**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549



**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the**

**Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): August 3, 2017

|  |  |  |
| --- | --- | --- |
|  | Exact Name of Registrant as Specified in Charter; State of |  |
|  | Incorporation; | IRS Employer |
| Commission File Number | Address and Telephone Number | Identification Number |
| 1-8962 | Pinnacle West Capital Corporation | 86-0512431 |
|  | (an Arizona corporation) |  |
|  | 400 North Fifth Street, P.O. Box 53999 |  |
|  | Phoenix, AZ 85072-3999 |  |
|  | (602) 250-1000 |  |
| 1-4473 | Arizona Public Service Company | 86-0011170 |
|  | (an Arizona corporation) |  |
|  | 400 North Fifth Street, P.O. Box 53999 |  |
|  | Phoenix, AZ 85072-3999 |  |
|  | (602) 250-1000 |  |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

* Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
* Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
* Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
* Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

This combined Form 8-K is separately filed or furnished by Pinnacle West Capital Corporation and Arizona Public Service Company. Each registrant is filing or furnishing on its own behalf all of the information contained in this Form 8-K that relates to such registrant and, where required, its subsidiaries. Except as stated in the preceding sentence, neither registrant is filing or furnishing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

**Item 1.01. Entry into a Material Definitive Agreement.**

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

On July 31, 2017, Pinnacle West Capital Corporation (“Pinnacle West”), The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Agent (the "Agent"), as an Issuing Bank and as a Lender, and JPMorgan Chase Bank, N.A., as a Lender ("JPMorgan") entered into an amendment to the 364-day credit agreement, dated as of August 31, 2016, with the Agent and JPMorgan, allowing Pinnacle West to borrow, repay and reborrow, from time to time, up to $125 million through July 30, 2018. Pinnacle West will use the amended facility to directly or indirectly fund or otherwise support obligations related to 4C Acquisition, LLC, a subsidiary of Pinnacle West. The amended facility can also be used for letters of credit. Borrowings under the amended facility will bear interest at LIBOR plus 0.80% per annum.

Borrowings under the amended facility are conditioned on Pinnacle West’s ability to make certain representations at the time each borrowing is made, except for representations concerning no material adverse effect and certain litigation matters, which were made only at the time the amended facility was entered into. The amended facility includes customary covenants, including requirements that Pinnacle West maintain ownership of a specified percentage of the outstanding capital stock of Arizona Public Service Company, maintain a consolidated debt-to-capitalization ratio no greater than a prescribed level and comply with certain lien restrictions. The amended facility also includes customary events of default, including a cross default provision and a change of control provision. If an event of default occurs, lenders holding a specified percentage of the commitments, or the agent with such lenders’ consent, may terminate the obligations of the lenders to make loans under the amended facility and the obligations of the issuing banks to issue letters of credit and may declare the obligations outstanding under the amended facility to be due and payable.

Pinnacle West and its affiliates maintain normal banking and other relationships with the Lenders in the amended facility and/or their affiliates.

**Item 2.02. Results of Operations and Financial Condition.**

The following information is furnished pursuant to Item 2.02.

On August 3, 2017, Pinnacle West issued a press release regarding its financial results for the fiscal quarter ended June 30, 2017. A copy of the press release is attached hereto as Exhibit 99.1.

**Item 7.01. Regulation FD Disclosure.**

The following information is furnished pursuant to Item 7.01.

The Company is providing a copy of the slide presentation made in connection with the quarterly earnings conference call on August 3, 2017. This information contains Company operating results for the fiscal quarter ended June 30, 2017 and a quarterly consolidated statistical summary. The slide presentation is attached hereto as Exhibit 99.2 and is concurrently being posted to the Company’s website at www.pinnaclewest.com.

