

REFERENCE TITLE: **utilities; annual disclosure requirements; commission**

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1508

Introduced by
Senators Kuby: Diaz, Miranda, Ortiz, Sundareshan; Representative Garcia

AN ACT

AMENDING TITLE 40, CHAPTER 2, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 40-207; RELATING TO PUBLIC SERVICE CORPORATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 40, chapter 2, article 1, Arizona Revised
3 Statutes, is amended by adding section 40-207, to read:

4 40-207. Utilities; annual disclosures to the commission;
5 civil penalty; definitions

6 A. ON OR BEFORE MAY 1, 2027 AND EACH YEAR THEREAFTER, A UTILITY
7 SHALL REPORT TO THE COMMISSION FOR THE PREVIOUS CALENDAR YEAR:

8 1. AN ITEMIZED LIST OF ALL OF THE FOLLOWING EXPENSES:

9 (a) MEMBERSHIP DUES, SPONSORSHIPS OR OTHER CONTRIBUTIONS TO AN
10 INDUSTRY TRADE ASSOCIATION, GROUP OR RELATED ENTITY THAT IS INCORPORATED
11 UNDER 26 UNITED STATES CODE SECTION 501, INCLUDING ANY PORTION OF THE
12 MEMBERSHIP DUES, SPONSORSHIPS OR OTHER CONTRIBUTIONS THAT SUPPORT
13 POLITICAL ACTIVITIES OR ADVERTISING. THIS SUBDIVISION DOES NOT APPLY TO
14 FEES FOR PROFESSIONAL LICENSES THAT ARE RELATED TO AN EMPLOYEE'S JOB
15 FUNCTION.

16 (b) CHARITABLE GIVING, INCLUDING CONTRIBUTIONS TO AN ORGANIZATION
17 THAT IS QUALIFIED UNDER 26 UNITED STATES CODE SECTION 501(c)(3) OR
18 501(c)(4).

19 (c) POLITICAL INFLUENCE ACTIVITIES.

20 (d) INSTITUTIONAL ADVERTISING.

21 (e) PROMOTIONAL ADVERTISING.

22 (f) PAYMENTS MADE TO OUTSIDE ATTORNEYS WHO REPRESENT THE UTILITY IN
23 A PROCEEDING BEFORE THE COMMISSION, INCLUDING FEES PAID TO EXPERTS THAT
24 TESTIFIED ON BEHALF OF THE UTILITY.

25 (g) CONTRIBUTIONS TO POLITICAL CANDIDATES, POLITICAL PARTIES,
26 CAMPAIGN COMMITTEES, ISSUE COMMITTEES OR INDEPENDENT EXPENDITURE
27 COMMITTEES, INCLUDING POLITICAL ORGANIZATIONS AS PRESCRIBED IN 26 UNITED
28 STATES CODE SECTION 527 OR OTHER RELATED POLITICAL EXPENSES.

29 (h) COSTS, INCLUDING MARKETING, ADMINISTRATION OR CUSTOMER SERVICE
30 COSTS, THAT ARE ASSOCIATED WITH PRODUCTS OR SERVICES THAT ARE NOT
31 REGULATED BY THE COMMISSION.

32 (i) PENALTIES OR FINES THAT ARE IMPOSED ON A UTILITY, INCLUDING TAX
33 PENALTIES OR FINES.

34 (j) LIABILITY INSURANCE COSTS AND TRAVEL, LODGING, FOOD AND
35 BEVERAGE EXPENSES FOR THE UTILITY'S OR AN AFFILIATE OF THE UTILITY'S BOARD
36 OF DIRECTORS AND OFFICERS.

37 (k) COSTS THAT ARE ASSOCIATED WITH AN AIRCRAFT THAT IS OWNED,
38 LEASED OR CHARTERED BY THE UTILITY'S OR AN AFFILIATE OF THE UTILITY'S
39 BOARD OF DIRECTORS AND OFFICERS.

40 (l) INVESTOR RELATIONS COSTS.

41 (m) LITIGATION COSTS REGARDING EXISTING OR PROPOSED FEDERAL, STATE
42 OR LOCAL REGULATIONS, LEGISLATION, ORDINANCES OR COMMISSION DECISIONS.

1 2. FOR EACH COVERED BUSINESS UNIT, AN ITEMIZED LIST OF ALL OF THE
2 FOLLOWING:

3 (a) THE NAME AND JOB TITLE OF EACH EMPLOYEE.

4 (b) A JOB DESCRIPTION OF EACH LISTED EMPLOYEE THAT IS SUFFICIENT TO
5 DESCRIBE THE EMPLOYEE'S RESPONSIBILITIES.

