File No. 070-09745

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM U-1
APPLICATION
UNDER
THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

PINNACLE WEST CAPITAL CORPORATION
400 EAST VAN BUREN STREET, SUITE 700
PHOENIX, ARIZONA 85004

(Name of company filing this statement and
address of principal executive office)

NONE

(Name of top registered holding company parent)

Herbert I. Zinn	Mary Ann K. Huntington
Pinnacle West Capital Corporation	Morgan, Lewis & Bockius LLP
400 North Fifth Street	1800 M Street, N.W.
Mail Station 8695	Washington, D.C. 20036
Phoenix, Arizona 85004	

(Name and address of agents for service)

The Commission is requested to send copies of all notices, orders, and communications in connection with this application to:

Herbert I. Zinn	Mary Ann K. Huntington
Pinnacle West Capital Corporation	Morgan, Lewis & Bockius LLP
400 North Fifth Street	1800 M Street, N.W.
Mail Station 8695	Washington, D.C. 20036
Phoenix, Arizona 85004	

File No. 070-09745

This Amendment No. 1 is being filed in order to provide the Securities and Exchange Commission with copies of Exhibit No. D-2 (Order of FERC) Exhibit No. F-1 (Signed Initial Opinions of Counsel).

Signature

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, as amended, the undersigned company has duly caused this statement to be signed on its behalf by the undersigned thereunto duly authorized.

Pinnacle West Capital Corporation

By: Barbara M. Gomez
Its: Treasurer

Dated: December 8, 2000
Phoenix, Arizona

UNITED STATES OF AMERICA 93 FERC P. 61,216
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: James J. Hoecker, Chairman;
William L. Massey, Linda Breathitt,
and Curt Hebert, Jr.

Arizona Public Service Company
Pinnacle West Capital Corporation
Pinnacle West Energy Corporation

Docket Nos. EC00-118-000
and EC00-118-001

ORDER AUTHORIZING DISPOSITION
OF JURISDICTIONAL FACILITIES

(Issued November 24, 2000)

I. INTRODUCTION

On July 28, 2000, as completed on August 23, 2000, Arizona Public Service Company (APS), Pinnacle West Capital Corporation (PWCC), and Pinnacle West Energy Corporation (PWE) (collectively, Applicants), filed a joint application pursuant to section 203 of the Federal Power Act (FPA)(1) requesting Commission authorization for APS to transfer to PWE certain jurisdictional facilities and operation agreements. In addition, APS requests authorization to transfer certain wholesale power sales agreements to PWCC. The jurisdictional facilities involved in the transaction include step-up transformers and other generation-related transmission facilities. The Commission has reviewed the proposed transactions under the Commission's Merger Policy Statement.(2) As discussed below, we will authorize the proposed transactions as consistent with the public interest.

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(1) 16 U.S.C. ss. 824b (1994).

(2) Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act Policy Statement, Order No. 592, 61 Fed. Reg. 68,595 (1996), FERC Statutes and Regulations, Regulations Preambles January 1991-June 1996 P. 31,044 (1996), reconsideration denied, Order No. 592-A, 62 Fed. Reg. 33,341 (1997), 79 FERC P. 61,321 (1997) (Merger Policy Statement).

II. BACKGROUND

A. DESCRIPTION OF THE PARTIES

PWCC is an Arizona corporation and an exempt public utility holding company under the Public Utility Holding Company Act of 1935 (PUHCA).(3) PWCC is the parent company of APS, PWE, and APS Energy Services Company, Inc. (APSES). PWCC has two non-utility subsidiaries, El Dorado Investment Company, an investment firm, and SunCor Development Company, a real estate developer. PWCC is also a power marketer authorized by the Commission to sell electric power at market-based rates.(4) PWE is a subsidiary of PWCC created to own and operate wholesale generating facilities.(5)

APS is an investor-owned utility engaged in generating, transmitting, and distributing electricity in Arizona. APS presently owns or partially owns several generating units that it proposes to transfer to Pinnacle West Energy. APS is also a power marketer authorized by the Commission to sell electric power at market-based rates.(6)

B. THE PROPOSED TRANSACTION

According to the application, the proposed transaction is part of the state restructuring proceedings and settlement agreement under which APS agreed to divest its generation assets by December 31, 2002, to an affiliate.(7) Applicants state the proposed

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(3) 15 U.S.C. 79c (1994).

