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**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): December 31, 2006

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | 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:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

This combined Form 8-K is separately filed by Pinnacle West Capital Corporation and Arizona Public Service Company. Each registrant is filing 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 any information that does not relate to such registrant, and therefore makes no representation as to any such information.



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

On January 30, 2007, Pinnacle West Capital Corporation (the “Company” or “Pinnacle West”) issued a press release regarding its financial results for its fiscal quarter and fiscal year ended December 31, 2006. A copy of the press release is attached hereto as Exhibit 99.9.

Certain of the Information referenced in Item 7.01 below relates to the Company’s results of operations for its fiscal quarter and fiscal year ended December 31, 2006. This Information is attached hereto as Exhibits 99.2, 99.3, 99.7, 99.9, and 99.10.

Exhibit 99.9 to this report contains certain “non-GAAP financial measures,” as defined in Item 10(e) of Regulation S-K of the Exchange Act. We describe these non-GAAP financial measures as “on-going earnings” and “on-going earnings per share.” Exhibit 99.9 contains a table that reconciles each of these non-GAAP financial measures to net income, which is the most directly comparable financial measure calculated and presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”). We believe on-going earnings provide investors with a useful indicator of our results that is comparable among periods because it excludes the effects of unusual items that may occur on an irregular basis. Investors should note that these non-GAAP financial measures involve judgments by management, including whether an item is classified as an unusual item. We use on-going earnings, or similar concepts, to measure our performance internally in reports for management.

**Item 7.01. Regulation FD Disclosure**

**Financial and Business Information**

The Company is providing quarterly consolidated statistical summaries, earnings variance explanations, and a glossary of relevant terms (collectively, “Information”) to help interested parties better understand its business (see Exhibits 99.1, 99.2, 99.3, 99.4, 99.5, 99.6, 99.7, 99.8 and 99.10). This Information is concurrently being posted to the Company’s website at www.pinnaclewest.com. The Information may not represent all of the factors that could affect the Company’s operating or financial results for various periods. Some of the Information is preliminary in nature and could be subject to significant adjustment. Some of the Information is based on information received from third parties and may contain inaccuracies. The Company is not responsible for any such inaccuracies. Although the Company may update or correct the Information if it is aware that such Information has been revised or is inaccurate, the Company assumes no obligation to update or correct the Information and reserves the right to discontinue the provision of all or any portion of the Information at any time or to change the type of Information provided.

**2007 Earnings Outlook**

In this discussion, earnings per share amounts are after income taxes and are based on diluted common shares outstanding. The earnings guidance in this Form 8-K supersedes all previous earnings guidance provided by Pinnacle West.

Our earnings forecasts are subject to numerous risks, including those described under “Forward-Looking Statements” below and under “Business Outlook” in Part I, Item 2 of our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2006 (the “September 2006 Form 10-Q”). Our estimates as to how several of these risks and other factors may affect future earnings follow:

* Arizona Public Service Company (“APS”) has a general retail rate case pending before the Arizona Corporation Commission (the “ACC”). The rate request includes, among other things, an overall increase of $434.6 million (20.4%) in annual retail electricity revenues, of which

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$314.4 million (14.8%) represents an increase in the base fuel rate. We are not able to predict the outcome of the rate case, when the ACC will make a decision in this case, or the specific date when a rate increase will become effective. (For detailed information regarding the rate case, see “APS General Rate Case” in Note 5 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of the September 2006 Form 10-Q.)

* We assume that APS’ fuel and purchased power costs will be recovered through base rates or under APS’ power supply adjustor (“PSA”) or will be deferred for future recovery under the PSA, excluding such costs not recoverable pursuant to the 90/10 sharing provision under the PSA.
* We assume that revenues will continue to be collected under the interim PSA adjustor ($0.007 per kilowatt-hour) until rates become effective as a result of APS’ pending general rate case. (See our Report on Form 8-K dated December 8, 2006 regarding ACC approval of continuation of the interim PSA adjustor.)
* We currently estimate that net income for 2007 from our real estate subsidiary, SunCor Development Company (“SunCor”), will be between $30 million and $35 million. This estimate reflects a slowdown in the western United States residential real estate markets.

We estimate that our base level of consolidated earnings for 2007, before considering any potential earnings benefit derived from a base rate increase effective at any time during 2007, will be within a reasonable range of $2.45 per share.

Assuming APS’ retail rate request is granted effective May 1, 2007, we expect consolidated earnings for 2007 to be within a reasonable range of $3.00 per share. We estimate that APS’ earnings contribution included in such 2007 consolidated earnings will be within a reasonable range of $2.70 per share (equivalent to a return on APS’ average common equity of 8%). Under these assumptions, we estimate that 2007 earnings will include $55 million ($0.55 per share) related to the retail rate decision, consisting of $15 million ($0.15 per share) in the second quarter, $25 million ($0.25 per share) in the third quarter, and $15 million ($0.15 per share) in the fourth quarter.

**Forward-Looking Statements**

This Form 8-K contains forward-looking statements regarding our 2007 earnings outlook. Neither the Company nor APS assumes any obligation to update these statements or make any further statements on any of these issues, except as required by applicable law. These forward-looking statements are often identified by words such as “estimate,” “predict,” “hope,” “may,” “believe,” “anticipate,” “plan,” “expect,” “require,” “intend,” “assume” 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 results or outcomes currently expected or sought by Pinnacle West or APS. In addition to the Risk Factors described in Item 1A of the Pinnacle West/APS Annual Report on Form 10-K for the fiscal year ended December 31, 2005, these factors include, but are not limited to, state and federal regulatory and legislative decisions and actions, including the outcome and timing of APS’ retail rate proceedings pending before the ACC; the timely recovery of PSA deferrals, including such deferrals in 2005 and 2006 associated with unplanned Palo Verde outages and reduced power operations that are the subject of ACC prudence reviews; the

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ongoing restructuring of the electric industry, including the introduction of retail electric competition in Arizona and decisions impacting wholesale competition; the outcome of regulatory, legislative and judicial proceedings, both current and future, relating to the restructuring; market prices for electricity and natural gas; power plant performance and outages; transmission outages and constraints; weather variations affecting local and regional customer energy usage; customer growth and energy usage; regional economic and market conditions, including the results of litigation and other proceedings resulting from the California energy situation, volatile fuel and purchased power costs and the completion of generation and transmission construction in the region, which could affect customer growth and the cost of power supplies; the cost of debt and equity capital and access to capital markets; current credit ratings remaining in effect for any given period of time; our ability to compete successfully outside traditional regulated markets (including the wholesale market); the performance of our marketing and trading activities due to volatile market liquidity and any deteriorating counterparty credit and the use of derivative contracts in our business (including the interpretation of the subjective and complex accounting rules related to these contracts); changes in accounting principles generally accepted in the United States of America and the interpretation of those principles; the performance of the stock market and the changing interest rate environment, which affect the value of the assets in the trusts holding our nuclear decommissioning, pension, and other postretirement benefit plans assets, the amount of required contributions to Pinnacle West’s pension plan and contributions to APS’ nuclear decommissioning trust funds, as well as the reported costs of providing pension and other postretirement benefits; technological developments in the electric industry; the strength of the real estate market in SunCor’s market areas, which include Arizona, Idaho, New Mexico and Utah; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of Pinnacle West and APS.

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**Item 9.01. Financial Statements and Exhibits**

1. **Exhibits.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Exhibit No.** |  | **Registrant(s)** |  | **Description** |
| 99.1 |  | Pinnacle West |  | Pinnacle West Capital Corporation quarterly consolidated statistical summary (cover page and |
|  |  | APS | list of contents). | |
| 99.2 |  | Pinnacle West | Pinnacle West Capital Corporation quarterly consolidated statistical summary for the periods | |
|  |  | APS | ended December 31, 2006 and 2005. | |
| 99.3 |  | Pinnacle West | Pinnacle West Capital Corporation consolidated statistics by quarter for 2006. | |
|  |  | APS |  |  |
| 99.4 |  | Pinnacle West | Pinnacle West Capital Corporation consolidated statistics by quarter for 2005. | |
| 99.5 |  | Pinnacle West | Pinnacle West Capital Corporation consolidated statistics by quarter for 2004. | |
| 99.6 |  | Pinnacle West | Pinnacle West Capital Corporation consolidated statistics by quarter for 2003. | |
| 99.7 |  | Pinnacle West | Pinnacle West Capital Corporation earnings variance explanations for the three and twelve | |
|  |  | APS | months ended December 31, 2006 and 2005 and unaudited condensed consolidated statements | |
|  |  |  | of income for the three and twelve months ended December 31, 2006 and 2005. | |
| 99.8 |  | Pinnacle West | Glossary of Terms. | |
|  |  | APS |  |  |
| 99.9 |  | Pinnacle West | Earnings News Release issued on January 30, 2007. | |
|  |  | APS |  |  |
| 99.10 |  | Pinnacle West | Non-GAAP Financial Measure Reconciliation - Operating Income (GAAP measure) to Gross | |
|  |  | APS | Margin (non-GAAP financial measure). | |
|  |  |  | 5 | |
|  |  |  |  |  |



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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: January 30, 2007 | By: /s/ Donald E. Brandt | |  |
|  |  | Donald E. Brandt |  |
|  |  | Executive Vice President and Chief Financial Officer |  |
|  | ARIZONA PUBLIC SERVICE COMPANY | |  |
|  | (Registrant) | |  |
| Dated: January 30, 2007 | By: /s/ Donald E. Brandt | |  |
|  |  | Donald E. Brandt |  |
|  |  | President and Chief Financial Officer |  |
|  | 6 | |  |
|  |  |  |  |



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|  |  |  |  | **Exhibit Index** |
| **Exhibit No.** |  | **Registrant(s)** |  | **Description** |
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|  |  | APS | ended December 31, 2006 and 2005. | |
| 99.3 |  | Pinnacle West | Pinnacle West Capital Corporation consolidated statistics by quarter for 2006. | |
|  |  | APS |  |  |
| 99.4 |  | Pinnacle West | Pinnacle West Capital Corporation consolidated statistics by quarter for 2005. | |
| 99.5 |  | Pinnacle West | Pinnacle West Capital Corporation consolidated statistics by quarter for 2004. | |
| 99.6 |  | Pinnacle West | Pinnacle West Capital Corporation consolidated statistics by quarter for 2003. | |
| 99.7 |  | Pinnacle West | Pinnacle West Capital Corporation earnings variance explanations for the three and twelve | |
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|  |  |  | of income for the three and twelve months ended December 31, 2006 and 2005. | |
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| 99.9 |  | Pinnacle West | Earnings News Release issued on January 30, 2007. | |
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| 99.10 |  | Pinnacle West | Non-GAAP Financial Measure Reconciliation - Operating Income (GAAP measure) to Gross | |
|  |  | APS | Margin (non-GAAP financial measure). | |
|  |  |  | 7 | |

Exhibit 99.1

Last Updated 1/30/2007

**Pinnacle West Capital Corporation**

**Quarterly Consolidated Statistical Summary**

**Periods Ended December 31, 2006 and 2005**

**List of Contents**

**2006 Fourth Quarter Summary**

**2006 by Quarter**

**2005 by Quarter**

**2004 by Quarter**

**2003 by Quarter**

Quarters may not sum to totals due to rounding.

Certain current and prior-year amounts have been reclassified to conform to current-period presentation.