6 (c) THE TOTAL ANNUAL COMPENSATION THAT IS PROVIDED TO EACH LISTED
7 EMPLOYEE.

8 (d) THE NUMBER OF HOURS THAT ARE BOOKED TO AN ABOVE-THE-LINE
9 ACCOUNT FOR EACH LISTED EMPLOYEE.

10 (e) THE PERCENTAGE OF TOTAL ANNUAL COMPENSATION THAT IS BOOKED TO
11 AN ABOVE-THE-LINE ACCOUNT FOR EACH EMPLOYEE.

12 B. TO THE EXTENT THE UTILITY RETAINS OUTSIDE VENDORS TO PERFORM
13 ACTIVITIES PRESCRIBED IN SUBSECTION A OF THIS SECTION, THE UTILITY SHALL
14 PROVIDE TO THE COMMISSION AN ITEMIZED LIST OF ALL EXPENSES THAT ARE PAID
15 TO THE VENDORS. THE UTILITY SHALL PROVIDE THE FEDERAL ENERGY REGULATORY
16 COMMISSION'S UNIFORM SYSTEM OF ACCOUNTS NUMBER UNDER WHICH EACH EXPENSE IS
17 LOGGED AND RECORDED AND SHALL INCLUDE DOCUMENTATION THAT IDENTIFIES THE
18 TIME EXPENDED, THE WORK PERFORMED AND THE TOTAL COST INCURRED. ITEMIZED
19 LISTS SHALL INCLUDE FOR EACH EXPENSE THE BILLING AMOUNT, THE BILLING DATE,
20 THE IDENTITY OF PAYEE AND AN EXPLANATION OF THE EXPENSE SUFFICIENT TO
21 DESCRIBE ITS PURPOSE. THE UTILITY SHALL INCLUDE A SEPARATE LINE ITEM FOR
22 EACH PAYMENT THAT IS ASSOCIATED WITH AN ACTIVITY DESCRIBED IN SUBSECTION A
23 OF THIS SECTION.

24 C. FOR EACH COMMISSION PROCEEDING IN WHICH THE UTILITY IS A PARTY,
25 THE UTILITY SHALL PROVIDE TO THE COMMISSION AN ITEMIZED LIST OF EXPENSES
26 BOOKED TO AN ABOVE-THE-LINE ACCOUNT FOR PARTICIPATION IN THAT PROCEEDING,
27 INCLUDING EMPLOYEE COMPENSATION, VENDOR EXPENSES AND OTHER EXPENSES. THE
28 UTILITY SHALL PROVIDE THE FEDERAL ENERGY REGULATORY COMMISSION'S UNIFORM
29 SYSTEM OF ACCOUNTS NUMBER UNDER WHICH EACH EXPENSE IS RECORDED.

30 D. THE COMMISSION SHALL MAKE ALL REPORTS THAT ARE FILED WITH THE
31 COMMISSION PUBLICLY AVAILABLE.

32 E. A UTILITY SHALL CLEARLY AND CONSPICUOUSLY DISCLOSE IN ALL OF ITS
33 PUBLIC MESSAGES WHETHER THE COSTS OF THE PUBLIC MESSAGES ARE BEING PAID
34 FOR BY THE UTILITY'S SHAREHOLDERS OR RATEPAYERS, CONSISTENT WITH
35 ADVERTISING AND FUNDRAISING DISCLOSURE STATEMENT REQUIREMENTS PURSUANT TO
36 SECTION 16-925. A DISCLOSURE IS NOT CLEAR AND CONSPICUOUS IF THE
37 DISCLOSURE IS DIFFICULT TO HEAR OR READ OR IF THE PLACEMENT OF THE
38 DISCLOSURE IS EASILY OVERLOOKED.

39 F. FOR PUBLIC MESSAGES THAT ARE RECORDED TO AN ABOVE-THE-LINE
40 ACCOUNT, THE UTILITY SHALL IDENTIFY, IN RESPONSE TO A REQUEST FROM A PARTY
41 IN THE UTILITY'S MOST RECENT GENERAL RATE CASE, WHICH EXPENSE OR CAPITAL
42 ACCOUNT IS THE SOURCE OF THE FUNDING.

43 G. THE COMMISSION SHALL MONITOR AND INVESTIGATE COMPLIANCE WITH
44 THIS SECTION.

1 H. THE COMMISSION SHALL ASSESS A CIVIL PENALTY OF NOT MORE THAN
2 \$1,000 AGAINST A UTILITY THAT FAILS TO COMPLY WITH THE REPORTING
3 REQUIREMENTS OF THIS SECTION.

