Defeating Proposition 127

2019 Edison Electric Institute Advocacy Excellence Award Nomination Arizona Public Service
Executive Summary

On February 20, 2018, a political committee funded by California billionaire Tom Steyer named Clean Energy for a Healthy Arizona submitted an initiative application with Arizona’s Secretary of State. The initiative sought to impose a 50 percent renewable energy mandate on public service corporations by 2030, and cement this mandate in Arizona’s Constitution. In order for the proposition to appear on Arizona’s general election ballot, Clean Energy for a Healthy Arizona was required to submit 225,963 valid petition signatures to the Secretary of State’s office by July 5.

Arizona Public Service (APS), Arizona’s largest and longest-serving electric company, quickly identified this initiative as one that could have a long-lasting negative impact on Arizona’s residents, its schools and its economy. The company helped form and provided extensive support to interest group Arizonans for Affordable Electricity, which became a steady and influential voice in opposing the initiative. Despite the efforts of APS and Arizonans for Affordable Electricity throughout the spring and summer to educate Arizonans on the issue and dissuade them from signing the petition, on August 29 Proposition (Prop.) 127 was allowed on the ballot.

It was clear from early in the campaign that defeating Prop. 127 would be a difficult task. Initial public polling indicated majority support for the initiative, as well as strong community sentiment in favor of renewable energy, especially solar power. The proposition campaign would be well funded, with Steyer and his NextGen Climate Action super PAC providing tens of millions of dollars for the cause.

Though the challenge was formidable, APS executives knew they had some advantages on their side:

- **A willing coalition of community leaders:** APS representatives met with hundreds of business and non-profit leaders, and elected officials to educate and activate them in the effort to defeat Prop. 127.
- **An engaged workforce:** Once informed about the initiative, APS employees and retirees took an active role in defeating the measure.
- **A good story to tell:** APS is a national leader in the adoption of clean energy resources. The company provides its customers with more than a gigawatt of solar, and has an energy mix—including the nation’s largest carbon-free power producer, the Palo Verde Generating Station—that is already 50 percent clean.

Ultimately, the extensive, coordinated effort by APS and Arizonans for Affordable Electricity to defeat Prop. 127 proved successful. On Election Day, 69 percent of voters opposed the measure—a nearly unprecedented defeat for Clean Energy for a Healthy Arizona, but a big win for Arizona and its electricity consumers.

- **The facts:** APS’s research and independent studies showed the massive infrastructure investments required by the Prop. 127 mandates would be crippling for Arizona residents, businesses, schools, non-profits and municipalities. To make matters worse, studies indicated the initiative would have no positive impact on the state’s air quality.
On the surface, Prop. 127 likely appeared to some Arizonans to be a positive step forward for the state’s environment. Clean Energy for a Healthy Arizona spent heavily, marketing the measure as a way to reduce Arizona’s air pollution, lower energy costs and create thousands of clean energy jobs.

These claims were wildly inaccurate. Independent consumer advocates estimated the massive infrastructure investments needed to meet the Prop. 127 mandates would increase the average energy consumer’s energy costs $1,000 annually. An Arizona State University study showed Prop. 127’s energy cost increases would also impact the state’s businesses, municipalities and schools, doing long-term harm to the state’s economy.

Prop. 127’s mandates excluded carbon-free nuclear power, and would therefore threaten the viability of the Palo Verde Generating Station—the country’s largest clean energy resource, one of Arizona’s largest employers and the state’s largest taxpayer. To make matters even worse, independent studies showed that nearly all of Arizona’s air pollution came from dust and auto emissions, which would not be improved through Prop. 127’s mandates. The measure would do nothing to improve Arizona’s air quality.

While the facts were heavily on APS’s side, Clean Energy for a Healthy Arizona had the early momentum. A poll conducted in July showed 69 percent of Arizona voters supported the initiative. Then, in September, an article in the Arizona Republic quoted a board member from Salt River Project (Arizona’s second-largest electric utility) as saying their internal polling indicated “70 percent of our customers are inclined to vote for this initiative. My guess is this is going to pass.”

With roughly two months until Election Day, APS faced an uphill battle to help educate voters regarding the potentially devastating impacts of Prop. 127. Company executives knew that would require a broad, organized, cohesive and unrelenting effort.

On August 29, 2018, it was determined the ballot initiative pushed by a California-based group called Clean Energy for a Healthy Arizona would appear on the ballot in Arizona’s general election as Proposition 127. If passed, the proposition would change Arizona’s Constitution to mandate that 50 percent of the power provided by electric utilities like APS come from renewable sources. The proposition stated that the utilities must meet this mandate by 2030 irrespective of cost.
The Goal and Strategy

To accomplish its goal of defeating Prop. 127, APS engaged a multi-faceted strategy that comprised comprehensive external and internal communications; targeted engagement with stakeholders across Arizona to build a broad, bipartisan coalition against the initiative; and grassroots advocacy efforts spurred by the company’s employees and active APS retirees.

