility of [deregulation](#) looming in Nevada, the threat to APS is real.

George Johnson of Johnson Utilities is still in the news, as the ACC slapped a [\\$600,000 fine](#) on the company in August 2018, and is threatening to shut it down. [Customers are complaining](#) that water taps are running dry, and noxious fumes are coming from overflowing sewers.

Did ACC Commissioner Gary Pierce's Son, Justin, Get In On The APS Action?

Gary Pierce's son, Justin, was the [beneficiary of a jaw-dropping \\$752,000](#) spent by the Arizona Free Enterprise Club, widely believed to be a front for APS. The funds were spent on Justin Pierce's unsuccessful run for AZ Secretary of State.

Why would APS fund a race for Secretary of State? In Arizona, the Secretary of State becomes Governor if the current Governor leaves – as happened when former AZ Governor Janet Napolitano went to work for the Obama administration and Jan Brewer became Governor. The Secretary of State also enforces – or not – campaign finance laws.

ACC Executive Director Ted Vogt Forced To Resign

Ted Vogt was hired in January 2017 as Executive Director of the ACC. Vogt worked for Ducey in 2015, also U.S. Senator Jon Kyl (R-AZ), and former Vice President Dick Cheney. In July 2018, Vogt told the Commission that his wife, Annie Vogt, was working for Veridus, the lobbying firm that APS hired to fight the Clean Energy for a Healthy Arizona ballot initiative.

Arizona's law is very clear that anyone employed by the ACC cannot have an 'official relation' with a corporation subject to regulation by the ACC. In other words, the fox cannot guard the henhouse. In July 2018, Vogt [resigned](#).

APS Influence-Peddling and Elected Officials

Since 2013, [APS has spent over \\$5 million on federal lobbyists](#) – over \$550,000 for each of Arizona’s 9 congresspersons. Three Arizona congresspersons who have received significant [contributions from Pinnacle West](#) over their careers are U.S. Reps. Paul Gosar (\$57, 850), Debbie Lesko (\$57,536) and Andy Biggs (\$43,686). Debbie Lesko has only been a member of Congress for a few months.

APS and Governor Doug Ducey: Thick as Thieves

Ducey’s 2014 run for Governor revealed [\\$8 million spent](#) on Ducey’s behalf, mostly to bash Fred DuVal, his Democratic opponent. APS CEO Don Brandt was one of five people to serve on [Ducey’s 2014 inaugural committee](#).

July 2018 reporting for Ducey’s campaign for a second term as Governor showed total campaign contributions at [\\$4.16 million](#), including \$791,000 he raised in the most recent three months. Money transfers to the Republican Party to help Ducey and other party members are over \$1.5 million. The Republican Governors Association spent a mind-blowing [\\$9.2 million](#), mostly to discredit Ducey’s opponent, Democrat David Garcia.

In the 2018 election cycle, [APS is pouring money into Doug Ducey’s run](#) for a 2nd term as Governor, with PNW donating \$10,200 to Ducey for Governor, plus \$5,100 from CEO Donald Brandt, \$5,100 from his wife, Ginger, and another \$5,100 to a separate Ducey Victory Fund. As of August 2018, Brandt has given [\\$10,100 to Ducey’s Victory Fund](#).

Arizona Capitol Media’s Howard Fischer reports that PNW’s top officers and wives have sunk [\\$31,910 into Ducey’s campaign](#) for a second term.

Ducey’s campaign manager, [JT Twist, admits](#) that Ducey has multiple campaign committees because it allows funders to donate twice and not break campaign finance limits. Despite this admission, Twist insists that these funds do not “curry favor” with Ducey.

Another big help for Ducey was the [\\$100k in corporate funds Pinnacle West gave](#) the Republican Governors Association in 2018. The beauty of this donation for APS is that the RGA can then turn

Since 2013, **APS** has spent over **\$5 million** on **federal lobbyists** – over **\$550,000** for each of Arizona’s **9 congresspersons**.