(4) The Commission granted market-based authority to PWCC in Pinnacle West Capital Corporation, 91 FERC P. 61,290 (2000), reh'g pending.

(5) PWE is authorized to sell power at market-based rates. See Pinnacle West Energy Corporation, 92 FERC P. 61,248 (2000).

(6) The Commission granted market-based authority to APS in Arizona Public Service Company, 79 FERC P. 61,022 (1997).

(7) The Application states that the settlement approved by the Arizona Corporation Commission (Arizona Commission) on October 6, 1999, was intended to resolve retail electric competition related issues and approve unbundled tariffs.

transaction would allow APS to conduct business "primarily" as a wires company.(8) Applicants state that, starting in 2003, APS would be engaged only in providing regulated electric transmission and distribution services. The proposed transaction would enable PWE to conduct business as a generating company. It would sell most of the output from its generating facilities to PWCC, but it may also sell a portion of its output to other wholesale customers. As a result of this transaction, PWCC will have a marketing and trading department, will act as a power marketer, and will conduct trading and brokering functions on behalf of its subsidiaries (i.e., APS, PWE, and APSES). Pursuant to the restructuring plan, under separate agreements to be filed with the Commission, PWCC will provide APS with all of the generation-related ancillary services APS needs.(9)

Applicants claim that the proposed transaction is consistent with the public interest because it will not adversely affect competition, rates, or regulation and that it will benefit the public interest by: (1) finalizing the implementation of retail access in Arizona; (2) allowing competition in the generation markets; and (3) enabling APS to operate its transmission system as a "wires" only company.(10)

III. NOTICE AND INTERVENTIONS

Notice of the completed application was published in the Federal Register, with comments due on or before September 7, 2000.11/ The Arizona Corporation Commission (Arizona Commission) filed a notice of intervention. Timely motions to intervene were filed by Navajo Tribal Utility Authority (Navajo) and Salt River Agricultural Improvement and Power District (Salt River). In addition, a group of municipal water

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(8) APS plans to be a "wires" only company once it completes its transfer of its nuclear generating units by the end of 2002. Until then, APS only claims that it is "primarily" a wires only company. See Application at 7-8.

(9) Applicants state that the rates for the ancillary services PWCC will provide to APS and APS's customers will be the same as the rates in APS's Open Access Transmission Tariff (Open Access Tariff) until a market for ancillary services develops in Arizona.

(10) Application at 8.

(11) 65 Fed. Reg. 53,283 (2000).

districts in Arizona (Arizona Districts)(12) and Tohono O'odham Utility Authority (Tohono) filed timely motions to intervene accompanied by a protest.(13) Tucson Electric Power Company (Tucson) and Citizens Communications Company (Citizens) filed untimely motions to intervene.

On August 30, 2000, Applicants filed an answer in opposition to the protest of Tohono and Arizona Districts.

IV. DISCUSSION

A. PROCEDURAL MATTERS

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,(14) the Arizona Commission's notice of intervention and the timely, unopposed motions to intervene of Arizona Districts, Tohono, Navajo, and Salt River serve to make them parties to this proceeding. In addition, due to the absence of any undue prejudice or delay, we will grant the late, unopposed motions to intervene of Tucson and Citizens. While rule 213 (a)(2) of the Commission's Rules of Practice and Procedure(15) generally prohibits the filing of an answer to protests, we will accept Applicants' answer because it aids our understanding and resolution of the issues.