The definitions of terms used in this statistical summary are contained

in the “Glossary of Terms” on the Pinnacle West website at:

http://www.pinnaclewest.com/files/investors/2006Q4QuarStatsGloss.pdf

This statistical data may be graphed in various quarterly or annual comparisons

using the “Interactive Charts” tool on the Pinnacle West website at:

http://www.pinnaclewest.com/main/pnw/investors/financials/quarterly/landing.html

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Exhibit 99.2 | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | | 1/30/2007 | | | |  |
|  |  | **Pinnacle West Capital Corporation** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Quarterly Consolidated Statistical Summary** | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Periods Ended December 31, 2006 and 2005** | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
| Line |  |  |  |  |  | **3 Mo. Ended December** | | | |  |  |  |  |  |  | **12 Mo. Ended December** | | | |  |  |  |  |  |
|  |  |  | **2006** |  |  |  | **2005** |  | **Incr (Decr)** | |  |  | **2006** |  |  |  | **2005** |  |  | **Incr (Decr)** | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **EARNINGS CONTRIBUTION BY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **SUBSIDIARY ($ Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1 | Arizona Public Service | $ | | 13 |  | $ | | 18 | | $ | (5) | | $ | 270 | | $ | | 170 | | $ | | 100 | |  |
| 2 | Pinnacle West Energy |  |  | — | |  |  | (6) | |  | 6 | |  | — | |  |  | (85) | |  |  | 85 | |  |
| 3 | APS Energy Services |  |  | (2) | |  |  | (3) | |  | 1 | |  | (3) | |  |  | (6) | |  |  | 3 | |  |
| 4 | SunCor |  |  | 3 | |  |  | 13 | |  | (10) | |  | 50 |  |  |  | 39 |  |  |  | 11 | |  |
| 5 | El Dorado |  |  | (1) | |  |  | — | |  | (1) | |  | (3) | |  |  | (2) | |  |  | (1) | |  |
| 6 | Parent Company |  |  | (3) | |  |  | 2 | |  | (5) | |  | 3 | |  |  | 107 | |  |  | (104) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 | Income From Continuing Operations |  |  | 10 |  |  |  | 24 | |  | (14) | |  | 317 | |  |  | 223 | |  |  | 94 | |  |

* Income (Loss) From Discontinued



|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Operations — Net of Tax | 8 | (3) | 11 | 10 | (47) | 57 |

* Cumulative Effect of Change in Accounting

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | — Net of Tax |  | — |  |  | — | |  | — | |  | — | |  | — | |  | — | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 | Net Income | $ | 18 |  | $ | 21 | | $ | (3) | | $ | 327 | | $ | 176 | | $ | 151 | |  |
|  |  | **EARNINGS PER SHARE BY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SUBSIDIARY — DILUTED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 11 | Arizona Public Service | $ | 0.13 | | $ | 0.19 | | $ | (0.06) | | $ | 2.70 | | $ | 1.77 | | $ | 0.93 | |  |
|  | 12 | Pinnacle West Energy |  | — | |  | (0.06) | |  | 0.06 | |  | — | |  | (0.89) | |  | 0.89 | |  |
|  | 13 | APS Energy Services |  | (0.02) | |  | (0.04) | |  | 0.02 | |  | (0.03) | |  | (0.06) | |  | 0.03 | |  |
|  | 14 | SunCor |  | 0.03 | |  | 0.13 | |  | (0.10) | |  | 0.50 | |  | 0.40 | |  | 0.10 | |  |
|  | 15 | El Dorado |  | (0.01) | |  | (0.01) | |  | — | |  | (0.03) | |  | (0.02) | |  | (0.01) | |  |
|  | 16 | Parent Company |  | (0.03) | |  | 0.03 | |  | (0.06) | |  | 0.03 | |  | 1.11 |  |  | (1.08) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 17 | Income From Continuing Operations |  | 0.10 | |  | 0.24 | |  | (0.14) | |  | 3.17 | |  | 2.31 | |  | 0.86 | |  |
| 18 | | Income (Loss) From Discontinued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Operations — Net of Tax |  | 0.08 | |  | (0.02) | |  | 0.10 | |  | 0.10 | |  | (0.49) | |  | 0.59 | |  |
|  | 19 | Cumulative Effect of Change in Accounting |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | — Net of Tax |  | — | |  | — | |  | — | |  | — | |  | — | |  | — | |  |
| 20 | | Net Income | $ | 0.18 |  | $ | 0.22 |  | $ | (0.04 | ) | $ | 3.27 |  | $ | 1.82 |  | $ | 1.45 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 21 | **BOOK VALUE PER SHARE** | $ | 33.66\* | | $ | 34.58 | | $ | (0.92) | | $ | 33.66\* | |  | 34.58 |  |  | (0.92) | |  |
|  |  | **COMMON SHARES OUTSTANDING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(Thousands)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 22 | Average — Diluted |  | 100,474 |  |  | 99,050 | |  | 1,424 | |  | 100,010 | |  | 96,590 | |  | 3,420 | |  |
|  | 23 | End of Period |  | 99,959 | |  | 99,057 | |  | 902 | |  | 99,959 | |  | 99,057 | |  | 902 | |  |

* Estimate

See Glossary of Terms.



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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | | 1/30/2007 | | |  |
|  |  |  | **Pinnacle West Capital Corporation** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **Quarterly Consolidated Statistical Summary** | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **Periods Ended December 31, 2006 and 2005** | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |
|  | Line |  |  |  |  |  | **3 Mo. Ended December** | | | |  |  |  |  |  |  | **12 Mo. Ended December** | | | |  |  |  |  |
|  |  |  |  | **2006** |  |  |  | **2005** |  | **Incr (Decr)** | |  |  | **2006** |  |  |  | **2005** |  | **Incr (Decr)** | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC OPERATING REVENUES** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 24 | Residential | $ | | 242 | | $ | | 207 | | $ | 35 |  | $ | 1,271 | | $ | | 1,079 |  | $ | 192 | |  |
|  | 25 | Business |  |  | 302 | |  |  | 243 | |  | 59 |  |  | 1,239 | |  |  | 1,041 |  |  | 198 | |  |
| 26 | | Total retail |  |  | 544 |  |  |  | 450 |  |  | 94 |  |  | 2,510 |  |  |  | 2,120 |  |  | 390 |  |  |
|  |  | **Wholesale revenue on delivered electricity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 27 | Traditional contracts |  |  | (3) | |  |  | 6 | |  | (9) | |  | 22 |  |  |  | 23 |  |  | (1) | |  |
|  | 28 | Off-system sales |  |  | 12 |  |  |  | 20 |  |  | (8) | |  | 46 |  |  |  | 40 |  |  | 6 | |  |
|  | 29 | Transmission for others |  |  | 7 | |  |  | 5 | |  | 2 | |  | 26 |  |  |  | 26 |  |  | — | |  |
|  | 30 | Other miscellaneous services |  |  | 9 | |  |  | 7 | |  | 2 | |  | 31 |  |  |  | 28 |  |  | 3 | |  |
| 31 | | Total regulated operating electricity revenues |  |  | 569 |  |  |  | 488 |  |  | 81 |  |  | 2,635 |  |  |  | 2,237 |  |  | 398 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 32 | Electricity and other commodity sales |  |  | 71 |  |  |  | 84 |  |  | (13) | |  | 331 | |  |  | 352 | |  | (21) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 33 | Total operating electric revenues |  | $ | 640 | | $ | | 572 | | $ | 68 |  | $ | 2,966 | | $ | | 2,589 |  | $ | 377 | |  |
|  |  | **ELECTRIC SALES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail sales** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 34 | Residential |  |  | 2,571 |  |  |  | 2,518 |  |  | 53 |  |  | 12,994 | |  |  | 12,223 | |  | 771 | |  |
|  | 35 | Business |  |  | 3,585 |  |  |  | 3,427 |  |  | 158 |  |  | 14,977 | |  |  | 14,254 | |  | 723 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 36 | Total retail |  |  | 6,156 |  |  |  | 5,945 |  |  | 211 |  |  | 27,971 | |  |  | 26,477 | |  | 1,494 | |  |
|  |  | **Wholesale electricity delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 37 | Traditional contracts |  |  | 167 | |  |  | 227 | |  | (60) | |  | 884 | |  |  | 850 | |  | 34 | |  |
|  | 38 | Off-system sales |  |  | 497 | |  |  | 526 | |  | (29) | |  | 1,994 | |  |  | 1,336 |  |  | 658 | |  |
|  | 39 | Retail load hedge management |  |  | 347 | |  |  | 532 | |  | (185) | |  | 1,574 | |  |  | 3,010 |  |  | (1,436) | |  |
| 40 | | Total regulated electricity |  |  | 7,167 |  |  |  | 7,230 |  |  | (63) |  |  | 32,423 |  |  |  | 31,673 |  |  | 750 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 41 | Wholesale sales of electricity |  |  | 3,688 |  |  |  | 5,240 |  |  | (1,552) | |  | 16,282 | |  |  | 23,572 | |  | (7,290) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 42 | Total electric sales |  |  | 10,855 | |  |  | 12,470 | |  | (1,615) | |  | 48,705 | |  |  | 55,245 | |  | (6,540) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

See Glossary of Terms.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | | 1/30/2007 | | |  |
|  |  | **Pinnacle West Capital Corporation** | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Quarterly Consolidated Statistical Summary** | | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Periods Ended December 31, 2006 and 2005** | | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |
| Line |  |  |  |  |  |  | **3 Mo. Ended December** | | | |  |  |  |  |  |  | **12 Mo. Ended December** | | | |  |  |  |  |
|  |  |  | **2006** |  |  |  |  | **2005** |  | **Incr (Decr)** | |  |  | **2006** |  |  |  | **2005** |  | **Incr (Decr)** | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **POWER SUPPLY ADJUSTOR (“PSA”) -** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **- REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **SEGMENT (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 43 | Deferred fuel and purchased power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | regulatory asset — beginning balance | $ | | 209 | |  | $ | | 143 | | $ | 66 |  | $ | 173 | | $ | | — | | $ | 173 | |  |
| 44 | Deferred fuel and purchased power costs — |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | current period |  |  | 19 |  |  |  |  | 29 |  |  | (10) | |  | 244 | |  |  | 171 | |  | 73 | |  |
| 45 | Interest on deferred fuel |  |  | 2 | |  |  |  | 1 | |  | 1 | |  | 8 | |  |  | 2 | |  | 6 | |  |
| 46 | Amounts recovered through revenues |  |  | (70) | | |  |  | — | |  | (70) | |  | (265) | |  |  | — | |  | (265) | |  |
| 47 | Deferred fuel and purchased power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | regulatory asset — ending balance | $ | | 160 | |  | $ | | 173 | | $ | (13) | | $ | 160 | | $ | | 173 | | $ | (13) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **MARKETING AND TRADING PRETAX** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **GROSS MARGIN ANALYSIS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Realized and Mark-To-Market** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Components** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 48 | Electricity and other commodity sales, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | realized (a) | $ | | 18 |  |  | $ | | 23 |  | $ | (5) | | $ | 55 |  | $ | | 55 |  | $ | — | |  |
| 49 | Mark-to-market reversals on realized sales |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | (a) (b) |  |  | (6) | | |  |  | (17) | |  | 11 | |  | (14) | |  |  | (16) | |  | 2 | |  |
| 50 | Change in mark-to-market value of forward |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | sales |  |  | (3) | | |  |  | 1 | |  | (4) | |  | — | |  |  | 20 |  |  | (20) | |  |
| 51 | Total gross margin |  | $ | 9 |  |  |  | $ | 7 |  | $ | 2 |  | $ | 41 |  |  | $ | 59 |  | $ | (18) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **By Pinnacle West Entity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 52 | Parent company marketing and trading |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | division | $ | | 3 | |  | $ | | 6 | | $ | (3) | | $ | 18 |  | $ | | 59 |  | $ | (41) | |  |
| 53 | APS |  |  | 5 | |  |  |  | 3 | |  | 2 | |  | 14 |  |  |  | (6) | |  | 20 | |  |
| 54 | Pinnacle West Energy |  |  | — | | |  |  | — | |  | — | |  | — | |  |  | 5 | |  | (5) | |  |
| 55 | APS Energy Services |  |  | 1 | |  |  |  | (2) | |  | 3 | |  | 9 | |  |  | 1 | |  | 8 | |  |
| 56 | Total gross margin |  | $ | 9 |  |  |  | $ | 7 |  | $ | 2 |  | $ | 41 |  |  | $ | 59 |  | $ | (18) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Future Marketing and Trading Mark-to-Market Realization**

As of December 31, 2006, Pinnacle West had accumulated net mark-to-market gains of $30 million related to our power marketing and trading activities. We estimate that these gains will be reclassified to realized gains as the underlying commodities are delivered, as follows: 2007, $16 million; and 2008, $14 million.



1. Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 48 and in line 49 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not earnings recognition. The arithmetic opposites of amounts included in line 48 are included in line 49. For example, line 49 shows that a prior-period mark-to-market gain of $6 million was transferred to “realized” for the fourth quarter of 2006. A

$6 million realized gain is included in the $18 million on line 48 for the fourth quarter of 2006.

1. Quarterly amounts do not total to annual amounts because of intra-year mark-to-market eliminations. See Glossary of Terms.

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Last Updated 1/30/2007

**Pinnacle West Capital Corporation**

**Quarterly Consolidated Statistical Summary**

**Periods Ended December 31, 2006 and 2005**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Line |  |  |  |  | **3 Mo. Ended December** | | | | |  |  |  |  |  |  |  | **12 Mo. Ended December** | | | | |  |  |  |  |
|  |  | **2006** | |  | **2005** | | |  |  | **Incr (Decr)** | | |  | **2006** | |  | **2005** | | |  |  | **Incr (Decr)** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **AVERAGE ELECTRIC** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **CUSTOMERS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail customers** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 57 | Residential | 949,132 | | | 911,623 | | | |  | 37,509 | | | 936,464 | | | | 896,472 | | | |  | 39,992 | | |  |
|  | 58 | Business |  | 117,342 | | 112,569 | | | |  | 4,773 | |  | 115,431 | | | | 111,168 | | | |  | 4,263 | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59 | Total |  | 1,066,474 | | 1,024,192 | | |  |  | 42,282 | | | 1,051,895 | | | | 1,007,640 | | |  |  | 44,255 | | |  |
|  | 60 | Wholesale customers |  | 80 | | 77 | | |  |  | 3 | | | 77 | | | | 78 | | |  |  | (1) | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 61 | Total customers |  | 1,066,554 | | 1,024,269 | | |  |  | 42,285 | | | 1,051,972 | | | | 1,007,718 | | |  |  | 44,254 | | |  |
| 62 | | Customer growth (% over prior |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | year) | 4.1% | | | 4.5% | | | |  | (0.4)% | | | 4.4% | | | | 4.3% | | | |  | 0.1% | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL SALES (GWH) -** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **WEATHER** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 63 | | Residential | 2,619 | | | 2,515 | | |  |  | 104 | | | 13,014 | | | | 12,280 | | | |  | 734 | | |  |
|  | 64 | Business | 3,598 | | | 3,414 | | |  |  | 184 | | | 15,008 | | | | 14,286 | | | |  | 722 | | |  |
| 65 | | Total |  | 6,217 |  |  | | 5,929 |  |  |  | 288 |  |  | | 28,022 |  |  | | 26,566 |  |  |  | 1,456 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 66 | | Residential | 2,709 | | | 2,763 | | |  |  | (54) | | | 13,876 | | | | 13,635 | | | |  | 241 | | |  |
|  | 67 | Business | 30,552 | | | 30,444 | | | |  | 108 | | | 129,749 | | | | 128,514 | | | |  | 1,235 | | |  |
|  |  | **RETAIL USAGE - WEATHER** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 68 | Residential | 2,759 | | | 2,758 | | |  |  | 1 | | | 13,897 | | | | 13,698 | | | |  | 199 | | |  |
|  | 69 | Business | 30,667 | | | 30,332 | | | |  | 335 | | | 130,017 | | | | 128,507 | | | |  | 1,510 | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRICITY DEMAND** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(MW)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 70 | | System peak demand | 5,316 | | | 5,169 | | |  |  | 147 | | | 7,652 | | | | 7,000 | | | |  | 652 | | |  |
| See Glossary of Terms. | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | | | | 1/30/2007 | | | |  |
|  |  |  |  |  |  | **Pinnacle West Capital Corporation** | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Quarterly Consolidated Statistical Summary** | | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Periods Ended December 31, 2006 and 2005** | | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Line |  |  |  |  |  | **3 Mo. Ended December** | | | | |  |  |  |  |  |  |  | **12 Mo. Ended December** | | | | | |  |  |  |  |  |
|  |  | **2006** | |  |  | **2005** | | |  |  | **Incr (Decr)** | | |  | **2006** | |  | **2005** | | |  |  |  | **Incr (Decr)** | | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY SOURCES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation production** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 71 | Nuclear | 1,868 | | |  | 1,496 | | | |  | 372 | | |  | 6,988 | | | 7,509 | | | |  |  | (521) | | |  |  |
|  | 72 | Coal | 3,337 | | |  | 3,458 | | | |  | (121) | | |  | 13,176 | | | 13,060 | | | |  |  | 116 | | |  |  |
|  | 73 | Gas, oil and other | 1,628 | | |  | 2,114 | | | |  | (486) | | |  | 7,384 | | | 8,435 | | | |  |  | (1,051) | | |  |  |
| 74 | | Total generation production |  | 6,833 |  |  |  | | 7,068 |  |  |  | (235) |  |  |  | 27,548 |  |  | | 29,004 |  |  |  |  | (1,456 | ) |  |  |
|  |  | **Purchased power** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 75 | Firm load | 223 | | |  | 402 | | | |  | (179) | | |  | 4,290 | | | 3,474 | | | |  |  | 816 | | |  |  |
|  | 76 | Marketing and trading | 4,328 | | |  | 6,102 | | | |  | (1,774) | | |  | 19,240 | | | 25,713 | | | |  |  | (6,473) | | |  |  |
| 77 | | Total purchased power |  | 4,551 |  |  |  | | 6,504 |  |  |  | (1,953 | ) |  |  | 23,530 |  |  | | 29,187 |  |  |  |  | (5,657 | ) |  |  |
|  | 78 | Total energy sources | 11,384 | | |  | 13,572 | | | |  | (2,188) | | |  | 51,078 | | | 58,191 | | | |  |  | (7,113) | | |  |  |
|  |  | **POWER PLANT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **PERFORMANCE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Capacity Factors** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 79 | Nuclear | 75% | | | | 61% | | | |  | 14% | | |  | 71% | | | 77% | | | |  |  | (6)% | | |  |  |
|  | 80 | Coal | 87% | | | | 92% | | | |  | (5)% | | |  | 87% | | | 87% | | | |  |  | 0% | | |  |  |
|  | 81 | Gas, oil and other | 22% | | | | 27% | | | |  | (5)% | | |  | 25% | | | 28% | | | |  |  | (3)% | | |  |  |
|  | 82 | System average | 50% | | | | 50% | | | |  | 0% | | |  | 51% | | | 53% | | | |  |  | (2)% | | |  |  |
|  |  | **Generation Capacity Out of** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Service and Replaced for Native** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Load (average MW/day) (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 83 | Nuclear | 267 | | |  | 419 | | | |  | (152) | | |  | 153 | | | 114 | | | |  |  | 39 | | |  |  |
|  | 84 | Coal | 155 | | |  | 103 | | | |  | 52 | | |  | 82 | | | 73 | | | |  |  | 9 | | |  |  |
|  | 85 | Gas | 286 | | |  | 226 | | | |  | 60 | | |  | 89 | | | 93 | | | |  |  | (4) | | |  |  |
| 86 | | Total |  | 708 |  |  |  | | 748 |  |  |  | (40) |  |  |  | 324 |  |  | | 280 |  |  |  |  | 44 |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



1. Includes planned and unplanned outages See Glossary of Terms.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | |  |
|  |  |  | **Pinnacle West Capital Corporation** | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Quarterly Consolidated Statistical Summary** | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Periods Ended December 31, 2006 and 2005** | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
| Line |  |  |  |  |  | **3 Mo. Ended December** | | | |  |  |  |  |  |  | **12 Mo. Ended December** | | | | |  |  |  |  |
|  |  |  | **2006** |  |  |  | **2005** |  | **Incr (Decr)** | |  |  |  | **2006** |  |  |  | **2005** |  | **Incr (Decr)** | |  |  |
|  | **ENERGY MARKET INDICATORS (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Electricity Average Daily Spot Prices** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **($/MWh)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **On-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 87 | Palo Verde | $ | | 52.72 | | $ | | 83.58 | | $ | (30.86) | | $ | | 56.76 | | $ | | 66.40 | | $ | (9.64) | |  |
| 88 | SP15 | $ | | 62.16 | | $ | | 97.65 | | $ | (35.49) | | $ | | 61.95 | | $ | | 72.94 | | $ | (10.99) | |  |
|  | **Off-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 89 | Palo Verde | $ | | 39.62 | | $ | | 67.79 | | $ | (28.17) | | $ | | 37.09 | | $ | | 47.55 | | $ | (10.46) | |  |
| 90 | SP15 | $ | | 46.27 | | $ | | 76.45 | | $ | (30.18) | | $ | | 40.61 | | $ | | 52.06 | | $ | (11.45) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **WEATHER INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Actual** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 91 | Cooling degree-days |  |  | 457 | |  |  | 508 | |  | (51) | |  |  | 4,695 | |  |  | 4,663 | |  | 32 |  |  |
| 92 | Heating degree-days |  |  | 383 | |  |  | 308 | |  | 75 | |  |  | 851 | |  |  | 766 | |  | 85 |  |  |
| 93 | Average humidity |  |  | 33% | |  |  | 30% | |  | 3% | |  |  | 28% | |  |  | 34% | |  | (6)% | |  |
|  | **10-Year Averages** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 94 | Cooling degree-days |  |  | 437 | |  |  | 437 | |  | — | |  |  | 4,624 | |  |  | 4,624 | |  | — | |  |
| 95 | Heating degree-days |  |  | 386 | |  |  | 386 | |  | — | |  |  | 931 | |  |  | 931 | |  | — | |  |
| 96 | Average humidity |  |  | 39% | |  |  | 39% | |  | 0% | |  |  | 34% | |  |  | 34% | |  | 0% | |  |
|  | **ECONOMIC INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Building Permits — Metro Phoenix (b) (d)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 97 | Single-family |  |  | 2,910 | |  |  | 6,152 | |  | (3,242) | |  |  | 26,478 | |  |  | 40,098 | |  | (13,620) | |  |
| 98 | Multi-family |  |  | 783 | |  |  | 1,383 | |  | (600) | |  |  | 9,861 | |  |  | 7,129 | |  | 2,732 | |  |
| 99 | Total |  |  | 3,693 |  |  |  | 7,535 |  |  | (3,842) |  |  |  | 36,339 |  |  |  | 47,227 |  |  | (10,888) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Arizona Job Growth (c) (d)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 100 | Payroll job growth (% over prior year) |  |  | 4.6% | |  |  | 5.3% | |  | (0.7)% | |  |  | 5.0% | |  |  | 5.3% | |  | (0.3)% | |  |
| 101 | Unemployment rate (%, seasonally adjusted) |  |  | 4.0% | |  |  | 4.8% | |  | (0.8)% | |  |  | 4.2% | |  |  | 4.7% | |  | (0.5)% | |  |



Sources:

