



WHEREAS:

- Corporate lobbying exposes our company to risks that could adversely affect the company's stated goals, objectives, and ultimately shareholder value, and
- Shareholders rely on the information provided by the company to evaluate its goals and objectives. Shareholders seek disclosure of our company's lobbying activities to assess whether these undertakings comport with the long term best interests of the company, its shareholders, and its stakeholders.

THEREFORE BE IT RESOLVED:

The shareowners of Pinnacle West Capital request the Board authorize the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Pinnacle West Capital or its subsidiaries used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Pinnacle West Capital membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of the decision making process and oversight by management and the Board for making payments described in sections 2 and 3 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Pinnacle West Capital is a member. Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Pinnacle West Capital's website.

SUPPORTING STATEMENT:

Shareholders encourage transparency and accountability in the use of staff time and corporate funds to influence legislation and regulation, directly and indirectly. Pinnacle West Capital does not comprehensively disclose its trade association memberships, nor payments to special interest groups on its website. Absent a system of accountability, company assets could be used for objectives contrary to the long term interests of the company.

Pinnacle West Capital spent approximately \$800,000 on federal lobbying in 2013. (opensecrets.org) This figure excludes spending on memberships or contributions to organizations that write and endorse model legislation, such as the American Legislative Exchange Council (ALEC), where Pinnacle West Capital serves on the Energy, Environment and Agriculture Task Force. It also excludes contributions to trade groups such as the Edison Electric Institute, where Pinnacle Capital West is a member. Additionally, in 2013 Pinnacle West Capital's subsidiary Arizona Public Service donated \$4 million to nonprofits that executed an anti-renewable power advertising campaign which created national controversy. (Berman, "Why the Dark Money Debate Matters", AZCentral.com, April 5, 2014)

We encourage our Board to require comprehensive disclosure related to direct, indirect and grassroots lobbying.