APS CREATED MESSAGING FOCUSED ON THESE POINTS:

• Prop. 127 would send electric bills sky high
• Prop. 127 would put the brakes on Arizona’s economic growth and reduce the money going to Arizona’s classrooms
• Prop. 127 could force the closure of several operational power plants, including putting the Palo Verde Generating Station’s future at risk
• These mandates would be cemented in Arizona’s Constitution, making them very difficult to reverse
• In summary, Prop. 127 was bad for customers, bad for the economy and bad for Arizona

MEDIA/CUSTOMER OUTREACH

While Arizonans for Affordable Electricity was charged with waging the primary public campaign against Prop. 127, APS focused its external communications on its clean energy leadership. This approach was intended to limit APS’s presence in the political battle and reinforce positive stories about the company’s clean energy resources and programs. In addition, APS CEO Don Brandt penned an article for the September/October issue of EEI’s Electric Perspectives magazine. The article focused on collaboration and innovative thinking as primary building blocks for Arizona’s clean energy future.

The company also developed a multimedia advertising campaign, “Keeping Arizona On,” which featured the company’s extensive solar resources, industry-leading battery storage projects and Palo Verde. APS’s social media channels (Twitter, Facebook, Instagram and LinkedIn) also increased their promotion of the company’s clean energy leadership.
BUILDING A BIPARTISAN COALITION

Over time, APS has built extensive, trusted relationships with policymakers, community leaders and other stakeholders across the state. Those relationships proved vital in educating stakeholders and their constituents, and encouraging them to oppose Prop. 127.

The results of their efforts were significant: more than 400 local and statewide elected officials, organizations and business and community leaders joined the coalition opposing Prop. 127. To help educate key stakeholders, CEO Don Brandt sent a letter to 1,800 community and business leaders across the state. The letter explained in detail APS’s opposition to Prop. 127 and encouraged the leaders to speak out and vote no on the initiative.

INTERNAL EDUCATION AND ADVOCACY

APS’s 6,300 employees and hundreds of active retirees were crucial in the effort to defeat Prop. 127. The key messages and themes were delivered to employees via a steady stream of internal articles, videos, executive blog posts and infographics, as well as through face-to-face conversations with company leadership.

Employees and retirees were encouraged to share this knowledge with their friends, families and social media networks. To help employees feel more confident in these interactions, the company held message training sessions during which employees could receive expert guidance on how to have respectful, persuasive conversations on the topic. Employees were also provided customizable letters they could share or post on their social media channels.

Once motivated and armed with talking points, APS personnel took an active role in defeating Prop. 127. Employees distributed 20,000 “No on 127” yard signs, 15,000 stickers and livened up tailgate parties by handing out 2,000 foam footballs. In an early October entry to his executive blog, CEO Don Brandt praised the advocacy efforts of APS employees and urged them to keep warning others about Prop. 127.

“I’ve seen ‘No on 127’ signs and stickers popping up all across the state. I’ve also heard countless stories of APS employees using social media and face-to-face conversations to share the facts about this seriously flawed initiative. We haven’t reached the finish line yet. The opposition still has plenty of money to throw behind this effort to cement California-style mandates in the Arizona constitution. We need to keep fighting,” Brandt wrote.
Mediums and Methods

APS’s effort to create educated, engaged and active advocates to help defeat Prop. 127 was thorough and widespread. To effectively reach its varied audiences, the company used several mediums and methods.

**EXTERNAL ENGAGEMENT/ADVERTISING**
- Meetings with non-profit and business leaders
- Meetings with political representatives and candidates
- CEO letter to community leaders
- “Keeping Arizona On” ad campaign promoting APS’s current and future clean energy efforts
- Social media content promoting clean energy by featuring APS programs and employees

**EMPLOYEE/RETIREE ENGAGEMENT**
- “No on 127” signs, flyers, stickers and promotional items
- Articles, fact sheets, key messages, infographics and videos delivered through the company intranet, employee app and digital signage
- Executive blog posts
- Customizable letters and emails to send to social circles
- Presentations at employee and retiree meetings
- Message training sessions

**MEDIA OUTREACH**
- Guest editorials from CEO Don Brandt and other executives in local newspapers
- Promotion of stories about APS’s clean energy leadership
- Placement of stories about Prop. 127’s impact on APS’s resource planning and energy costs
- Promotion of stories about the Palo Verde Generating Station—the nation’s largest clean energy resource
- Don Brandt article in Sept./Oct. edition of EEI’s Electric Perspectives magazine
The Outcome

As Election Day neared, APS management was becoming increasingly confident that public opinion regarding Prop. 127 was shifting in their favor. In an October poll, nearly 47 percent of likely voters said they would vote against the measure, while 33.6 percent said they would vote yes. However, recent elections had proven that polling data can be unreliable and voter opinions could change on Election Day.