1. Average of daily prices obtained and used with permission from Dow Jones & Company, Inc.
2. Arizona Real Estate Center, Arizona State University W.P. Carey College of Business
3. Arizona Department of Economic Security
4. Economic indicators reflect latest available data through periods ended November 30, 2006.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Exhibit 99.3 | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | |  |
|  |  |  | **Pinnacle West Capital Corporation** | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Consolidated Statistics By Quarter** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **2006** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  | **3rd Qtr** | |  |  | **4th Qtr** | | **Year-To-Date** | | |  | **(Decrease)** | |  |
| Line |  |  |  |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **EARNINGS CONTRIBUTION BY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **SUBSIDIARY ($ Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1 | Arizona Public Service | $ | | (6) | | $ | | 94 | | $ 169 | | | $ | | 13 | | $ | 270 | | $ | 100 | |  |
| 2 | Pinnacle West Energy |  |  | — | |  |  | — | |  | — | |  |  | — | |  | — | |  | 85 | |  |
| 3 | APS Energy Services |  |  | 1 | |  |  | — | | (2) | | |  |  | (2) | |  | (3) | |  | 3 | |  |
| 4 | SunCor |  |  | 21 | |  |  | 8 | | 17 | |  |  |  | 3 | |  | 50 | |  | 11 | |  |
| 5 | El Dorado |  |  | (1) | |  |  | — | |  | — | |  |  | (1) | |  | (3) | |  | (1) | |  |
| 6 | Parent Company |  |  | (3) | |  |  | 9 | |  | — | |  |  | (3) | |  | 3 | |  | (104) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 | Income From Continuing Operations |  |  | 12 |  |  |  | 111 |  |  | 184 |  |  |  | 10 |  |  | 317 | |  | 94 | |  |

* Income (Loss) From Discontinued



Operations — Net of Tax — 1 — 8 10 57

* Cumulative Effect of Change in Accounting

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | — Net of Tax |  |  | — |  |  |  | — |  |  |  | — |  |  |  | — |  |  | — | |  |  | — | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 | Net Income | $ | | 12 | | $ | | 112 | | $ | | 184 | | $ | | 18 | | $ | 327 | | $ | | 151 | |  |
|  |  | **EARNINGS PER SHARE BY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SUBSIDIARY — DILUTED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 11 | Arizona Public Service | $ | | (0.06) | | $ | | 0.95 | | $ | | 1.69 | | $ | | 0.13 | | $ | 2.70 | | $ | | 0.93 | |  |
|  | 12 | Pinnacle West Energy |  |  | — | |  |  | — | |  |  | — | |  |  | — | |  | — | |  |  | 0.89 | |  |
|  | 13 | APS Energy Services |  |  | 0.01 | |  |  | — | |  |  | (0.02) | |  |  | (0.02) | |  | (0.03) | |  |  | 0.03 | |  |
|  | 14 | SunCor |  |  | 0.21 | |  |  | 0.08 | |  |  | 0.17 | |  |  | 0.03 | |  | 0.50 | |  |  | 0.10 | |  |
|  | 15 | El Dorado |  |  | (0.01) | |  |  | — | |  |  | — | |  |  | (0.01) | |  | (0.03) | |  |  | (0.01) | |  |
|  | 16 | Parent Company |  |  | (0.03) | |  |  | 0.08 | |  |  | — | |  |  | (0.03) | |  | 0.03 | |  |  | (1.08) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 17 | Income From Continuing Operations |  |  | 0.12 |  |  |  | 1.11 |  |  |  | 1.84 |  |  |  | 0.10 |  |  | 3.17 | |  |  | 0.86 | |  |
|  | 18 | Income (Loss) From Discontinued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Operations — Net of Tax |  |  | 0.01 | |  |  | 0.02 | |  |  | — | |  |  | 0.08 | |  | 0.10 | |  |  | 0.59 | |  |
|  | 19 | Cumulative Effect of Change in |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Accounting — Net of Tax |  |  | — | |  |  | — | |  |  | — | |  |  | — | |  | — | |  |  | — | |  |
| 20 | | Net Income |  | $ | 0.13 |  |  | $ | 1.13 |  |  | $ | 1.84 |  |  | $ | 0.18 |  | $ | 3.27 |  |  | $ | 1.45 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 21 | **BOOK VALUE PER SHARE** | $ | | 32.37 | | $ | | 33.08 | | $ | | 34.07 | | $ | | 33.66\* | | $ | 33.66\* | |  |  | (0.92) | |  |
|  |  | **COMMON SHARES OUTSTANDING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(Thousands)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 22 | Average — Diluted |  |  | 99,449 | |  |  | 99,640 | |  |  | 99,973 | |  |  | 100,474 | |  | 100,010 | |  |  | 3,420 | |  |
|  | 23 | End of Period |  |  | 99,187 | |  |  | 99,284 | |  |  | 99,648 | |  |  | 99,959 | |  | 99,959 | |  |  | 902 | |  |



* Estimate

See Glossary of Terms.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | |  |
|  |  |  |  | **Pinnacle West Capital Corporation** | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **Consolidated Statistics By Quarter** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **2006** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  | **1st Qtr** | |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  | **4th Qtr** | | **Year-To-Date** | | |  | **(Decrease)** | |  |
|  | Line |  |  |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC OPERATING REVENUES** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 24 | Residential | $ | | 202 | | $ | 337 | | $ | | 490 | | $ | 242 | | $ | 1,271 | | $ | 192 | |  |
|  | 25 | Business |  |  | 233 | |  | 333 | |  |  | 371 | |  | 302 | |  | 1,239 | |  | 198 | |  |
| 26 | | Total retail |  |  | 435 |  |  | 670 |  |  |  | 861 |  |  | 544 |  |  | 2,510 |  |  | 390 |  |  |
|  |  | **Wholesale revenue on delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **electricity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 27 | Traditional contracts |  |  | 6 | |  | 7 | |  |  | 12 | |  | (3) | |  | 22 | |  | (1) | |  |
|  | 28 | Off-system sales |  |  | 12 | |  | 22 |  |  |  | — | |  | 12 | |  | 46 | |  | 6 | |  |
|  | 29 | Transmission for others |  |  | 6 | |  | 6 | |  |  | 7 | |  | 7 | |  | 26 | |  | — | |  |
|  | 30 | Other miscellaneous services |  |  | 7 | |  | 8 | |  |  | 7 | |  | 9 | |  | 31 | |  | 3 | |  |
| 31 | | Total regulated operating electricity |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | revenues |  |  | 466 | |  | 713 | |  |  | 887 | |  | 569 | |  | 2,635 | |  | 398 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 32 | Electricity and other commodity sales |  |  | 85 |  |  | 90 |  |  |  | 85 | |  | 71 | |  | 331 | |  | (21) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 33 | Total operating electric revenues | $ | | 551 | | $ | 803 | | $ | | 972 | | $ | 640 | | $ | 2,966 | | $ | 377 | |  |
|  |  | **ELECTRIC SALES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail sales** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 34 | Residential |  |  | 2,419 | |  | 3,284 |  |  |  | 4,720 | |  | 2,571 | |  | 12,994 | |  | 771 | |  |
|  | 35 | Business |  |  | 3,199 |  |  | 3,971 |  |  |  | 4,222 | |  | 3,585 | |  | 14,977 | |  | 723 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 36 | Total retail |  |  | 5,618 |  |  | 7,255 |  |  |  | 8,942 | |  | 6,156 | |  | 27,971 | |  | 1,494 | |  |
|  |  | **Wholesale electricity delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 37 | Traditional contracts |  |  | 215 | |  | 181 | |  |  | 321 | |  | 167 | |  | 884 | |  | 34 | |  |
|  | 38 | Off-system sales |  |  | 927 | |  | 270 | |  |  | 300 | |  | 497 | |  | 1,994 | |  | 658 | |  |
|  | 39 | Retail load hedge management |  |  | 90 | |  | 515 | |  |  | 622 | |  | 347 | |  | 1,574 | |  | (1,436) | |  |
| 40 | | Total regulated electricity |  |  | 6,850 |  |  | 8,221 |  |  |  | 10,185 |  |  | 7,167 |  |  | 32,423 |  |  | 750 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 41 | Wholesale sales of electricity |  |  | 3,891 |  |  | 3,862 |  |  |  | 4,841 | |  | 3,688 | |  | 16,282 | |  | (7,290) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 42 | Total electric sales |  |  | 10,741 |  |  | 12,083 | |  |  | 15,026 | |  | 10,855 | |  | 48,705 | |  | (6,540) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

See Glossary of Terms.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | |  |
|  |  |  | **Pinnacle West Capital Corporation** | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **Consolidated Statistics By Quarter** | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **2006** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  | **1st Qtr** | |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  | **4th Qtr** | | **Year-To-Date** | | |  | **(Decrease)** | |  |
|  | Line |  |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **POWER SUPPLY ADJUSTOR (“PSA”)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **- - REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SEGMENT (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 43 | | Deferred fuel and purchased power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | regulatory asset — beginning balance | $ | 173 | | $ | 169 | | $ | | 175 | |  | 209 | | $ | 173 | | $ | 173 | |  |
|  | 44 | Deferred fuel and purchased power costs — |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | current period |  | 13 | |  | 78 |  |  |  | 134 | |  | 19 | |  | 244 | |  | 73 | |  |
|  | 45 | Interest on deferred fuel |  | 1 | |  | 3 | |  |  | 2 | |  | 2 | |  | 8 | |  | 6 | |  |
|  | 46 | Amounts recovered through revenues |  | (18) | |  | (75) | |  |  | (102) | |  | (70) | |  | (265) | |  | (265) | |  |
| 47 | | Deferred fuel and purchased power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | regulatory asset — ending balance | $ | 169 | | $ | 175 | | $ | | 209 | | $ | 160 | | $ | 160 | | $ | (13) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **PRETAX GROSS MARGIN** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ANALYSIS (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Realized and Mark-To-Market** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Components** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 48 | Electricity and other commodity sales, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | realized (a) | $ | 11 | | $ | 17 |  | $ | | 8 | | $ | 18 | | $ | 55 | | $ | — | |  |
|  | 49 | Mark-to-market reversals on realized sales |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | (a) (b) |  | (1) | |  | (1) | |  |  | (1) | |  | (6) | |  | (14) | |  | 2 | |  |
|  | 50 | Change in mark-to-market value of forward |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | sales |  | 1 | |  | — | |  |  | (3) | |  | (3) | |  | — | |  | (20) | |  |
| 51 | | Total gross margin | $ | 11 |  | $ | 16 |  |  | $ | 4 |  | $ | 9 |  | $ | 41 |  | $ | (18) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **By Pinnacle West Entity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 52 | Parent company marketing and trading |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | division | $ | (2) | | $ | 11 | | $ | | 5 | | $ | 3 | | $ | 18 | | $ | (41) | |  |
|  | 53 | APS |  | 10 | |  | 2 | |  |  | (3) | |  | 5 | |  | 14 | |  | 20 | |  |
|  | 54 | Pinnacle West Energy |  | — | |  | — | |  |  | — | |  | — | |  | — | |  | (5) | |  |
|  | 55 | APS Energy Services |  | 3 |  |  | 3 | |  |  | 2 | |  | 1 | |  | 9 | |  | 8 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 56 | Total gross margin | $ | 11 |  | $ | 16 |  |  | $ | 4 | | $ | 9 | | $ | 41 | | $ | (18) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Future Marketing and Trading Mark-to-Market Realization**

As of December 31, 2006, Pinnacle West had accumulated net mark-to-market gains of $30 million related to our power marketing and trading activities. We estimate that these gains will be reclassified to realized gains as the underlying commodities are delivered, as follows: 2007, $16 million; and 2008, $14 million.



1. Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 48 and in line 49 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not earnings recognition. The arithmetic opposites of amounts included in line 48 are included in line 49. For example, line 49 shows that a prior-period mark-to-market gain of $6 million was transferred to “realized” for the fourth quarter of 2006. A

$6 million realized gain is included in the $18 million on line 48 for the fourth quarter of 2006.

1. Quarterly amounts do not total to annual amounts because of intra-year mark-to-market eliminations. See Glossary of Terms.

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Last Updated 1/30/2007

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2006**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | | |  |
|  |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  | **Year-To-Date** | | |  | **(Decrease)** | | |  |
|  | Line |  |  |  |  |  |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **AVERAGE ELECTRIC** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **CUSTOMERS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail customers** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 57 | Residential | 930,799 | | | 930,402 | | | | 935,523 | | | | 949,132 | | | | 936,464 | | | | 39,992 | | | |  |
|  | 58 | Business |  | 113,570 |  |  | | 114,803 |  |  | | 116,009 | | 117,342 | | | | 115,431 | | | | 4,263 | | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59 | Total |  | 1,044,369 |  |  | | 1,045,205 |  |  | | 1,051,532 | | 1,066,474 | | | | 1,051,895 | | | | 44,255 | | | |  |
|  | 60 | Wholesale customers |  | 75 |  |  | | 76 |  |  | | 76 | | 80 | | | | 77 | | | | (1) | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 61 | Total customers |  | 1,044,444 |  |  | | 1,045,281 |  |  | | 1,051,608 | | 1,066,554 | | | | 1,051,972 | | | | 44,254 | | | |  |
| 62 | | Customer growth (% over prior |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | year) | 4.5% | | | 4.6% | | | | 4.4% | | | | 4.1% | | | | 4.4% | | | | 0.1% | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL SALES (GWH) -** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **WEATHER** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 63 | | Residential | 2,514 | | | 3,105 | | | | 4,776 | | | | 2,619 | | | | 13,014 | | | | 734 | | | |  |
|  | 64 | Business | 3,252 | | | 3,926 | | | | 4,232 | | | | 3,598 | | | | 15,008 | | | | 722 | | | |  |
| 65 | | Total |  | 5,766 |  |  | | 7,031 |  |  | | 9,008 |  |  | | 6,217 |  |  | | 28,022 |  |  | | 1,456 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 66 | | Residential | 2,763 | | | 3,530 | | | | 5,045 | | | | 2,709 | | | | 13,876 | | | | 241 | | | |  |
|  | 67 | Business | 30,444 | | | 34,590 | | | | 36,394 | | | | 30,552 | | | | 129,749 | | | | 1,235 | | |  |  |
|  |  | **RETAIL USAGE -** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **WEATHER** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 68 | Residential | 2,700 | | | 3,337 | | | | 5,105 | | | | 2,759 | | | | 13,897 | | | | 199 | | | |  |
|  | 69 | Business | 28,636 | | | 34,194 | | | | 36,477 | | | | 30,667 | | | | 130,017 | | | | 1,510 | | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRICITY DEMAND** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(MW)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 70 | | System peak demand | 4,205 | | | 6,624 | | | | 7,652 | | | | 5,316 | | | | 7,652 | | | | 652 | | | |  |
| See Glossary of Terms. | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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Last Updated 1/30/2007

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2006**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | | |  |
|  |  |  |  | **1st Qtr** | | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  | **Year-To-Date** | | |  | **(Decrease)** | | |  |
|  | Line |  |  |  |  |  |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY SOURCES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation production** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 71 | Nuclear | 1,720 | | |  | 1,198 | | | | 2,202 | | | | 1,868 | | | | 6,988 | | | | (521) | | | |  |
|  | 72 | Coal | 3,083 | | |  | 3,182 | | | | 3,574 | | | | 3,337 | | | | 13,176 | | | | 116 | | | |  |
|  | 73 | Gas, oil and other | 1,323 | | |  | 2,000 | | | | 2,433 | | | | 1,628 | | | | 7,384 | | | | (1,051) | | | |  |
| 74 | | Total generation production |  | 6,126 |  |  |  | | 6,380 |  |  | | 8,209 |  |  | | 6,833 |  |  | | 27,548 |  |  | | (1,456 | ) |  |
|  |  | **Purchased power** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 75 | Firm load | 365 | | |  | 1,740 | | | | 1,962 | | | | 223 | | | | 4,290 | | | | 816 | | | |  |
|  | 76 | Marketing and trading | 4,759 | | |  | 4,546 | | | | 5,607 | | | | 4,328 | | | | 19,240 | | | | (6,473) | | | |  |
| 77 | | Total purchased power |  | 5,124 |  |  |  | | 6,286 |  |  | | 7,569 |  |  | | 4,551 |  |  | | 23,530 |  |  | | (5,657 | ) |  |
|  | 78 | Total energy sources | 11,250 | | |  | 12,666 | | | | 15,778 | | | | 11,384 | | | | 51,078 | | | | (7,113) | | | |  |
|  |  | **POWER PLANT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **PERFORMANCE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Capacity Factors** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 79 | Nuclear | 71% | | | | 49% | | | | 88% | | | | 75% | | | | 71% | | | | (6)% | | | |  |
|  | 80 | Coal | 83% | | | | 84% | | | | 94% | | | | 87% | | | | 87% | | | | 0% | | | |  |
|  | 81 | Gas, oil and other | 18% | | | | 28% | | | | 34% | | | | 22% | | | | 25% | | | | (3)% | | | |  |
|  | 82 | System average | 46% | | | | 48% | | | | 61% | | | | 50% | | | | 51% | | | | (2)% | | | |  |
|  |  | **Generation Capacity Out of** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Service and Replaced for** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Native Load (average MW/day)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 83 | Nuclear | 306 | | |  | 553 | | | | 97 | | |  | 267 | | | | 153 | | | | 39 | | |  |  |
|  | 84 | Coal | 257 | | |  | 184 | | | | 62 | | |  | 155 | | | | 82 | | |  | 9 | | | |  |
|  | 85 | Gas | 201 | | |  | 117 | | | | 109 | | | | 286 | | | | 89 | | |  | (4) | | | |  |
| 86 | | Total |  | 764 |  |  |  | | 854 |  |  | | 268 |  |  | | 708 |  |  | | 324 |  |  | | 44 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



(a) Includes planned and unplanned outages

See Glossary of Terms.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | | | | 1/30/2007 | |  |
|  |  | **Pinnacle West Capital Corporation** | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Consolidated Statistics By Quarter** | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **2006** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  | **1st Qtr** | |  | **2nd Qtr** | | | **3rd Qtr** | | |  |  | **4th Qtr** | | **Year-To-Date** | | |  |  | **(Decrease)** | |  |
| Line |  |  |  |  |  | **vs Prior YTD** | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **ENERGY MARKET INDICATORS (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Electricity Average Daily Spot Prices** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **($/MWh)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **On-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 87 | Palo Verde | $ | 53.78 | | $ | | 54.63 |  | $ | 65.89 | | $ | | 52.72 | | $ | 56.76 | | $ | | (9.64) | |  |
| 88 | SP15 | $ | 58.34 | | $ | | 55.39 |  | $ | 71.89 | | $ | | 62.16 | | $ | 61.95 | | $ | | (10.99) | |  |
|  | **Off-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 89 | Palo Verde | $ | 41.92 | | $ | | 28.38 |  | $ | 38.45 | | $ | | 39.62 | | $ | 37.09 | | $ | | (10.46) | |  |
| 90 | SP15 | $ | 44.79 | | $ | | 27.43 |  | $ | 43.94 | | $ | | 46.27 | | $ | 40.61 | | $ | | (11.45) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **WEATHER INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Actual** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 91 | Cooling degree-days |  | 43 | |  |  | 1,740 |  |  | 2,455 | |  |  | 457 | |  | 4,695 | |  |  | 32 |  |  |
| 92 | Heating degree-days |  | 464 | |  |  | 4 | |  | — | |  |  | 383 | |  | 851 | |  |  | 85 |  |  |
| 93 | Average humidity |  | 28% | |  |  | 18% | |  | 33% | |  |  | 33% | |  | 28% | |  |  | (6)% | |  |
|  | **10-Year Averages** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 94 | Cooling degree-days |  | 99 | |  |  | 1,547 |  |  | 2,541 | |  |  | 437 | |  | 4,624 | |  |  | — | |  |
| 95 | Heating degree-days |  | 514 | |  |  | 31 |  |  | — | |  |  | 386 | |  | 931 | |  |  | — | |  |
| 96 | Average humidity |  | 41% | |  |  | 23% | |  | 33% | |  |  | 39% | |  | 34% | |  |  | 0% | |  |
|  | **ECONOMIC INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Building Permits — Metro Phoenix (b) (d)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 97 | Single-family |  | 8,716 | |  |  | 8,883 |  |  | 5,969 | |  |  | 2,910 | |  | 26,478 | |  |  | (13,620) | |  |
| 98 | Multi-family |  | 2,887 | |  |  | 2,976 |  |  | 3,215 | |  |  | 783 | |  | 9,861 | |  |  | 2,732 | |  |
| 99 | Total |  | 11,603 |  |  |  | 11,859 |  |  | 9,184 |  |  |  | 3,693 |  |  | 36,339 |  |  |  | (10,888) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Arizona Job Growth (c) (d)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 100 | Payroll job growth (% over prior year) |  | 5.6% | |  |  | 4.8% | |  | 4.8% | |  |  | 4.6% | |  | 5.0% | |  |  | (0.3)% | |  |
| 101 | Unemployment rate (%, seasonally adjusted) |  | 4.4% | |  |  | 4.3% | |  | 4.0% | |  |  | 4.0% | |  | 4.2% | |  |  | (0.5)% | |  |



Sources:

1. Average of daily prices obtained and used with permission from Dow Jones & Company, Inc.
2. Arizona Real Estate Center, Arizona State University W.P. Carey College of Business
3. Arizona Department of Economic Security
4. Economic indicators reflect latest available data through periods ended November 30, 2006.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Exhibit 99.4 | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | |  |
|  |  | **Pinnacle West Capital Corporation** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Consolidated Statistics By Quarter** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **2005** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  | **1st Qtr** | |  | **2nd Qtr** | |  | **3rd Qtr** | | |  | **4th Qtr** | | **Year-To-Date** | | |  | **(Decrease)** | |  |
| Line |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **EARNINGS CONTRIBUTION BY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **SUBSIDIARY ($ Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1 | Arizona Public Service | $ | 27 |  | $ | 64 |  | $ | | 61 | | $ | 18 | | $ | 170 | | $ | (30) | |  |
| 2 | Pinnacle West Energy |  | (21) | |  | 12 |  |  |  | (71) | |  | (6) | |  | (85) | |  | (27) | |  |
| 3 | APS Energy Services |  | (3) | |  | 1 | |  |  | — | |  | (3) | |  | (6) | |  | (9) | |  |
| 4 | SunCor |  | 9 | |  | 11 | |  |  | 7 | |  | 13 | |  | 39 | |  | (2) | |  |
| 5 | El Dorado |  | (1) | |  | — | |  |  | — | |  | — | |  | (2) | |  | (35) | |  |
| 6 | Parent Company |  | 19 |  |  | (3) | |  |  | 88 | |  | 2 | |  | 107 | |  | 79 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 | Income From Continuing Operations |  | 30 |  |  | 85 |  |  |  | 85 | |  | 24 | |  | 223 | |  | (24) | |  |

* Income (Loss) From Discontinued



|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Operations — Net of Tax | (6) | (58) | 19 | (3) | (47) | (43) |