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(12) Arizona Districts consist of small utilities, political subdivisions, and special districts organized under Arizona law to provide electricity for irrigated agriculture and rural communities. Arizona Districts are comprised of: Aguila Irrigation District; Buckeye Water Conservation & Drainage District; Electrical District Nos. 1, 3, and 6 of Pinal County; Electrical District No. 7 and 8 of Maricopa County; Harquahala Valley Power District; Maricopa County Municipal Water Conservation District No. 1; McMullen Valley Water Conservation & Drainage District; Roosevelt Irrigation District; and Tonopah Irrigation District.

(13) Tohono is a subsidiary of the Tohono O'odham Nation, formerly known as the Papago Tribe of Arizona.

(14) 18 C.F.R.ss. 385.214 (2000).

(15) 18 C.F.R.ss.385.213 (a)(2) (2000).

B. STANDARD OF REVIEW UNDER SECTION 203

Section 203(a) of the FPA provides that the Commission must approve a proposed merger if it finds that the merger "will be consistent with the public interest." 16 U.S.C. ss. 824b(a) (1994). The Commission's Merger Policy Statement(16) provides that the Commission will generally take account of three factors in analyzing proposed mergers: (a) the effect on competition; (b) the effect on rates; and (c) the effect on regulation. In dispositions of jurisdictional facilities not involving a merger, the Commission applies these same factors in assessing whether to authorize such transactions.(17) Consistent with these factors, we find, for the reasons discussed below, that Applicants' proposed transactions are consistent with the public interest. Accordingly, we will approve the proposed disposition of jurisdictional facilities without further investigation.

C. EFFECT ON COMPETITION

Applicants state that the proposed transaction will not have an adverse effect on competition in the generation or transmission markets, and no intervenor disagrees. We agree with Applicants' general assertion that market structure will not be adversely affected by the proposed transaction. We note that the proposed transaction is a transfer of jurisdictional facilities internal to the APS/PWCC/PWE corporate family and will not result in a net loss of competitors from the generation market. Thus, we find that the proposed transaction will not adversely affect competition.

D. EFFECT ON RATES

1. ARGUMENTS OF THE PARTIES

Applicants state that the proposed transaction will not adversely affect wholesale customers' rates. Applicants state that APS does not intend to alter its transmission rates

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(16) See Merger Policy Statement, FERC Stats. & Regs. P. 31,044 at 30,117-18.

(17) See, e.g., Conectiv and NRG Energy, Inc., 92 FERC P. 61,031 at 61,069-70 (2000); Wisconsin Public Service Corporation and Upper Peninsula Power Company, 91 FERC P. 61,322 at 62,108 (2000)); Wisconsin Electric Power Company, 90 FERC P. 61,346 at 62,144 (2000); Wisconsin Power & Light Company, 90 FERC P. 61,347 at 62,148 (2000).

because none of the transmission assets being acquired by PWE from APS are currently included in APS's transmission tariff rates. Applicants state that APS serves most of its power customers under market-based rates or through transactions with the Western System Power Pool (WSPP). Applicants add that, while APS serves some wholesale customers under cost-based rates, all but two of those customers can choose alternative power suppliers. Applicants also state that they have proposed measures that will protect wholesale customers from any potential affiliate abuse that might arise from the transaction. Specifically, in the case of wholesale customers whose contracts include a pricing provision based on System Incremental Cost (SIC), Applicants propose to cap the pass-through of costs to such wholesale customers at the lesser of APS's SIC or prices calculated based on the Palo Verde Index. With regard to customers whose contracts contain a Fuel Adjustment Clause (FAC), Applicants propose that they pay the lesser of a FAC calculated with inter-affiliate transactions included, or a FAC calculated with the inter-affiliate transactions priced not as actual but at the Palo Verde Index price for a similar duration, or the average of the actual corrected FAC for the same month for 1998 or 1999.(18)

Applicants also propose protection for customers taking ancillary services. Applicants state that PWE will sell generation-related ancillary services to PWCC at the rates currently charged under APS's Open Access Tariff.(19) PWCC will, in turn, provide APS with its generation-related ancillary services at exactly the same charges. APS proposes to pass through, to customers subscribing to such ancillary services, the rates it pays PWCC for these services under its Open Access Tariff.(20)

Tohono argues that APS's SIC pricing provision will adversely impact its rates. Tohono argues that the Applicants have not shown how such a provision will effectively protect customers such as Tohono. Tohono maintains that the current SIC provision has been exceedingly volatile and is likely to become more volatile and unreasonable under Applicants' restructuring plan. Tohono states that this volatility occurs because the current costs are based on APS's generating units and that if the sales contracts and

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(18) Application at 10.