4 I. FOR THE PURPOSES OF THIS SECTION:

5 1. "ABOVE-THE-LINE ACCOUNT":

6 (a) MEANS AN ACCOUNT THAT CONTAINS EXPENSES THAT A UTILITY RECOVERS
7 FROM RATEPAYERS.

8 (b) INCLUDES AN ACCOUNT THAT CONTAINS EXPENSES THAT THE UTILITY
9 USED TO CALCULATE A REVENUE REQUIREMENT REQUEST IN A GENERAL RATE CASE.

10 2. "AFFILIATE OF THE UTILITY" MEANS AN ENTITY THAT IS RELATED TO
11 THE UTILITY AS A SUBSIDIARY, PARENT OR SIBLING CORPORATION, INCLUDING BY
12 SHAREHOLDING OR OTHER MEANS OF CONTROL.

13 3. "COMPENSATION":

14 (a) MEANS AN EMPLOYEE'S ANNUAL SALARY.

15 (b) INCLUDES A BONUS, BENEFITS OR OTHER CONSIDERATION OF ANY VALUE.

16 4. "COVERED BUSINESS UNIT" MEANS A DIVISION, DEPARTMENT OR OTHER
17 ORGANIZATIONAL EMPLOYEE GROUP WITHIN A UTILITY THAT PERFORMS ANY OF THE
18 ACTIVITIES PRESCRIBED IN SUBSECTION A OF THIS SECTION.

19 5. "EXPENSE" MEANS A PAYMENT TO AN EXTERNAL ENTITY, A COST INCURRED
20 BY A PARENT COMPANY OR CORPORATE AFFILIATE AND INVOICED TO A UTILITY AND
21 COMPENSATION PAID TO AN EMPLOYEE OF A UTILITY.

22 6. "INSTITUTIONAL ADVERTISING":

23 (a) MEANS WRITTEN, ONLINE, VIDEO OR AUDIO COMMUNICATIONS THAT
24 PRIMARILY BUILD THE PUBLIC IMAGE OF A UTILITY.

25 (b) DOES NOT INCLUDE PUBLIC MESSAGES THAT:

26 (i) THE UTILITY IS DIRECTED TO PUBLISH BY A FEDERAL OR STATE
27 AGENCY.

28 (ii) PROVIDE INFORMATION ON SAFETY MEASURES, EMERGENCY CONDITIONS,
29 ENERGY CONSERVATION PROGRAMS, RATES, UTILITY PROGRAMS AND SERVICES THAT
30 ARE APPROVED BY THE COMMISSION OR ON SERVICE INTERRUPTIONS AND THAT DO NOT
31 PRIMARILY BUILD THE PUBLIC IMAGE OF THE UTILITY.

32 (iii) PROVIDE NECESSARY INFORMATION TO CUSTOMERS ABOUT SPECIFIC
33 ACTIONS CUSTOMERS MAY TAKE FOR THEIR SAFETY.

34 (iv) ARE REQUIRED BY THE COMMISSION.

35 7. "INVESTOR RELATIONS" MEANS ANY ACTIVITY, COMMUNICATION, SERVICE
36 OR EXPENSE FOR THE PURPOSE OF PROMOTING, SUPPORTING OR MANAGING THE
37 UTILITY'S RELATIONSHIP WITH CURRENT OR POTENTIAL INVESTORS, SHAREHOLDERS,
38 SECURITIES ANALYSTS, INVESTMENT ADVISORS OR FINANCIAL MEDIA OR FOR THE
39 PURPOSE OF MARKETING TO ENHANCE THE UTILITY'S STOCK PRICE, MARKET
40 PERCEPTION OR INVESTMENT APPEAL.

41 8. "POLITICAL INFLUENCE ACTIVITY":

42 (a) MEANS AN ACTIVITY THAT DIRECTLY OR INDIRECTLY INFLUENCES ANY OF
43 THE FOLLOWING:

44 (i) THE ADOPTION, REPEAL OR MODIFICATION OF FEDERAL, STATE,
45 REGIONAL OR LOCAL LEGISLATION, RULES OR ORDINANCES.

1 (ii) THE ELECTION, RECALL, APPOINTMENT OR REMOVAL OF A PUBLIC
2 OFFICIAL OR THE ADOPTION OF INITIATIVES OR REFERENDA.

3 (iii) THE APPROVAL, MODIFICATION OR REVOCATION OF FRANCHISES OF A
4 UTILITY.

5 (iv) PUBLIC OPINION WITH RESPECT TO LEGISLATION, RULES, ORDINANCES,
6 ELECTIONS, REFERENDA OR RATE SETTING OF A UTILITY.