* Cumulative Effect of Change in Accounting

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | — Net of Tax |  | — | |  | — | |  |  | — | |  | — | |  | — | |  |  | — | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 | Net Income | $ | 24 |  | $ | 27 |  |  | $ | 104 | | $ | 21 | | $ | 176 | | $ | | (67) | |  |
|  |  | **EARNINGS PER SHARE BY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SUBSIDIARY — DILUTED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 11 | Arizona Public Service | $ | 0.30 | | $ | 0.66 | | $ | | 0.62 | | $ | 0.19 | | $ | 1.77 | | $ | | (0.41) | |  |
|  | 12 | Pinnacle West Energy |  | (0.23) | |  | 0.13 | |  |  | (0.72) | |  | (0.06) | |  | (0.89) | |  |  | (0.26) | |  |
|  | 13 | APS Energy Services |  | (0.04) | |  | 0.01 | |  |  | — | |  | (0.04) | |  | (0.06) | |  |  | (0.09) | |  |
|  | 14 | SunCor |  | 0.09 | |  | 0.11 |  |  |  | 0.07 | |  | 0.13 | |  | 0.40 | |  |  | (0.05) | |  |
|  | 15 | El Dorado |  | (0.01) | |  | — | |  |  | (0.01) | |  | (0.01) | |  | (0.02) | |  |  | (0.38) | |  |
|  | 16 | Parent Company |  | 0.21 | |  | (0.03) | |  |  | 0.90 | |  | 0.03 | |  | 1.11 | |  |  | 0.81 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 17 | Income From Continuing Operations |  | 0.32 | |  | 0.88 | |  |  | 0.86 | |  | 0.24 | |  | 2.31 | |  |  | (0.38) | |  |
| 18 | | Income (Loss) From Discontinued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Operations — Net of Tax |  | (0.05) | |  | (0.60) | |  |  | 0.19 | |  | (0.02) | |  | (0.49) | |  |  | (0.46) | |  |
|  | 19 | Cumulative Effect of Change in Accounting |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | — Net of Tax |  | — | |  | — | |  |  | — | |  | — | |  | — | |  |  | — | |  |
| 20 | | Net Income | $ | 0.27 |  | $ | 0.28 |  |  | $ | 1.05 |  | $ | 0.22 |  | $ | 1.82 |  |  | $ | (0.84) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 21 | **BOOK VALUE PER SHARE** | $ | 32.50 | | $ | 32.89 |  | $ | | 35.81 | | $ | 34.58 | | $ | 34.58 | | $ | | 2.44 | |  |
|  |  | **COMMON SHARES OUTSTANDING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(Thousands)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 22 | Average — Diluted |  | 92,045 | |  | 96,299 | |  |  | 98,816 | |  | 99,050 | |  | 96,590 | |  |  | 5,058 | |  |
|  | 23 | End of Period |  | 92,103 | |  | 98,442 | |  |  | 98,881 | |  | 99,057 | |  | 99,057 | |  |  | 7,264 | |  |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | |  |
|  |  |  |  | **Pinnacle West Capital Corporation** | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **Consolidated Statistics By Quarter** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **2005** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  | **1st Qtr** | |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  | **4th Qtr** | | **Year-To-Date** | | |  | **(Decrease)** | |  |
|  | Line |  |  |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  | **ELECTRIC OPERATING REVENUES** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 24 | Residential | $ | | 190 | | $ | 268 | | $ | | 414 | | $ | 207 | | $ | 1,079 | | $ | 95 | |  |
|  | 25 | Business |  |  | 209 | |  | 281 | |  |  | 308 | |  | 243 | |  | 1,041 | |  | 63 | |  |
| 26 | | Total retail |  |  | 399 |  |  | 549 |  |  |  | 722 |  |  | 450 |  |  | 2,120 |  |  | 158 |  |  |
|  |  | **Wholesale revenue on delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **electricity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 27 | Traditional contracts |  |  | 3 | |  | 5 | |  |  | 9 | |  | 6 | |  | 23 | |  | 7 | |  |
|  | 28 | Off-system sales |  |  | — | |  | 12 |  |  |  | 8 | |  | 20 | |  | 40 | |  | 40 | |  |
|  | 29 | Transmission for others |  |  | 7 | |  | 7 | |  |  | 7 | |  | 5 | |  | 26 | |  | (6) | |  |
|  | 30 | Other miscellaneous services |  |  | 7 | |  | 7 | |  |  | 7 | |  | 7 | |  | 28 | |  | 3 | |  |
| 31 | | Total regulated operating electricity |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | revenues |  |  | 416 | |  | 580 | |  |  | 753 | |  | 488 | |  | 2,237 | |  | 202 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 32 | Electricity and other commodity sales |  |  | 89 |  |  | 71 |  |  |  | 107 | |  | 84 | |  | 352 | |  | (49) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 33 | Total operating electric revenues | $ | | 505 | | $ | 651 | | $ | | 860 | | $ | 572 | | $ | 2,589 | | $ | 153 | |  |
|  |  | **ELECTRIC SALES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail sales** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 34 | Residential |  |  | 2,367 | |  | 2,889 |  |  |  | 4,449 | |  | 2,518 | |  | 12,223 | |  | 696 | |  |
|  | 35 | Business |  |  | 3,042 |  |  | 3,684 |  |  |  | 4,100 | |  | 3,427 | |  | 14,254 | |  | 428 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 36 | Total retail |  |  | 5,409 |  |  | 6,573 |  |  |  | 8,549 | |  | 5,945 | |  | 26,477 | |  | 1,124 | |  |
|  |  | **Wholesale electricity delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 37 | Traditional contracts |  |  | 155 | |  | 200 | |  |  | 269 | |  | 227 | |  | 850 | |  | 141 | |  |
|  | 38 | Off-system sales |  |  | — | |  | 598 | |  |  | 212 | |  | 526 | |  | 1,336 | |  | 1,336 | |  |
|  | 39 | Retail load hedge management |  |  | 750 | |  | 702 | |  |  | 1,026 | |  | 532 | |  | 3,010 | |  | 278 | |  |
| 40 | | Total regulated electricity |  |  | 6,314 |  |  | 8,073 |  |  |  | 10,056 |  |  | 7,230 |  |  | 31,673 |  |  | 2,879 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 41 | Wholesale sales of electricity |  |  | 6,060 |  |  | 5,009 |  |  |  | 7,263 | |  | 5,240 | |  | 23,572 | |  | (6,606) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 42 | Total electric sales |  |  | 12,374 |  |  | 13,082 | |  |  | 17,319 | |  | 12,470 | |  | 55,245 | |  | (3,727) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

See Glossary of Terms.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | |  |
|  |  | **Pinnacle West Capital Corporation** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Consolidated Statistics By Quarter** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **2005** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  | **1st Qtr** | | |  | **2nd Qtr** | |  | **3rd Qtr** | | |  | **4th Qtr** | | **Year-To-Date** | | |  | **(Decrease)** | |  |
| Line |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **POWER SUPPLY ADJUSTOR (“PSA”)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **- - REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **SEGMENT (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 43 | Deferred fuel and purchased power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | regulatory asset — beginning balance | $ | — | | | $ | — | | $ | | 38 | | $ | 143 | | $ | — | | $ | — | |  |
| 44 | Deferred fuel and purchased power costs — |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | current period |  | — | | |  | 38 |  |  |  | 104 | |  | 29 | |  | 171 | |  | 171 | |  |
| 45 | Interest on deferred fuel |  | — | | |  | — | |  |  | 1 | |  | 1 | |  | 2 | |  | 2 | |  |
| 46 | Amounts recovered through revenues |  | — | | |  | — | |  |  | — | |  | — | |  | — | |  | — | |  |
| 47 | Deferred fuel and purchased power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | regulatory asset — ending balance | $ | — | | | $ | 38 |  | $ | | 143 | | $ | 173 | | $ | 173 | | $ | 173 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **PRETAX GROSS MARGIN** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **ANALYSIS (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Realized and Mark-To-Market** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Components** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 48 | Electricity and other commodity sales, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | realized (a) | $ | 12 | |  | $ | 18 |  | $ | | 3 | | $ | 23 | | $ | 55 | | $ | (9) | |  |
| 49 | Mark-to-market reversals on realized sales |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | (a) (b) |  | (3) | | |  | (8) | |  |  | 3 | |  | (17) | |  | (16) | |  | (11) | |  |
| 50 | Change in mark-to-market value of forward |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | sales |  | 10 | |  |  | 3 | |  |  | 14 | |  | 1 | |  | 20 | |  | (1) | |  |
| 51 | Total gross margin | $ | 19 |  |  | $ | 13 |  |  | $ | 20 |  | $ | 7 |  | $ | 59 |  | $ | (21) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **By Pinnacle West Entity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 52 | Parent company marketing and trading |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | division | $ | 21 | |  | $ | 6 | | $ | | 26 | | $ | 6 | | $ | 59 | | $ | 34 | |  |
| 53 | APS |  | (4) | | |  | 3 | |  |  | (8) | |  | 3 | |  | (6) | |  | (1) | |  |
| 54 | Pinnacle West Energy |  | 5 | |  |  | — | |  |  | — | |  | — | |  | 5 | |  | (41) | |  |
| 55 | APS Energy Services |  | (3) | | |  | 4 | |  |  | 2 | |  | (2) | |  | 1 | |  | (13) | |  |
| 56 | Total gross margin | $ | 19 |  |  | $ | 13 |  |  | $ | 20 |  | $ | 7 |  | $ | 59 |  | $ | (21) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



1. Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 48 and in line 49 is zero. Realization of prior-period

mark-to-market relates to cash flow recognition, not earnings recognition. The arithmetic opposites of amounts included in line 48 are included in line

49. For example, line 49 shows that a prior-period mark-to-market gain of $16 million was transferred to “realized” for the total year 2005. A $16 million realized gain is included in the $55 million on line 48 for the total year 2005.

1. Quarterly amounts do not total to annual amounts because of intra-year mark-to-market eliminations.

See Glossary of Terms.

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Last Updated 1/30/2007

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2005**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  | **1st Qtr** | | **2nd Qtr** | | **3rd Qtr** | | **4th Qtr** | | **Year-To-Date** | |  | **(Decrease)** | |  |
|  | Line |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **AVERAGE ELECTRIC** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **CUSTOMERS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail customers** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 57 | Residential | 889,967 | | 888,509 | | 895,789 | | 911,623 | | 896,472 | | 37,403 | | |  |
|  | 58 | Business | 109,795 |  | 110,658 | | 111,648 | | 112,569 | | 111,168 | | 4,053 | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59 | Total | 999,762 |  | 999,167 | | 1,007,437 | | 1,024,192 | | 1,007,640 | | 41,456 | | |  |
|  | 60 | Wholesale customers | 81 |  | 76 |  | 78 |  | 77 |  | 78 | | (3) | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 61 | Total customers | 999,843 |  | 999,243 | | 1,007,515 | | 1,024,269 | | 1,007,718 | | 41,453 | | |  |
|  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 62 | | Customer growth (% over prior year) | 4.0% | | 4.2% | | 4.5% | | 4.5% | | 4.3% | | 0.6% | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL SALES (GWH) -** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **WEATHER NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 63 | | Residential | 2,439 | | 2,905 | | 4,421 | | 2,515 | | 12,280 | | 572 | | |  |
|  | 64 | Business | 3,058 | | 3,693 | | 4,120 | | 3,414 | | 14,286 | | 415 | | |  |
| 65 | | Total | 5,497 |  | 6,598 |  | 8,541 |  | 5,929 |  | 26,566 |  |  | 987 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE (KWh/Average** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 66 | | Residential | 2,660 | | 3,252 | | 4,967 | | 2,763 | | 13,635 | | 217 | | |  |
|  | 67 | Business | 27,706 | | 33,292 | | 36,723 | | 30,444 | | 128,514 | | (878) | | |  |
|  |  | **RETAIL USAGE - WEATHER** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **NORMALIZED (KWh/Average** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 68 | Residential | 2,741 | | 3,269 | | 4,935 | | 2,758 | | 13,698 | | 70 | | |  |
|  | 69 | Business | 27,860 | | 33,377 | | 36,899 | | 30,332 | | 128,507 | | (987) | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRICITY DEMAND (MW)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 70 | | System peak demand | 3,997 | | 6,458 | | 7,000 | | 5,169 | | 7,000 | | 598 | | |  |
| See Glossary of Terms. | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  | Page 17 of 31 | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