(19) PWE and PWCC reserve the right to change such rates and services as their costs of providing such service change, or as conditions change.

(20) Application at 11.

generating units are transferred to PWE, the SIC costs may be driven by inter-affiliate power purchases at negotiated rates.(21)

Arizona Districts contend that Applicants failed to provide adequate ratepayer protection to their customers for the sale of ancillary services. Thus, Arizona Districts request that the Commission approval of the transaction be conditioned on Applicants' customers receiving ancillary services at cost-based rates for five years under APS's existing Open Access Tariff. Secondly, Arizona Districts request the Commission defer action in this proceeding until it reviews the Applicants' agreements to sell ancillary services at cost-based rates under APS's existing Open Access Tariff. Arizona Districts express concern that, although Applicants commit that the acquisition of ancillary services will be at APS's existing Open Access Tariff rates until a market for ancillary services develops in Arizona, Applicants reserve the right to propose revisions to the rates and conditions of ancillary services as conditions warrant. Arizona Districts maintain that Applicants should provide assurances that they will provide ancillary services at APS's existing tariff rates.(22)

2. APPLICANTS' RESPONSE

Applicants' answer to Tohono's and Arizona Districts' protests argues that the protests should be rejected because the proposal to charge APS the same rate as APS currently is charged under its Open Access Tariff has previously been accepted by the Commission.(23) In addition, Applicants argue that the Arizona Districts have not presented factual evidence that a five-year rate freeze is necessary.

3. COMMISSION DETERMINATION

The Commission finds that the proposed transaction will not have an adverse effect on rates. We will accept Applicants' commitment to charge for ancillary services at the rates contained in APS's Open Access Tariff.(24)

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(21) Tohono Protest at 3-5.

(22) Arizona Districts Protest at 4-6.

(23) See Allegheny Energy Supply Company, 89 FERC P. 61,258 (1999).

(24) However, we note that implementation of this proposal will require timely filing

(continued...)

PWE will sell generation-related ancillary services to PWCC at rates identical to those APS itself pays under its Open Access Tariff. We note that Applicants' proposal does not raise any concerns because the ancillary services rates paid by PWCC are the same as those that other customers are required to pay.

With respect to affiliate abuse, we deny Tohono's requests to set this issue for hearing.(25) Applicants have proposed measures that will protect wholesale customers from any potential affiliate abuse associated with the transaction. These measures include commitments offered by APS's affiliates, and accepted by the Commission, in previous cases.(26) Applicant reiterates here that it will continue to abide by these commitments. Applicants propose, in the case of wholesale customers whose contracts include a pricing provision based on SIC, to cap the pass-through of costs to such wholesale customers at the lesser of APS's SIC or prices calculated based on the Palo Verde Index.

Moreover, as to any adverse impact resulting from purchased power, we note that, at this juncture, these concerns are hypothetical. The customers may file complaints under section 206 of the FPA in the event these concerns materialize. Furthermore, Tohono concedes that, under their existing contract, APS is free to sell power to third parties and meet customers' needs through purchased power transactions and that customers would be charged for purchased power at the SIC. Thus, the proposed transfer of jurisdictional assets from APS would not change the status quo in this regard and would not adversely affect customers' rates.

E. EFFECT ON REGULATION

The Commission finds that the proposed transactions will not have an adverse effect on regulation. We reach this conclusion because the Commission will continue to have jurisdiction over the wholesale transactions of APS that are being transferred to

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(24) (continued...)
under section 205 of the FPA.

(25) Tohono Protest at 5.

