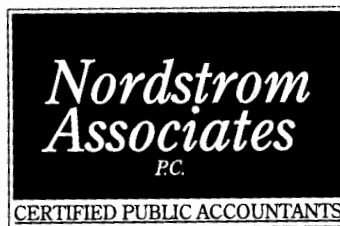


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MEMBER
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August 9, 2016

Public Company Accounting Oversight Board
Office of the Secretary
1666 K Street, N.W.
Washington DC 20006-2803

Re: PCAOB Release No. 2016-003, PCAOB Rulemaking Docket Matter No. 034

I am Bruce Nordstrom, President and Certified Public Accountant with Nordstrom & Associates, P.C. and Chairman of the Audit Committee for Pinnacle West Capital Corporation ("Pinnacle West"). Pinnacle West is the NYSE-listed parent company of Arizona Public Service Company, the largest electric utility company in Arizona, serving more than a million customers. It is in my capacity as Audit Committee Chair for Pinnacle West that I respectfully submit comments on the Public Company Accounting Oversight Board's ("PCAOB") Release No 2016-003; *Proposed Auditing Standard - The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*, and *Related Amendments to PCAOB Standards*.

I appreciate the PCAOB's efforts to address stakeholders' concerns regarding PCAOB Release No 2013-005 (the "2013 proposal") and the revisions the PCAOB has made to the 2013 proposal. Despite these revisions, I do not support Release No 2016-003. I strongly disagree with the PCAOB's proposal to include critical audit matters (CAMs) within the audit report as provided in Release No 2016-003. I believe including CAMs in the audit report undermines the role of the audit committee, will impede communications between the auditors and the audit committee, and inappropriately shifts the auditor function from that of an attest function to a management role. Furthermore, I do not support the PCAOB's proposal to disclose audit tenure within the audit report, as that information is irrelevant. The following is a detailed discussion of my concerns.

Critical Audit Matters

The proposed guidance requires auditors to include a discussion in the audit report of CAMs, with CAMs defined as certain matters communicated to the audit committee. The auditor will be responsible for identifying and disclosing the topics they believe qualify for CAM reporting. The PCAOB indicates the purpose of including CAMs in the audit report is to reduce information asymmetry between investors and auditors.

The audit committee is comprised of members of the shareholder-elected board of directors, and provides oversight of accounting policies, internal controls, financial reporting, and the audit process. The audit committee has access to auditors, management, and the board of directors. The audit committee has the knowledge, perspective, and authority to ensure relevant information is properly disclosed by management. This oversight role ensures key audit matters are properly addressed and communicated to investors through management's financial disclosures. The audit committee oversees the financial reporting process and audit process to ensure that matters that are material to shareholders are appropriately disclosed. The disclosure of CAMS undermines this audit committee oversight role, and effectively shifts the auditors from providing an attest function into serving in a management role. Reporting CAMS may lead to a decrease in audit quality as investors may place undue emphasis on CAMS instead of the audit opinion and related financial statements.

CAM reporting may also impede and significantly limit communications between the audit committee and auditors. Due to the proposed CAM requirement, auditors may be less inclined to discuss non-required topics with the audit committee, as discussion of any matters may require assessment for CAM reporting. Management may also attempt to limit non-necessary communications between the audit committee and the auditors. This could ultimately limit the effectiveness of the audit committee and information shared with the audit committee.

Auditors are privy to proprietary and critical company specific information. Access to this information is a necessary component of the attest function. Information asymmetry between the investor and the auditor is an inherent characteristic of an audit and the financial reporting process. The FASB and SEC are the organizations that should ensure financial statement disclosure rules provide investors with adequate information to make informed investment decisions.

Auditor Tenure

I do not support the PCAOB's proposal to require the disclosure of audit tenure within the audit report. In instances with long audit tenure this disclosure may imply a lack of auditor independence. Conversely, in instances with short audit tenure this disclosure may imply poor audit quality. I believe the PCAOB has taken great efforts to ensure the independence, quality, and effectiveness of all audits regardless of auditor tenure. Disclosing auditor tenure will diminish these efforts. Requiring disclosure of auditor tenure provides information that may be mistakenly misinterpreted by investors. The audit committee is in the best position to evaluate the auditor's independence, including auditor tenure and rotation.

Conclusion

I appreciate the opportunity to comment on the PCAOB's proposals. I strongly urge the PCAOB to eliminate the proposal to include CAMS and auditor tenor in the audit report.

I would be pleased to discuss my comments in further detail or to provide any additional information you may find helpful in addressing these important issues.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bruce J. Nordstrom". The signature is fluid and cursive, with the first name "Bruce" being the most prominent.

Bruce J. Nordstrom
BJN/nkg