Last Updated 1/30/2007

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2005**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  | **1st Qtr** | | | **2nd Qtr** | | **3rd Qtr** | | **4th Qtr** | | **Year-To-Date** | | | **(Decrease)** | |  |
|  | Line |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY SOURCES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation production** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 71 | Nuclear | 2,247 | |  | 1,619 | | 2,147 |  | 1,496 | | 7,509 | | | (674) | |  |
|  | 72 | Coal | 2,940 | |  | 3,088 | | 3,574 |  | 3,458 | | 13,060 | | | 394 | |  |
|  | 73 | Gas, oil and other | 1,128 | |  | 2,129 | | 3,064 |  | 2,114 | | 8,435 | | | 3,107 | |  |
| 74 | | Total generation production | 6,315 |  |  | 6,836 |  | 8,785 |  | 7,068 |  |  | 29,004 |  | 2,827 |  |  |
|  |  | **Purchased power** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 75 | Firm load | 586 | |  | 880 | | 1,589 |  | 402 | | 3,474 | | | (851) | |  |
|  | 76 | Marketing and trading | 5,832 | |  | 5,984 | | 7,795 |  | 6,102 | | 25,713 | | | (4,479) | |  |
| 77 | | Total purchased power | 6,418 |  |  | 6,864 |  | 9,384 |  | 6,504 |  |  | 29,187 |  | (5,330) |  |  |
|  | 78 | Total energy sources | 12,733 | |  | 13,700 | | 18,169 | | 13,572 | | 58,191 | | | (2,503) | |  |
|  |  | **POWER PLANT PERFORMANCE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Capacity Factors** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 79 | Nuclear | 94% | | | 67% | | 88% | | 61% | | 77% | | | (7)% | |  |
|  | 80 | Coal | 80% | | | 83% | | 95% | | 92% | | 87% | | | 3% | |  |
|  | 81 | Gas, oil and other | 17% | | | 29% | | 39% | | 27% | | 28% | | | 8% | |  |
|  | 82 | System average | 49% | | | 51% | | 62% | | 50% | | 53% | | | 2% | |  |
|  |  | **Generation Capacity Out of Service** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **and Replaced for Native Load** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(average MW/day) (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 83 | Nuclear | 52 |  |  | 329 | | 107 | | 419 | | 114 | | | (45) | |  |
|  | 84 | Coal | 195 | |  | 244 | | 47 |  | 103 | | 73 | | | (55) | |  |
|  | 85 | Gas | 212 | |  | 164 | | 140 | | 226 | | 93 | | | 45 | |  |
| 86 | | Total | 459 |  |  | 737 |  | 294 |  | 748 |  |  | 280 |  | (54) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



(a) Includes planned and unplanned outages

See Glossary of Terms.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | | | | 1/30/2007 | |  |
|  |  |  |  | **Pinnacle West Capital Corporation** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Consolidated Statistics By Quarter** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **2005** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  | **1st Qtr** | |  | **2nd Qtr** | |  | **3rd Qtr** | |  |  | **4th Qtr** | | **Year-To-Date** | | |  |  | **(Decrease)** | |  |
| Line |  |  |  |  |  |  |  | **vs Prior YTD** | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **ENERGY MARKET INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Electricity Average Daily Spot Prices** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **($/MWh)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **On-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 87 | Palo Verde | $ | | 49.74 | | $ | 53.33 | | $ | 78.94 |  | $ | | 83.58 | | $ | 66.40 | | $ | | 17.10 | |  |
| 88 | SP15 | $ | | 55.70 | | $ | 55.19 | | $ | 83.21 |  | $ | | 97.65 | | $ | 72.94 | | $ | | 17.74 | |  |
|  | **Off-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 89 | Palo Verde | $ | | 37.04 | | $ | 33.03 | | $ | 52.35 |  | $ | | 67.79 | | $ | 47.55 | | $ | | 12.81 | |  |
| 90 | SP15 | $ | | 40.96 | | $ | 34.73 | | $ | 56.08 |  | $ | | 76.45 | | $ | 52.06 | | $ | | 13.44 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **WEATHER INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Actual** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 91 | Cooling degree-days |  |  | 34 |  |  | 1,538 | |  | 2,583 |  |  |  | 508 | |  | 4,663 | |  |  | (31) | |  |
| 92 | Heating degree-days |  |  | 457 | |  | 1 | |  | — | |  |  | 308 | |  | 766 | |  |  | (219) | |  |
| 93 | Average humidity |  |  | 56% | |  | 20% | |  | 29% | |  |  | 30% | |  | 34% | |  |  | 2% | |  |
|  | **10-Year Averages** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 94 | Cooling degree-days |  |  | 99 |  |  | 1,547 | |  | 2,541 |  |  |  | 437 | |  | 4,624 | |  |  | — | |  |
| 95 | Heating degree-days |  |  | 514 | |  | 31 |  |  | — | |  |  | 386 | |  | 931 | |  |  | — | |  |
| 96 | Average humidity |  |  | 41% | |  | 23% | |  | 33% | |  |  | 39% | |  | 34% | |  |  | 0% | |  |
|  | **ECONOMIC INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Building Permits — Metro Phoenix (b)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 97 | Single-family |  |  | 10,356 | |  | 12,013 | |  | 11,577 |  |  |  | 9,312 | |  | 43,258 | |  |  | (4,859) | |  |
| 98 | Multi-family |  |  | 1,741 | |  | 1,645 | |  | 2,360 |  |  |  | 2,032 | |  | 7,778 | |  |  | 192 | |  |
| 99 | Total |  |  | 12,097 |  |  | 13,658 |  |  | 13,937 |  |  |  | 11,344 |  |  | 51,036 |  |  |  | (4,667) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Arizona Job Growth (c)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 100 | Payroll job growth (% over prior year) |  |  | 4.8% | |  | 5.5% | |  | 6.1% | |  |  | 6.0% | |  | 5.6% | |  |  | 2.2% | |  |
| 101 | Unemployment rate (%, seasonally |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | adjusted) |  |  | 4.5% | |  | 4.7% | |  | 4.8% | |  |  | 4.7% | |  | 4.7% | |  |  | (0.3)% | |  |



Sources:

1. Average of daily prices obtained and used with permission from Dow Jones & Company, Inc.
2. Arizona Real Estate Center, Arizona State University W.P. Carey College of Business
3. Arizona Department of Economic Security

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Exhibit 99.5 | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | |  |
|  |  |  | **Pinnacle West Capital Corporation** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **Consolidated Statistics By Quarter** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **2004** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  | **1st Qtr** | |  | **2nd Qtr** | |  | **3rd Qtr** | | |  | **4th Qtr** | | **Year-To-Date** | | |  | **(Decrease)** | |  |
|  | Line |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **EARNINGS CONTRIBUTION BY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SUBSIDIARY ($ Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1 | | Arizona Public Service | $ | 34 |  | $ | 55 |  | $ | | 95 | | $ | 15 | | $ | 200 | | $ | 19 | |  |
|  | 2 | Pinnacle West Energy |  | (22) | |  | (14) | |  |  | 1 | |  | (23) | |  | (58) | |  | (50) | |  |
|  | 3 | APS Energy Services |  | 2 | |  | 1 | |  |  | 1 | |  | (1) | |  | 3 | |  | (13) | |  |
|  | 4 | SunCor |  | 2 | |  | 4 | |  |  | 4 | |  | 31 | |  | 41 | |  | (5) | |  |
|  | 5 | El Dorado |  | — | |  | 34 |  |  |  | — | |  | — | |  | 33 | |  | 34 | |  |
|  | 6 | Parent Company |  | 15 |  |  | (6) | |  |  | 3 | |  | 16 | |  | 28 | |  | 37 | |  |
|  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 | | Income From Continuing Operations |  | 31 |  |  | 74 |  |  |  | 104 | |  | 38 | |  | 247 | |  | 22 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8 | Income (Loss) From Discontinued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Operations — Net of Tax |  | — | |  | (1) | |  |  | 1 | |  | (4) | |  | (4) | |  | (20) | |  |