(26) Pinnacle West Capital Corporation, 91 FERC P. 61,290 at 61,998 (2000), reh'g pending. See also Pinnacle West Energy Corporation, 92 FERC P. 61,248 at 61,790-91 (2000), reh'g pending.

PWCC and PWE. Moreover, APS will continue to be subject to the Commission's jurisdiction and the Arizona Commission for retail sales.

F. CONSOLIDATION OF DOCKETS

Arizona Districts and Tohono request consolidation of this proceeding with that in Pinnacle West Energy Corporation, Docket No. ER00-3312-000. They argue that consolidation is appropriate because the proceedings involve the same entity and because all of these dockets raise common issues of fact and law.

We see no need to consolidate this proceeding with any other proceeding, since we are not setting it for hearing. Moreover, we note that, on September 26, 2000, the Commission issued an order accepting PWE's proposed market-based rate tariff.

THE COMMISSION ORDERS:

(A) The motions to intervene of Arizona Districts, Tohono, Navajo, Salt River, Tucson, and Citizens are hereby granted, as discussed in the body of this order;

(B) Applicants' answer to the protests of Tohono and Arizona Districts is hereby granted, as discussed in the body of this order;

(C) The proposed disposition of jurisdictional facilities is hereby authorized, on the terms and conditions and for the purposes set forth in the application, as discussed in the body of this order;

(D) The foregoing authorization is without prejudice to the authority of the Commission or any other regulatory body with respect to rates, service, accounts, valuation, estimates or determinations of cost, or any other matter whatsoever now pending or which may come before the Commission;

(E) Nothing in this order shall be construed to imply acquiescence in any estimate or determination of cost or any valuation of property claimed or asserted;

(F) The Commission retains authority under sections 203(b) and 309 of the FPA to issue supplemental orders as appropriate; and

(G) Applicants shall promptly notify the Commission of the date the disposition of jurisdictional facilities is consummated.

By the Commission.

(S E A L)

Linwood A. Watson, Jr.,

Linwood A. Watson, Jr.,
Acting Secretary.

Exhibit F-1

[PRELIMINARY]

November 20, 2000

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Pinnacle West Capital Corporation
Form U-1 Application/Declaration
(File No. 070-09745)

Ladies and Gentlemen:

We are Arizona counsel for Pinnacle West Capital Corporation, an Arizona corporation (the "COMPANY"), and are familiar with the matters relating to the "REORGANIZATION," as such term is defined in the Form U-1 Application / Declaration (File No. 070-09745) under the Public Utility Holding Company Act of 1935, as amended (the "ACT"), filed with the Securities and Exchange Commission (the "COMMISSION") by the Company on September 12, 2000 (the "APPLICATION"). Capitalized terms used herein and not otherwise defined will have the meanings given in the Application. The term "ASSETS," when used herein will mean those assets actually contributed to Transitory Subsidiary in the Reorganization, as contemplated in the Application. The term "ASSUMED DEBT," when used herein, will mean the indebtedness of APS actually assumed or agreed to be assumed by Transitory Subsidiary and ultimately by PWE in the Reorganization, as contemplated in the Application. Insofar as the fossil assets of APS may be acquired by PWE at different times, it is understood that the term "REORGANIZATION," when used herein, will refer only to the first transaction described herein and in the Application whereby PWE acquires Assets of APS. We are aware that PWE may file an application with the Federal Energy Regulatory Commission for temporary status as an exempt wholesale generator pending Commission approval under the Act. As described in the Application, the Reorganization involves the following:

1. The formation of Transitory Subsidiary as a wholly-owned subsidiary of APS (the "FORMATION");

2. The contribution of the Assets and the Assumed Debt by APS to Transitory Subsidiary in exchange for the common stock of Transitory Subsidiary (the "CAPITALIZATION");

3. The distribution of the stock of Transitory Subsidiary by APS to the Company (the "SPIN-OFF"); and

4. The merger of Transitory Subsidiary into PWE, with PWE surviving (the "MERGER").

Among other things, we have examined:

(a) The Application;

(b) The parties' corporate proceedings and the proceedings before the Arizona Corporation Commission (the "ACC") relative to the Reorganization and related matters; and

(c) Such other documents and certificates (including those being delivered to you concurrently herewith) and such statutes, rules, and regulations as we have deemed relevant.