↓ ↓

Three Arizona congresspersons who have received significant contributions from **PINNACLE WEST** over their careers are **U.S. Reps.**

- **PAUL GOSAR** → **\$57, 850**
- **DEBBIE LESKO** → **\$57,536**
- **ANDY BIGGS** → **\$43,686**



around and use the money to influence Ducey's campaign. (That's what the RGA did in 2014, putting \$5 million into campaign ads attacking Ducey's opponent, Fred DuVal. That \$5 million for the RGA was the "[single largest source of funding that secured 2014 Ducey's win.](#)") The Wall Street Journal called donations to the Republican Governors Association a "[modern finance loophole.](#)"

Ducey is being helped by indirect spending as well. The [Arizona Education Project](#), a 501(c)(3) funded by Pinnacle West, the AZ Chamber of Commerce and others, has spent [\\$1 million on TV ads](#) with a happy message about how great AZ's schools are, and parrot Ducey's talking points. An estimated [57,000 Arizona teachers](#) took to the streets in 2018, along with protests at the state capitol decrying Ducey's cuts to education. The group's spokesperson, Matt Benson, also runs other Pinnacle West-related campaigns, and insists that the group has nothing to do with the Ducey campaign.

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So how has APS benefited from its investment in Ducey?

In 2016, Ducey signed a bill to make it even easier for secret interests to buy Arizona's elections, allowing [unlimited amounts of dark money](#), with no way for voters to know who is selling the candidate.

Ducey [admitted](#) – after it was leaked out by Jim Norton's wife, Kelly Norton, during the fraud and bribery trial¹ for Commissioner Gary Pierce and Jim Norton – that he'd like to appoint the ACC, rather than keep the ACC an elected body. This would make Ducey even more valuable to APS.

In September 2018, Ducey [signed a law to undermine Prop 127](#) by allowing affected utilities to pay minimal fine against the ballot initiative requiring utilities to get 50% clean energy by 2030 (Prop 127). This means that if the regulated AZ utilities (APS, Tucson Electric Power, UNS) fail to hit clean energy goals, they would pay only a tiny fine. All of AZ's major utilities, including Salt River Project, are against the higher clean energy goal proposed by the initiative.

¹ See @BrahmResnick tweet from 12 June 2018 at 2:03pm: Kelly Norton states that Jessica Pacheco, now an APS lobbyist, suggested to her ex-husband, Jim Norton, that Ducey "eliminate" the Corporation Commission.

APS and Attorney General Mark Brnovich: Another Conflict of Interest?

As noted earlier, Brnovich benefitted from nearly \$425,000 in campaign spending from APS to the Republican Attorneys General Association (RAGA) in 2014, contributing to the **\$3 million** RAGA spent to defeat Democrat Felecia Rotellini in 2014.

APS gave another \$50,000 to Brnovich this election cycle.

More recently, Brnovich's office changed the ballot language for Prop 127, the Clean Energy for a Healthy Arizona ballot initiative that would increase clean energy in AZ to 50% by 2030, adding the phrase "irrespective of cost". Elections Director Eric Spencer called the addition "eyebrow-raising" as it was "exogenous" to the initiative language. Brnovich's office submitted the change the day before the ballots were printed, despite having the original language for over a week. "I'm sure you've calculated the legal and political risks of adding that," Spencer wrote.

APS has spent over \$11 million opposing the initiative so far.

APS and State Legislators: Handing Out Cash, Writing Bills

APS has 12 active state lobbyists in Arizona, while Pinnacle West has 9. Jessica Pacheco has been lobbying for APS since 2007, and also worked as a lobbyist for the anti-solar Arizona Chamber of Commerce.

Arizona state legislators who have carried water for APS – and been rewarded with donations – include Rep. Vince Leach (R-Tucson) and Sen. John Kavanagh (R-Scottsdale area). Both received money from Pinnacle West PAC, and from Veridus, a PR and lobbying firm fighting the clean energy ballot initiative.