**Item 9.01.** **Financial Statements and Exhibits.**

|  |  |  |
| --- | --- | --- |
| **(d) Exhibits** |  |  |
| **Exhibit No.** | **Registrant(s)** | **Description** |
| 99.1 | Pinnacle West | Earnings News Release issued on August 3, 2017. |
|  | APS |  |
| 99.2 | Pinnacle West | Pinnacle West Capital Corporation Second Quarter 2017 Results slide presentation accompanying August 3, |
|  | APS | 2017 conference call. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

|  |  |
| --- | --- |
|  | PINNACLE WEST CAPITAL CORPORATION |
|  | (Registrant) |
| Dated: August 3, 2017 | By: /s/ James R. Hatfield |
|  | James R. Hatfield |
|  | Executive Vice President and |
|  | Chief Financial Officer |
|  | ARIZONA PUBLIC SERVICE COMPANY |
|  | (Registrant) |
| Dated: August 3, 2017 | By: /s/ James R. Hatfield |
|  | James R. Hatfield |
|  | Executive Vice President and |
|  | Chief Financial Officer |

|  |  |  |
| --- | --- | --- |
|  |  | **Exhibit Index** |
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**FOR IMMEDIATE RELEASE**

August 3, 2017

Media Contact:

Alan Bunnell, (602) 250-3376

Analyst Contacts:

Stefanie Layton (602) 250-4541

Chalese Haraldsen (602) 250-5643

Website:

pinnaclewest.com

**PINNACLE WEST REPORTS 2017 SECOND-QUARTER RESULTS**

* *Higher electricity usage and hotter-than-normal weather positively impact quarterly results*
* *Operations and maintenance expenses lower versus a year ago due to fewer planned fossil plant outages*

PHOENIX - Pinnacle West Capital Corp. (NYSE: PNW) today reported consolidated net income attributable to common shareholders of $167.4 million, or $1.49 per diluted share of common stock, for the quarter ended June 30, 2017. This result compares with earnings of $121.3 million, or $1.08 per share, in the same 2016 period.

“Higher electricity usage as a result of hotter weather and continuing solid operational performance helped improve our quarterly earnings compared to the same period a year ago,” said Pinnacle West Chairman, President and Chief Executive Officer Don Brandt, adding that the Phoenix metropolitan area experienced 26 days of 100 degrees or higher temperatures -

and 11 days above 110 degrees - during the month of June alone.

Arizona Public Service Co.’s customers also set an all-time record peak demand of 7,367 megawatts on June 20, eclipsing the previous record of 7,236 MW set in 2006.

Earlier this year, the U.S. Census Bureau announced that Phoenix had surpassed Philadelphia as America’s fifth-largest city and that Maricopa County was the nation’s fastest-growing county. Arizona’s housing construction is also on pace for its best year in a decade. Nonetheless, the company still projects 2017 full-year sales growth to be between 0 and 1 percent.

“Building permits are up, vacancy rates are down, and companies and workers are relocating to Arizona,” Brandt said. “We are supporting that growth with continued investments in a reliable, cleaner and smarter energy infrastructure.”

The 2017 second-quarter results comparison was positively influenced by the following major factors:

* *Lower operations and maintenance expenses* increased results by $0.14 per share compared with the prior-year period. The lower expenses were largely the result of lessplanned fossil maintenance in the 2017 second quarter compared to a year ago. As previously indicated, the company anticipates further planned outages at the Four Corners Power Plant later this year to install added emission controls.

* *Higher retail electricity usage* - excluding the effects of weather variations, but including the effects of customer conservation, energy efficiency programs anddistributed renewable generation - improved results $0.10 per share. Weather normalized sales were 2.9 percent higher in the second quarter compared to 2016’s second quarter, while year-to-date sales were 0.1 percent higher than the first six months in 2016.
* *The absence of a 2016 FERC disallowance recorded in last year’s second quarter and higher transmission revenues in the 2017 second quarter* helped increase earningsby $0.12 per share compared to the year-ago period.
* *The effects of weather variations* improved results by $0.02 per share compared to the year-ago period. The average high temperature in the second quarter was 97.0degrees - 2.6 percent higher than last year’s quarter and 1.7 percent higher than normal based on a rolling 10-year average. The resulting impact was that residential cooling degree-days (a measure of the effects of weather) were 14 percent greater than in last year’s second quarter and 13 percent more than normal 10-year averages.
* *The net effect of miscellaneous items* increased earnings $0.03 per share.

**Financial Outlook**

The company plans to issue 2017 guidance after a final decision by the Arizona Corporation Commission in Arizona Public Service Co.’s pending rate review, which is expected later this summer.