In our examination of the documents referred to above, we have assumed (i) the genuineness of the signatures not witnessed, the authenticity of documents submitted to us as originals, and the conformity to originals of documents submitted to us as copies; (ii) the legal capacity of all natural persons executing such documents; (iii) that such documents accurately describe and contain the mutual understanding of the parties, and that there are no oral or written statements or agreements that modify, amend, or vary, or purport to modify, amend, or vary, any of the terms of such documents; (iv) with respect to the Assumed Debt, that each such entity (other than APS, PWE, and Transitory Subsidiary), and with respect to all such other documents, that each such entity, had the power to enter into and perform its obligations under such documents, and that such documents have been duly authorized, executed, and delivered by, and are valid, binding upon, and enforceable against, such entities; (v) that the parties to such documents will receive no interest,

charges, fees, or other benefits or compensation in the nature of interest in connection with the transactions other than those that the Company has agreed in writing in such documents to pay; and (vi) that no fraud has occurred in connection with such transactions.

Based upon the foregoing, and subject to the assumptions and conditions set forth herein, we are of the opinion that, in the event that the Reorganization is consummated in accordance with the Application:

1. All laws of the State of Arizona applicable to the Reorganization will have been complied with.

2. Following the Formation and the Capitalization, Transitory Subsidiary will be validly organized and duly existing.

3. The common stock of Transitory Subsidiary issued to APS in the Formation and the Capitalization will be validly issued, fully paid and non-assessable, and APS, as the holder of such stock following the Formation and the Capitalization, and the Company, as the holder of such stock immediately following the Spin-off, will be entitled to the rights and privileges appertaining thereto set forth in the articles of incorporation of Transitory Subsidiary.

4. PWE is validly organized and duly existing.

5. The common stock of PWE to be held by the Company following the Reorganization will be validly issued, fully paid and non-assessable, and the Company, as the holder of such stock immediately following the Merger, will be entitled to the rights and privileges appertaining thereto set forth in the articles of incorporation of PWE.

6. Following the Capitalization, the Assumed Debt that is assumed effective as of the date of the Capitalization will be the valid and binding obligation of Transitory Subsidiary in accordance with its terms. Upon the effective time of the Merger, the Assumed Debt that is assumed effective as of the date of the Merger be the valid and binding obligation of PWE in accordance with its terms.

7. Upon the effective time of the Spin-off, the Company will legally acquire the common stock of Transitory Subsidiary issued in the Capitalization.

8. The consummation of the Reorganization will not violate the legal rights of the holders of any securities issued by the Company or any "associate company," as defined in the Act, thereof.

The opinions expressed above are subject to the following assumptions and conditions:

(a) The Reorganization, as contemplated by the Application, will be authorized by the Commission. The Commission will duly enter an appropriate order or orders with respect to the Reorganization, as described in the Application, granting and permitting the Application to become effective under the Act and the rules and regulations thereunder and the Reorganization will be consummated in accordance with the Application.

(b) The Reorganization will be duly authorized and approved to the extent required by the governing documents and applicable federal and state laws, by the board of directors of each of APS, Transitory Subsidiary and PWE, and by the Company as the sole shareholder of APS, Transitory Subsidiary and PWE, and such authorizations and approvals remain in full force and effect.

(c) Without limitation of paragraph (b) above, the board of directors of Transitory Subsidiary will authorize the issuance of the common stock to APS in the Capitalization in accordance with Arizona law, and the number of shares so issued will be authorized in the articles of incorporation of Transitory Subsidiary.

(d) The Spin-off will be effected in accordance with Arizona law and the amount thereof will not exceed any limitation contained in APS' articles of incorporation.

(e) Instruments of merger will be duly and validly filed with the ACC, and such other corporate formalities as are required by the laws of the State of Arizona for the consummation of the Merger will be taken, and the Merger will become effective in accordance with the laws of the State of Arizona.