While the contentious Prop. 127 campaign contained its share of drama, Election Day ultimately did not. Prop. 127 lost and lost big. Arizona voters strongly rejected the measure, with 69 percent voting no and 31 percent voting yes. At APS, the resounding defeat of Prop. 127 was especially satisfying because there was little doubt the advocacy efforts of its employees and retirees had influenced the outcome.

On the day after Election Day, in a congratulatory video message broadcast to all employees via his blog, CEO Don Brandt said, “We couldn’t have done it without each and every one of you ... Now, it’s time to celebrate. It’s a great day in Arizona.”

While the fight over this particular proposition was over, APS’s ongoing efforts to deliver clean, reliable and affordable electricity to its 1.2 million customers continue. The company’s current energy mix is already 50 percent carbon free, including more than a gigawatt of solar. APS has also taken a leadership role in the development of energy storage technology which uses powerful batteries to make solar available after the sun sets.

We know Arizonans want a cleaner energy future, but it is clear they want to get there in ways that are intelligent, affordable and sustainable. We look forward to working with customers and other stakeholders to deliver a bright energy future for Arizona.
Collateral and Promotional Materials

APS employees helped spread awareness about the dangers of Prop. 127 by distributing signs, door hangers and other collateral provided by Arizonans for Affordable Electricity throughout the state.
Keeping Arizona On Ad Campaign

APS’s “Keeping Arizona On” campaign used a multi-media platform to educate Arizonans about the company’s current and future clean energy efforts.
Media Outreach

While Arizonans for Affordable Electricity engaged in the political battles over Prop. 127, the APS media relations team worked with local and national media to tell the story of APS’s clean energy leadership.

APS rolls out 3 new customer-sited storage and efficiency programs

Arizona’s nuclear plant is on the cutting edge of clean energy

Photo courtesy of Arizona Public Service. This bird’s-eye view of the Palo Verde Nuclear Generating Plant nuclear core shows some of its highly trained nuclear engineers at work.
The Coalition Against Prop. 127

APS’s Government Affairs, Community Affairs and Strategic Partnerships teams built a bipartisan coalition of more than 400 non-profits, elected officials, chambers of commerce and business leaders to oppose Prop. 127.
Employee Communication Efforts

APS used a variety of internal vehicles and strategies to educate and engage its employees and retirees in the battle against Prop. 127.
Employee Advocacy

Once motivated and armed with talking points and an ample supply of campaign materials, APS employees and retirees took an active role in defeating Prop. 127.
Defeating Prop. 127 was a top priority for members of APS’s executive management team. They used a variety of methods to spread the word about Prop. 127 throughout the company and the state.

Starting October 10th, early ballots will be mailed to registered voters in advance of the November 6th election. Most Arizona voters receive their ballots via mail. This makes it even more important that we are getting out now to have discussions with our networks to educate them on Prop 127 and why it’s bad for Arizona and our customers.

You have all done a phenomenal job, especially in the past 30 days, to engage on this issue and take action. Thank you! I know many of you have already been in conversations with your friends, family, neighbors and community organizations and that effort is greatly appreciated. Your efforts are making a difference and I ask that you continue that work.

If you choose to join our advocacy efforts against Prop 127 attached is a menu of options on how to best engage. Prop 127 could be decided by just a few hundred votes so every conversation matters because every vote counts. You will make a difference.

If you need more information or resources, please visit insideAPS or email me. Thank you for all you are doing to support the No on Prop 127 campaigns and all you do for our company and customers.

CEO Don Brandt’s blog

Don Brandt’s letter to Arizona leaders
Election Results

On Election Day, APS’s extensive advocacy efforts paid off, as Arizona voters soundly rejected Prop. 127.

Arizona Proposition 127 fails, keeping renewable energy requirements

Election results

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<th>Arizona Proposition 127</th>
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Precincts reporting: 100%

Source:

Arizona voters reject clean-energy measure Proposition 127 by large margin

Arizonans reject Prop. 127

APS employees’ advocacy efforts were vital

11/6/2018 8:55 PM – 38 Comments

Proposition 127 has been rejected by Arizona voters.

The ill-conceived proposition would have mandated that half of the electricity provided by utilities like APS come from renewable resources, irrespective of cost to consumers. In addition, the mandate would have been cemented in Arizona’s state constitution.

APS and Pinnacle West were part of a large coalition opposing the measure which would have dramatically increased costs for energy consumers, harmed Arizona schools and negatively impacted the state’s economy.

Throughout the campaign, APS employees played an active role in informing and educating others about Prop. 127. That effort had a lot to do with tonight’s positive result.

It’s a great day

As POSTED 11/6/2018

It’s a great day for our customers, our economy and our entire state. Arizona voters have overwhelmingly rejected Prop. 127.

APS employees played an enormous role in spreading the word about the ill-conceived proposition. I would like to thank each of you in person. Unfortunately, that would be tough to pull off in a timely manner, so instead, please watch this video message.

Thank you again for all you’ve done and continue to do to make APS an incredible company.

Don Brandt

CEO