

Shareholders Seek Disclosure of APS's Political Spending

Laurie Roberts | April 23, 2015

Arizona Public Service's parent company has funneled campaign contributions to most of the state's leaders in 2014.

Coincidentally (I'm sure), most of the state's leaders have no interest in shining a light on dark money that is increasingly buying Arizona's elections.

It's widely believed that APS used dark money to purchase a pair of seats on the five-member Arizona Corporation Commission which regulates utilities -- and as importantly, that the utility quietly spent millions to defeat candidates who crossed them.

Coincidentally (I'm sure), not a single commissioner has thus far been willing to order APS to open its books so the public can see how the utility is spending ratepayer money.

So now come the shareholders. In May, a group of them will try to wrench open the blackout curtains that shield APS and its parent company, Pinnacle West Capital Corp., from prying eyes.

A pair of shareholder groups is proposing that APS be required to disclose its political activities. Their proposal is on the agenda for Pinnacle West's annual shareholder meeting on May 20.

A number of community leaders are rallying shareholders to support the proposal, dubbed Proposal 4 on the 2015 proxy statement.

"This is a publicly traded company and I don't believe that it is the will or the desire of thousands of blue-collar and no-collar shareholders to engage and to finance the kind of elections shenanigans and the purchasing of politicians that has gone on in the last election cycle," said the Rev. Jarrett Maupin, who says he's planning a 10-day fast before the shareholders' meeting.

Maupin, a civil rights activist, is the proud owner of seven shares of Pinnacle West stock. More importantly, he obtained funding to buy 6,000 additional shares and distributed them to members of the public, hoping they will attend next month's shareholder meeting and support Proposal 4.

The proposal would require Pinnacle West and its subsidiaries to disclose what it spends, directly and indirectly, on lobbying, which presumably is meant to include campaign contributions funneled to dark-money groups such as the Arizona Free Enterprise Club and Save Our Future Now.

It also wants the utility to disclose its payments "to any tax-exempt organization that writes and endorses model legislation." (read: the American Legislative Exchange Council, whose ideas on such things as taxation, illegal immigration and environmental regulation so often end up as Arizona law.)



Pinnacle West Capital Corp. and its employees were the largest non-party contributors to federal candidates in Arizona in the last election cycle, giving \$187,783 to House and Senate candidates in the 2014 midterm election cycle. (Photo: Arizona Public Service Co.)

The shareholders' proposal was written by **As You Sow**, a California-based non-profit that "promotes environmental and social corporate responsibility through shareholder advocacy." **As You Sow** is representing Calvert Investment Management and First Affirmative Financial Network, which together own 2227 shares of Pinnacle West.

Calvert's spokeswoman, Melinda Lovins, told me the investment group is seeking public disclosure of Pinnacle West's lobbying activities "to assess whether these undertakings comport with the long term best interests of the company, its shareholders, and its stakeholders."

The proposal has become a rallying point for some local community and political leaders, concerned about the influence of dark money in Arizona politics.

"We're trying to go after it the only way we know how," said Rep. Ken Clark, D-Phoenix, who sponsored a dark-money disclosure bill in the Arizona Legislature this year, one of several that was never heard. "I feel like as a legislator I tried to put amendments on bills, I tried to run bills, a number of us did. Frankly when Pinnacle West has such influence at the Capitol, it wasn't going anywhere."

I'm not overly optimistic that this shareholder plan will go anywhere either, though it seems eminently reasonable that shareholders would want to get a look-see at how their company is operating.

For one thing, the proposal doesn't specifically request an accounting of APS's dark-money campaign contributions funneled through non-profits like the Arizona Free Enterprise Club.

For another, while the shareholder vote will be binding, there are 111 million shares of Pinnacle West stock. I'm guessing many of them are held by people and interests more aligned with making big profits than with making sure that Arizona voters can see who is trying to influence their vote.

Who, for example, may be trying to choose who sits on the commission that determines the size of your electricity bill.

The Pinnacle West Board of Directors unanimously voted to oppose the Proposal 4, saying the proposal "is unnecessary and would not provide any meaningful benefit to shareholders."

"The company discloses all political contributions as required by law," it noted.

Which is, of course, likely the point of all those publicly disclosed campaign contributions Pinnacle West and its employees made last year -- to 76 of the Legislature's 90 members and to a vast array of other state and federal officials.

To make sure that current law stands and that no one can see those other campaign contributions that APS/Pinnacle West is widely believed to be making.

Two dark-money groups spent nearly \$3 million last year to make sure that Doug Little and Tom Forese got onto the Corporation Commission.

I continue to wonder: Why is that?