(f) None of the Capitalization, the Spin-off or the Merger will constitute a fraudulent conveyance and APS will not be rendered insolvent as a result of the Reorganization.

(g) All required approvals, authorizations, consents, certificates, and orders of, and all filings and registrations with, all applicable federal and state commissions and regulatory authorities with respect to the Reorganization will be obtained or made, as the case may be, and remain in effect (including the approval and authorization of the Commission under the Act, the Federal Energy Regulatory Commission under the Federal Power Act, as amended, and the rules and regulations thereunder, and the ACC under the applicable laws of the State of Arizona), and the Reorganization will be accomplished in accordance with all such approvals, authorizations, consent, certificates, orders, filings and registrations. APS will not utilize utility funds to form Transitory Subsidiary or to divest itself of Transitory Subsidiary.

(h) The parties will comply with, or obtain all consents, waivers and releases, if any, required for the Reorganization under all applicable governing corporate documents, contracts, agreements, debt instruments, indentures, franchises, licenses, and permits to be listed on a schedule to be provided by the Company and/or any of its associate companies.

(i) Our opinions herein are given solely with respect to the actual effectuation of the Reorganization, including with respect to consents, licenses, permits, filings with and approvals of governmental authorities that are required to effect the Reorganization, and no opinion is given as to whether APS, the Company, Transitory Subsidiary, or PWE or their businesses or operations are currently in compliance with any laws or will be after the Reorganization or as to any consents, licenses, permits, filings with or approvals of any governmental body or agency or other person required for the ownership or operation of the Assets before or following the Reorganization.

(j) The opinions set forth in paragraph 6 herein are subject to, and limited by, the following:

(i) the effect of any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws relating to or affecting creditors rights generally;

(ii) the effect of general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law);

(iii) the qualification that certain waivers, procedures, remedies, and other provisions of the documents governing the Assumed Debt may be unenforceable under or limited by the law of the State of Arizona; however, such law does not, in our opinion, substantially prevent the practical realization of the benefits intended by such documents; and

(iv) we express no opinion as to the effect of the law of any jurisdiction other than the State of Arizona wherein any creditor may be located or wherein enforcement of the Assumed Debt may be sought which limits the rates of interest legally chargeable or collectible.

(k) No act or event other than as described herein shall have occurred subsequent to the date hereof that would change the opinions expressed herein.

(l) The Reorganization will be consummated as described in the Application or with such changes as we have approved, and all legal matters incident thereto will be satisfactory to us. With respect to required approvals of the ACC, we note that two parties have filed legal actions challenging the validity of the Settlement as approved by the ACC. However, under Arizona law, an ACC order remains in effect pending appeal.

(m) In giving the final opinion required by the Commission in connection with the Reorganization, we may rely exclusively upon opinions of other counsel to the Company as to certain matters, or such other counsel may provide certain of such opinions in separate opinion letters provided to the Commission concurrently with our final opinion.

The opinions expressed herein are limited to the laws of the State of Arizona and, with respect to paragraphs 6 and 7, the federal law of the United States of America and we express no opinion on the laws of any other jurisdiction. Without limiting the foregoing, opinions herein relating to labor/employment or employee benefit matters, environmental matters, tax matters, and real estate matters are limited to the laws of the State of Arizona. The opinions expressed herein are based upon the law in effect on the date hereof, and we assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or in any other manner, or otherwise to notify you of any changes in law or fact relevant to the opinions expressed herein. This opinion letter is rendered solely for your benefit in connection with the transactions described above, and this opinion letter is not to be used, circulated, quoted, or otherwise referred to for any other purpose.

We hereby consent to the use of this opinion as an exhibit to the Application.

Very truly yours,

Snell & Wilmer L.L.P.