Democratic state legislator Robert Meza counts APS as the top donor over his political career, and has been paid by groups that get funding from APS. The top two recipients of dark money were Sens. Catherine Miranda

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Democratic state legislator **ROBERT MEZA** counts **APS** as the **top donor** over his political career, and has been **paid by groups that get funding from APS**.

The **top two recipients of dark money** were Sens.

• **CATHERINE MIRANDA** → **\$88,000**
(D-Phoenix)

• **CARLYLE BEGAY** → **\$64,000**
(formerly a Democrat, now a Republican)

Both endorsed Ducey in 2014.

(D-Phoenix) at [\\$88,000](#), and [Carlyle Begay at \\$64,000](#) (formerly a Democrat, now a Republican). Both endorsed Ducey in 2014.

Meza also signed a [May 2016 letter](#), along with over 100 other elected officials, business leaders and non-profits, supporting a [rate case APS filed in June 2016](#) that would increase rates by a stunning \$3.6 billion - the vast majority for fossil fuel plants (coal and natural gas) and transmission lines. However, APS did not disclose to many of the signers that it had planned to submit this letter in the rate case docket, and a few legislators were upset to learn that they had signed it without understanding how the letter would be used.

Pinnacle West Profits Way Up Since Installing Utility-friendly Commissioners In 2012

In an industry that can generate enormous profits, Pinnacle West's returns are at the high end over the past five years – thanks to friendly regulators. Pinnacle West profits increased \$46 million in a single year, from \$442 million in 2016, to \$488.5 million in 2017, nearly 10%. Pinnacle West's market capitalization is also up, from \$7.1 billion in 2015 to \$9.5 billion in 2017. APS profits totalled a stunning over \$2 billion in five years.

Shareholders are laughing all the way to the bank, with returns up 100.7% in five years.

APS total assets also increased by the billions, from \$15 billion in 2015 to \$17 billion in 2017. A bigger asset base means APS can make more money – if regulators allow it.

Billions are spent each year to control pollution and dispose of toxic waste from coal and nuclear plants, as well as the \$1 billion or so APS spends every year to purchase fuel - which is mostly imported.

It's no surprise that Pinnacle West's stock price has soared since the 2012 election, when APS-friendly Commissioners took over the ACC, although scandals in 2017 and 2018 likely caused the stock to drop. (Chart below from <https://amigobulls.com/stocks/PNW/stockcharts>)



At a May 2016 shareholder meeting, Pinnacle West was able to beat back a proposal requiring the corporation to disclose contributions to nonprofit advocacy groups. The shareholder proposal would have required Pinnacle West to disclose contributions to nonprofit advocacy groups that can raise unlimited amounts of money in elections without identifying donors. The shareholder resolution earned 34.5% support, a strong showing in the face of management's disapproval and an increase from the same resolution in 2015, when it earned 30% support.

The proposal grew out of the bruising 2014 election for two open seats on the AZ Corporation Commission (ACC), when Save Our Future Now and the Arizona Free Enterprise Club spent \$2.3 million on ads and mailers against pro-solar candidates.

APS has funded other groups as well, including the 60-Plus Association in 2013, which openly opposed solar.

The bottom line is this: APS and Pinnacle West have pulled out all the stops to kill solar in Arizona. Whether it's dark money, spending at the local, state or federal level, working with other groups like Edison Electric Institute and Koch Brothers related operatives, APS clearly hates solar.

APS' manipulation of elections has paid big dividends, with shareholder returns and profits sky-high. Who loses? The rest of Arizona, as solar jobs decline, precious groundwater is wasted on 40 and 50 year old coal plants, billions are sent out of state to purchase natural gas, and the health and environmental damages from fossil fuels mount.

APS profits are based on "build more, earn more," which explains why APS doesn't like solar. As solar stalls in AZ, APS profits go up. Now that the cost of solar is down dramatically, APS' only way to control the narrative is to make sure they own the politicians who decide our future.