**Conference Call and Webcast**

Pinnacle West invites interested parties to listen to the live webcast of management’s conference call to discuss the Company’s 2017 second-quarter results, as well as recent developments, at noon ET (9 a.m. AZ time) today, Aug. 3. The webcast can be accessed at pinnaclewest.com/presentations and will be available for replay on the website for 30 days. To access the live conference call by telephone, dial (877) 407-8035 or (201) 689-8035 for international callers. A replay of the call also will be available until 11:59 p.m. (ET), Thursday, Aug. 10, 2017, by calling (877) 481-4010 in the U.S. and Canada or (919) 882-2331 internationally and entering conference ID number 15960.

**General Information**

Pinnacle West Capital Corp., an energy holding company based in Phoenix, has consolidated assets of nearly $17 billion, about 6,200 megawatts of generating capacity and 6,300 employees in Arizona and New Mexico. Through its principal subsidiary, Arizona Public Service, the Company provides retail electricity service to nearly 1.2 million Arizona homes and businesses. For more information about Pinnacle West, visit the Company’s website at pinnaclewest.com.

Dollar amounts in this news release are after income taxes. Earnings per share amounts are based on average diluted common shares outstanding. For more information on Pinnacle West’s operating statistics and earnings, please visit pinnaclewest.com/investors.

**FORWARD-LOOKING STATEMENTS**

This press release contains forward-looking statements based on our current expectations, including statements regarding our earnings guidance and financial outlook and goals. These forward-looking statements are often identified by words such as “estimate,” “predict,” “may,” “believe,” “plan,” “expect,” “require,” “intend,” “assume,” “project” and similar words. Because actual results may differ materially from expectations, we caution readers not to place undue reliance on these statements. A number of factors could cause future results to differ materially

from historical results, or from outcomes currently expected or sought by Pinnacle West or APS. These factors include, but are not limited to:

* our ability to manage capital expenditures and operations and maintenance costs while maintaining high reliability and customer service levels;
* variations in demand for electricity, including those due to weather, seasonality, the general economy, customer and sales growth (or decline), and the effects of energy conservation measures and distributed generation;
* power plant and transmission system performance and outages;
* competition in retail and wholesale power markets;
* regulatory and judicial decisions, developments and proceedings;
* new legislation, ballot initiatives and regulation, including those relating to environmental requirements, regulatory policy, nuclear plant operations and potential deregulation of retail electric markets;
* fuel and water supply availability;
* our ability to achieve timely and adequate rate recovery of our costs, including returns on and of debt and equity capital investment;
* our ability to meet renewable energy and energy efficiency mandates and recover related costs;
* risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainty;
* current and future economic conditions in Arizona, including in real estate markets;
* the development of new technologies which may affect electric sales or delivery;
* the cost of debt and equity capital and the ability to access capital markets when required;
* environmental, economic and other concerns surrounding coal-fired generation, including regulation of greenhouse gas emissions;
* volatile fuel and purchased power costs;
* the investment performance of the assets of our nuclear decommissioning trust, pension, and other post-retirement benefit plans and the resulting impact on future funding requirements;
* the liquidity of wholesale power markets and the use of derivative contracts in our business;
* potential shortfalls in insurance coverage;
* new accounting requirements or new interpretations of existing requirements;
* generation, transmission and distribution facility and system conditions and operating costs;
* the ability to meet the anticipated future need for additional generation and associated transmission facilities in our region;
* the willingness or ability of our counterparties, power plant participants and power plant land owners to meet contractual or other obligations or extend the rights for continued power plant operations; and
* restrictions on dividends or other provisions in our credit agreements and Arizona Corporation Commission orders.

These and other factors are discussed in Risk Factors described in Part 1, Item 1A of the Pinnacle West/APS Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and in Part II, Item 1A in of the Pinnacle West/APS Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, which readers should review carefully before placing any reliance on our financial statements or disclosures. Neither Pinnacle West nor APS assumes any obligation to update these statements, even if our internal estimates change, except as required by law.