Exhibit F-1

[PRELIMINARY]

November 21, 2000

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Pinnacle West Capital Corporation
Form U-1 Application/Declaration
(File No. 070-09745)

Ladies and Gentlemen:

We are special New Mexico counsel for Pinnacle West Capital Corporation, an Arizona corporation (the "COMPANY"), in regard to certain matters relating to the "REORGANIZATION," as such term is defined in the Form U-1 Application/Declaration (File No. 070-09745) under the Public Utility Holding Company Act of 1935, as amended (the "ACT"), filed with the Securities and Exchange Commission (the "COMMISSION") by the Company on September 12, 2000 (the "APPLICATION"). Capitalized terms used herein and not otherwise defined will have the meanings given in the Application. The term "FOUR CORNERS TRANSFER," when used herein, will mean the transfer of the Four Corners Power Plant from APS to PWE pursuant to the Reorganization, as contemplated in the Application, which we have examined.

APS has represented to us, and we have relied upon such representation, that the only business in which it is engaged in the State of New Mexico consists of and is limited to ownership and operation of electric generating units (or undivided interests therein) and electric transmission lines, sales of electricity at retail to BHP Navajo Coal Company ("BHP") solely for its conduct of coal mining operations on the Navajo Reservation ("BHP CONTRACT"), transmission of electricity from Tucson Electric Power Company to the Navajo Tribal Utility Authority for resale, and wholesale transactions with other utilities.

APS and PWE have represented to us, and we have relied upon such representation, that the only asset located in the State of New Mexico that is being transferred from APS to PWE pursuant to the Reorganization is the Four Corners Power Plant.

PWE has represented to us, and we have relied upon such representation, that it is not currently engaged in any business in the State of New Mexico, and that the only business in which it will be engaged in the State of New Mexico immediately following the Reorganization consists of and is limited to ownership and operation of electric generating units (or undivided interests therein) at the Four Corners Power Plant and the sale of power and energy at wholesale from the Plant.

The Company has represented to us, and we have relied upon such representation, that it is not engaged in any business in the State of New Mexico.

Our opinions herein are given solely with respect to the actual effectuation of the Four Corners Transfer, and no opinion is given as to whether APS, the Company, Transitory Subsidiary or PWE, or their businesses or operations, are currently in compliance with any laws, or will be after the Reorganization, or as to any consents, licenses, permits, filings with or approvals of any governmental body or agency or other person required for the ownership or operation of the Four Corners Power Plant before or following the Reorganization.

Our opinions relate only to the Four Corners Transfer. In respect only of the laws of New Mexico, and subject to the qualifications and limitations with respect to this opinion letter set forth above, we are of the opinion that:

1. The activities of APS in the State of New Mexico to date do not constitute it a "public utility" as that term is defined in the relevant laws of the State of New Mexico, and accordingly, no approval, authorization, or consent of the New Mexico Public Regulation Commission is required by APS for the Four Corners Transfer contemplated in the Application. In addition, the rates and charges pursuant to the BHP Contract between APS and BHP are not subject to regulation by the New Mexico Public Regulation Commission.

2. The activities of PWE in the State of New Mexico to date do not, and immediately following the Reorganization will not, constitute it a "public utility" as that term is defined in the relevant laws of the State of New Mexico, and accordingly, no approval, authorization, or consent of the New Mexico Public

Regulation Commission is required by PWE for the Four Corners Transfer contemplated in the Application.

The opinions expressed herein are limited to the laws of the State of New Mexico and we express no opinion about the laws of any other jurisdiction. The opinions expressed herein are based upon the law in effect on the date hereof, and we assume no obligation to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or in any other manner, or otherwise to notify you of any changes in law or fact relevant to the opinions expressed herein. Without limitation of the foregoing, we express no opinion on the requirements that might become applicable upon the implementation of open access in New Mexico, currently scheduled to begin January 1, 2002. This opinion letter is rendered solely for your benefit in connection with the Four Corners Transfer described above, and this opinion letter is not to be used, circulated, quoted, or otherwise referred to for any other purpose.

We hereby consent to the use of this opinion as an exhibit to the Application.

Yours truly,

KELEHER & MCLEOD, P.A.

By: Susan M. McCormack

Susan M. McCormack