7 (v) DECISIONS OF FEDERAL, STATE, REGIONAL OR LOCAL PUBLIC
8 OFFICIALS.

9 (b) INCLUDES RESEARCH, PREPARATION OR ANY OTHER ACTIVITY UNDERTAKEN
10 FOR THE PURPOSE OF SUPPORTING ANY ACTIVITIES PRESCRIBED IN SUBDIVISION (a)
11 OF THIS PARAGRAPH.

12 (c) DOES NOT INCLUDE ANY OF THE FOLLOWING:

13 (i) AN ACTIVITY THAT IS DIRECTLY AND NECESSARILY RELATED TO
14 APPEARANCES BEFORE REGULATORY OR OTHER GOVERNMENTAL BODIES IN CONNECTION
15 WITH THE UTILITY'S EXISTING OR PROPOSED OPERATIONS OF THE UTILITY'S
16 REGULATED SYSTEM, EXCEPT THAT POLICIES AFFECTING THE USE OF GASEOUS FUELS
17 OR ELECTRICITY ARE NOT DIRECTLY AND NECESSARILY RELATED TO THE UTILITY'S
18 EXISTING OR PROPOSED OPERATIONS.

19 (ii) AN ACTIVITY THAT IS DIRECTLY RELATED TO A ENERGY EFFICIENCY
20 PROGRAM APPROVED BY THE COMMISSION OR ANOTHER PUBLIC PURPOSE PROGRAM
21 APPROVED BY THE COMMISSION IF THE PARTICIPATION OF THE UTILITY HAS NOT
22 OTHERWISE BEEN PROHIBITED BY THE COMMISSION.

23 (iii) AN ACTIVITY THAT RESPONDS TO A WRITTEN REQUEST BY A
24 LEGISLATIVE COMMITTEE, THE COMMISSION OR A GOVERNMENT AGENCY IN THIS STATE
25 FOR TECHNICAL INFORMATION FROM THE UTILITY.

26 (iv) AN ACTIVITY THAT IS REQUIRED BY APPLICABLE FEDERAL OR STATE
27 LAW OR BY ORDER OF A REGULATORY AUTHORITY AND THAT IS UNDERTAKEN TO
28 SATISFY THAT LAW OR REGULATION.

29 9. "PROMOTIONAL ADVERTISING":

30 (a) MEANS WRITTEN, ONLINE, VIDEO OR AUDIO COMMUNICATIONS FOR THE
31 PURPOSE OF INDUCING A PERSON TO PATRONIZE A PRODUCT, SERVICE, BUSINESS OR
32 INDUSTRY.

33 (b) DOES NOT INCLUDE PUBLIC MESSAGES THAT:

34 (i) THE UTILITY IS DIRECTED TO PUBLISH BY A FEDERAL OR STATE
35 AGENCY.

36 (ii) PROVIDE INFORMATION ON SAFETY MEASURES, EMERGENCY CONDITIONS,
37 ENERGY CONSERVATION PROGRAMS, RATES, UTILITY PROGRAMS AND SERVICES THAT
38 ARE APPROVED BY THE COMMISSION OR ON SERVICE INTERRUPTIONS AND THAT DO NOT
39 PRIMARILY BUILD THE PUBLIC IMAGE OF THE UTILITY.

40 (iii) PROVIDE NECESSARY INFORMATION TO CUSTOMERS ABOUT SPECIFIC
41 ACTIONS CUSTOMERS MAY TAKE FOR THEIR SAFETY.

42 (iv) ARE REQUIRED BY THE COMMISSION.

43 10. "PUBLIC OFFICIAL" MEANS:

44 (a) A DECISION-MAKER WITHIN AN ADMINISTRATIVE AGENCY OR LEGISLATIVE
45 BODY OF THIS STATE OR OF THE FEDERAL GOVERNMENT.

1 (b) AN EXECUTIVE OFFICER OF THIS STATE OR OF THE FEDERAL
2 GOVERNMENT.

3 11. "UTILITY" MEANS:

4 (a) AN ELECTRICAL PUBLIC SERVICE CORPORATION OR GAS PUBLIC SERVICE
5 CORPORATION THAT IS REGULATED BY THE COMMISSION.

6 (b) AN AGRICULTURAL IMPROVEMENT DISTRICT THAT IS ORGANIZED PURSUANT
7 TO TITLE 48, CHAPTER 17.

8 12. "VENDOR" MEANS A PERSON OR BUSINESS THAT PROVIDES GOODS AND
9 SERVICES.