# # #

**PINNACLE WEST CAPITAL CORPORATION**

**CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

(dollars and shares in thousands, except per share amounts)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | THREE MONTHS ENDED | | | | | SIX MONTHS ENDED | | | |
|  | JUNE 30, | | |  |  | JUNE 30, | | |  |
|  |  |  |  |  |  |  |  |  |  |
|  | 2017 |  |  | 2016 |  | 2017 |  |  | 2016 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Operating Revenues** | $ 944,587 |  |  | $ 915,394 |  | $ 1,622,315 |  |  | $ 1,592,561 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Operating Expenses** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Fuel and purchased power | 254,611 |  |  | 274,848 |  | 467,006 |  |  | 496,133 |
| Operations and maintenance | 214,013 |  |  | 242,279 |  | 433,989 |  |  | 485,474 |
|  |  |  |  |  |  |  |  |  |  |
| Depreciation and amortization | 125,739 |  |  | 123,073 |  | 253,366 |  |  | 242,549 |
| Taxes other than income taxes | 44,289 |  |  | 42,117 |  | 88,125 |  |  | 84,618 |
|  |  |  |  |  |  |  |  |  |  |
| Other expenses | 1,706 |  |  | 1,329 |  | 2,094 |  |  | 1,877 |
| Total | 640,358 |  |  | 683,646 |  | 1,244,580 |  |  | 1,310,651 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Operating Income** | 304,229 |  |  | 231,748 |  | 377,735 |  |  | 281,910 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Other Income (Deductions)** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Allowance for equity funds used during construction | 10,456 |  |  | 10,369 |  | 19,938 |  |  | 20,885 |
| Other income | 484 |  |  | 197 |  | 964 |  |  | 314 |
|  |  |  |  |  |  |  |  |  |  |
| Other expense | (3,822) |  |  | (2,842) |  | (7,502) |  |  | (6,880) |
| Total | 7,118 |  |  | 7,724 |  | 13,400 |  |  | 14,319 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Interest Expense** |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Interest charges | 54,969 |  |  | 52,849 |  | 106,833 |  |  | 103,593 |
| Allowance for borrowed funds used during construction | (4,906) |  |  | (5,301) |  | (9,378) |  |  | (10,528) |
|  |  |  |  |  |  |  |  |  |  |
| Total | 50,063 |  |  | 47,548 |  | 97,455 |  |  | 93,065 |
|  |  |  |  |  |  |  |  |  |  |
| **Income Before Income Taxes** | 261,284 |  |  | 191,924 |  | 293,680 |  |  | 203,164 |
|  |  |  |  |  |  |  |  |  |  |
| **Income Taxes** | 88,967 |  |  | 65,742 |  | 93,178 |  |  | 67,656 |
|  |  |  |  |  |  |  |  |  |  |
| **Net Income** | 172,317 |  |  | 126,182 |  | 200,502 |  |  | 135,508 |
|  |  |  |  |  |  |  |  |  |  |
| Less: Net income attributable to noncontrolling interests | 4,874 |  |  | 4,874 |  | 9,747 |  |  | 9,747 |
|  |  |  |  |  |  |  |  |  |  |
| **Net Income Attributable To Common Shareholders** | $ 167,443 |  |  | $ 121,308 |  | $ 190,755 |  |  | $ 125,761 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Weighted-Average Common Shares Outstanding - Basic** | 111,797 |  |  | 111,368 |  | 111,763 |  |  | 111,336 |
|  |  |  |  |  |  |  |  |  |  |
| **Weighted-Average Common Shares Outstanding - Diluted** | 112,345 |  |  | 112,004 |  | 112,270 |  |  | 111,930 |
|  |  |  |  |  |  |  |  |  |  |
| **Earnings Per Weighted-Average Common Share Outstanding** |  |  |  |  |  |  |  |  |  |
| Net income attributable to common shareholders - basic | $ 1.50 |  |  | $ 1.09 |  | $ 1.71 |  |  | $ 1.13 |
|  |  |  |  |  |  |  |  |  |  |
| Net income attributable to common shareholders - diluted | $ 1.49 |  |  | $ 1.08 |  | $ 1.70 |  |  | $ 1.12 |
|  |  |  |  |  |  |  |  |  |  |









