* Cumulative Effect of Change in Accounting

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | — Net of Tax |  | — | |  | — | |  |  | — | |  | — | |  | — | |  |  | — | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 | Net Income | $ | 31 |  | $ | 73 |  |  | $ | 105 | | $ | 34 | | $ | 243 | | $ | | 2 | |  |
|  |  | **EARNINGS PER SHARE BY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SUBSIDIARY — DILUTED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 11 | Arizona Public Service | $ | 0.38 | | $ | 0.60 | | $ | | 1.04 | | $ | 0.16 | | $ | 2.18 | | $ | | 0.20 | |  |
|  | 12 | Pinnacle West Energy |  | (0.24) | |  | (0.15) | |  |  | 0.01 | |  | (0.25) | |  | (0.63) | |  |  | (0.55) | |  |
|  | 13 | APS Energy Services |  | 0.02 | |  | 0.01 | |  |  | 0.01 | |  | (0.01) | |  | 0.03 | |  |  | (0.15) | |  |
|  | 14 | SunCor |  | 0.02 | |  | 0.04 | |  |  | 0.05 | |  | 0.34 | |  | 0.45 | |  |  | (0.05) | |  |
|  | 15 | El Dorado |  | — | |  | 0.37 | |  |  | — | |  | — | |  | 0.36 | |  |  | 0.37 | |  |
|  | 16 | Parent Company |  | 0.15 | |  | (0.06) | |  |  | 0.03 | |  | 0.17 | |  | 0.30 | |  |  | 0.40 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 17 | Income From Continuing Operations |  | 0.33 | |  | 0.81 | |  |  | 1.14 | |  | 0.41 | |  | 2.69 | |  |  | 0.22 | |  |
| 18 | | Income (Loss) From Discontinued |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Operations — Net of Tax |  | 0.01 | |  | (0.02) | |  |  | 0.01 | |  | (0.04) | |  | (0.03) | |  |  | (0.19) | |  |
|  | 19 | Cumulative Effect of Change in Accounting |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | — Net of Tax |  | — | |  | — | |  |  | — | |  | — | |  | — | |  |  | — | |  |
| 20 | | Net Income | $ | 0.34 |  | $ | 0.79 |  |  | $ | 1.15 |  | $ | 0.37 |  | $ | 2.66 |  |  | $ | 0.03 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 21 | **BOOK VALUE PER SHARE** | $ | 31.19 | | $ | 31.68 |  | $ | | 32.55 | | $ | 32.14 | | $ | 32.14 | | $ | | 1.17 | |  |
|  |  | **COMMON SHARES OUTSTANDING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(Thousands)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 22 | Average — Diluted |  | 91,376 | |  | 91,400 | |  |  | 91,491 | |  | 91,779 | |  | 91,532 | |  |  | 127 | |  |
|  | 23 | End of Period |  | 91,310 | |  | 91,309 | |  |  | 91,443 | |  | 91,793 | |  | 91,793 | |  |  | 505 | |  |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | |  |
|  |  |  |  | **Pinnacle West Capital Corporation** | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **Consolidated Statistics By Quarter** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **2004** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  | **1st Qtr** | |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  | **4th Qtr** | | **Year-To-Date** | | |  | **(Decrease)** | |  |
|  | Line |  |  |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC OPERATING REVENUES** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 24 | Residential | $ | | 189 | | $ | 245 | | $ | | 360 | | $ | 190 | | $ | 984 | | $ | 27 | |  |
|  | 25 | Business |  |  | 211 | |  | 257 | |  |  | 289 | |  | 221 | |  | 978 | |  | 25 | |  |
| 26 | | Total retail |  |  | 400 |  |  | 502 |  |  |  | 649 |  |  | 411 |  |  | 1,962 |  |  | 52 |  |  |
|  |  | **Wholesale revenue on delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **electricity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 27 | Traditional contracts |  |  | 3 | |  | 4 | |  |  | 6 | |  | 3 | |  | 16 | |  | 1 | |  |
|  | 28 | Off-system sales |  |  | — | |  | — | |  |  | — | |  | — | |  | — | |  | — | |  |
|  | 29 | Transmission for others |  |  | 8 | |  | 8 | |  |  | 8 | |  | 8 | |  | 32 | |  | 4 | |  |
|  | 30 | Other miscellaneous services |  |  | 4 | |  | 6 | |  |  | 8 | |  | 7 | |  | 25 | |  | — | |  |
| 31 | | Total regulated operating electricity |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | revenues |  |  | 415 | |  | 520 | |  |  | 671 | |  | 429 | |  | 2,035 | |  | 57 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 32 | Electricity and other commodity sales |  |  | 89 |  |  | 110 | |  |  | 91 | |  | 111 | |  | 401 | |  | 9 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 33 | Total operating electric revenues | $ | | 504 | | $ | 630 | | $ | | 762 | | $ | 540 | | $ | 2,436 | | $ | 66 | |  |
|  |  | **ELECTRIC SALES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail sales** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 34 | Residential |  |  | 2,410 | |  | 2,722 |  |  |  | 4,028 | |  | 2,367 | |  | 11,527 | |  | 380 | |  |
|  | 35 | Business |  |  | 3,051 |  |  | 3,602 |  |  |  | 3,937 | |  | 3,236 | |  | 13,826 | |  | 411 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 36 | Total retail |  |  | 5,461 |  |  | 6,324 |  |  |  | 7,965 | |  | 5,603 | |  | 25,353 | |  | 791 | |  |
|  |  | **Wholesale electricity delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 37 | Traditional contracts |  |  | 138 | |  | 195 | |  |  | 210 | |  | 166 | |  | 709 | |  | 209 | |  |
|  | 38 | Off-system sales |  |  | — | |  | — | |  |  | — | |  | — | |  | — | |  | — | |  |
|  | 39 | Retail load hedge management |  |  | 169 | |  | 731 | |  |  | 943 | |  | 889 | |  | 2,732 | |  | 1,638 | |  |
| 40 | | Total regulated electricity |  |  | 5,768 |  |  | 7,250 |  |  |  | 9,118 |  |  | 6,658 |  |  | 28,794 |  |  | 2,638 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 41 | Wholesale sales of electricity |  |  | 5,696 |  |  | 7,141 |  |  |  | 8,994 | |  | 8,347 | |  | 30,178 | |  | 1,375 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 42 | Total electric sales |  |  | 11,464 |  |  | 14,391 | |  |  | 18,112 | |  | 15,005 | |  | 58,972 | |  | 4,013 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | |  |
|  |  | **Pinnacle West Capital Corporation** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Consolidated Statistics By Quarter** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **2004** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  | **1st Qtr** | | |  | **2nd Qtr** | |  | **3rd Qtr** | | |  | **4th Qtr** | | **Year-To-Date** | | |  | **(Decrease)** | |  |
| Line |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **POWER SUPPLY ADJUSTOR (“PSA”)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **- - REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **SEGMENT (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 43 | Deferred fuel and purchased power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | regulatory asset — beginning balance | $ | — | | | $ | — | | $ | | — | | $ | — | | $ | — | | $ | — | |  |
| 44 | Deferred fuel and purchased power costs — |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | current period |  | — | | |  | — | |  |  | — | |  | — | |  | — | |  | — | |  |
| 45 | Interest on deferred fuel |  | — | | |  | — | |  |  | — | |  | — | |  | — | |  | — | |  |
| 46 | Amounts recovered through revenues |  | — | | |  | — | |  |  | — | |  | — | |  | — | |  | — | |  |
| 47 | Deferred fuel and purchased power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | regulatory asset — ending balance | $ | — | | | $ | — | | $ | | — | | $ | — | | $ | — | | $ | — | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **PRETAX GROSS MARGIN** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **ANALYSIS (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Realized and Mark-To-Market** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Components** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 48 | Electricity and other commodity sales, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | realized (a) | $ | 12 | |  | $ | 21 |  | $ | | 16 | | $ | 15 | | $ | 64 | | $ | (1) | |  |
| 49 | Mark-to-market reversals on realized sales |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | (a) (b) |  | 1 | |  |  | (4) | |  |  | (3) | |  | (1) | |  | (5) | |  | 6 | |  |
| 50 | Change in mark-to-market value of forward |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | sales |  | 8 | |  |  | 4 | |  |  | 8 | |  | 3 | |  | 21 | |  | 28 | |  |
| 51 | Total gross margin | $ | 21 |  |  | $ | 21 |  |  | $ | 21 |  | $ | 17 |  | $ | 80 |  | $ | 33 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **By Pinnacle West Entity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 52 | Parent company marketing and trading |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | division | $ | 12 | |  | $ | 6 | | $ | | 5 | | $ | 1 | | $ | 25 | | $ | 30 | |  |
| 53 | APS |  | (5) | | |  | — | |  |  | 2 | |  | (2) | |  | (5) | |  | (13) | |  |
| 54 | Pinnacle West Energy |  | 10 | |  |  | 11 | |  |  | 10 | |  | 16 | |  | 46 | |  | 38 | |  |
| 55 | APS Energy Services |  | 4 | |  |  | 4 | |  |  | 4 | |  | 2 | |  | 14 | |  | (22) | |  |
| 56 | Total gross margin | $ | 21 |  |  | $ | 21 |  |  | $ | 21 |  | $ | 17 |  | $ | 80 |  | $ | 33 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



1. Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 48 and in line 49 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not earnings recognition. The opposites of amounts included in line 48 are included in line 49. For example, line 49 shows that a prior-period mark-to-market gain of $5 million was transferred to “realized” for the total year 2004. A $5 million realized gain is included in the $64 million on line 48 for the total year 2004.
2. Quarterly amounts do not total to annual amounts because of intra-year mark-to-market eliminations.

See Glossary of Terms.

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Last Updated 1/30/2007

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2004**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | | |  |
|  |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  | **Year-To-Date** | | |  | **(Decrease)** | | |  |
|  | Line |  |  |  |  |  |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **AVERAGE ELECTRIC** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **CUSTOMERS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail customers** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 57 | Residential | 855,754 | |  | 852,594 | | |  | 856,353 | | | | 871,575 | | | | 859,069 | | | | 30,703 | | | |  |
|  | 58 | Business |  | 105,502 |  |  | | 106,517 |  |  | | 107,583 | | 108,860 | | | | 107,115 | | | | 4,019 | | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59 | Total |  | 961,256 |  |  | | 959,111 |  |  | | 963,936 | | 980,435 | | | | 966,184 | | | | 34,722 | | | |  |
|  | 60 | Wholesale customers |  | 81 |  |  | | 82 |  |  | | 85 | | 77 | | |  | 81 | | |  | 15 | | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 61 | Total customers |  | 961,337 |  |  | | 959,193 |  |  | | 964,021 | | 980,512 | | | | 966,265 | | | | 34,737 | | | |  |
| 62 | | Customer growth (% over prior |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | year) | 3.4% | | | 3.8% | | | | 3.9% | | | | 3.9% | | | | 3.7% | | | | 0.4% | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL SALES (GWH) -** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **WEATHER NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 63 | | Residential | 2,366 | |  | 2,798 | | |  | 4,209 | | | | 2,334 | | | | 11,708 | | |  | 804 | | | |  |
|  | 64 | Business | 2,998 | |  | 3,616 | | |  | 4,005 | | | | 3,252 | | | | 13,871 | | | | 469 | | | |  |
| 65 | | Total |  | 5,364 |  |  | | 6,414 |  |  | | 8,214 |  |  | | 5,586 |  |  | | 25,579 |  |  | | 1,273 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 66 | | Residential | 2,816 | |  | 3,193 | | |  | 4,704 | | | | 2,717 | | | | 13,418 | | | | (39) | | | |  |
|  | 67 | Business | 28,919 | | | 33,816 | | | | 36,595 | | | | 29,726 | | | | 129,392 | | | | (1,137) | | | |  |
|  |  | **RETAIL USAGE - WEATHER** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 68 | Residential | 2,765 | |  | 3,282 | | |  | 4,915 | | | | 2,678 | | | | 13,628 | | | | 465 | | | |  |
|  | 69 | Business | 28,421 | | | 33,944 | | | | 37,224 | | | | 29,874 | | | | 129,494 | | | | (503) | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRICITY DEMAND** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(MW)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 70 | | System peak demand | 3,979 | |  | 5,632 | | |  | 6,402 | | | | 4,432 | | | | 6,402 | | | | 70 | | |  |  |
| See Glossary of Terms. | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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Last Updated 1/30/2007

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2004**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | | |  |
|  |  |  |  | **1st Qtr** | | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  | **Year-To-Date** | | |  | **(Decrease)** | | |  |
|  | Line |  |  |  |  |  |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY SOURCES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation production** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 71 | Nuclear | 2,148 | | |  | 1,860 | | | | 2,364 | | | | 1,811 | | | | 8,183 | | | | (132) | | | |  |
|  | 72 | Coal | 2,887 | | |  | 3,035 | | | | 3,417 | | | | 3,327 | | | | 12,666 | | | | 1,299 | | |  |  |
|  | 73 | Gas, oil and other | 367 | | |  | 1,339 | | | | 2,547 | | | | 1,075 | | | | 5,328 | | | | (763) | | | |  |
| 74 | | Total generation production |  | 5,402 |  |  |  | | 6,234 |  |  | | 8,328 |  |  | | 6,213 |  |  | | 26,177 |  |  | | 404 |  |  |
|  |  | **Purchased power** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 75 | Firm load | 701 | | |  | 1,532 | | | | 1,068 | | | | 1,024 | | | | 4,325 | | | | 1,214 | | |  |  |
|  | 76 | Marketing and trading | 5,506 | | |  | 7,167 | | | | 9,301 | | | | 8,218 | | | | 30,192 | | | | 2,442 | | |  |  |
| 77 | | Total purchased power |  | 6,207 |  |  |  | | 8,699 |  |  | | 10,369 |  |  | | 9,242 |  |  | | 34,517 |  |  | | 3,656 |  |  |
|  | 78 | Total energy sources | 11,609 | | |  | 14,933 | | | | 18,697 | | | | 15,455 | | | | 60,694 | | | | 4,060 | | |  |  |
|  |  | **POWER PLANT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **PERFORMANCE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Capacity Factors** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 79 | Nuclear | 88% | | | | 76% | | | | 96% | | | | 74% | | | | 84% | | | | (3)% | | | |  |
|  | 80 | Coal | 77% | | | | 81% | | | | 90% | | | | 88% | | | | 84% | | | | 8% | | | |  |
|  | 81 | Gas, oil and other | 5% | | | | 20% | | | | 38% | | | | 17% | | | | 20% | | | | (7)% | | | |  |
|  | 82 | System average | 44% | | | | 49% | | | | 64% | | | | 48% | | | | 51% | | | | (3)% | | | |  |
|  |  | **Generation Capacity Out of** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Service and Replaced for** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Native Load (average MW/day)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 83 | Nuclear | 132 | | |  | 231 | | | | 13 | | | | 261 | | | | 159 | | | | 28 | | |  |  |
|  | 84 | Coal | 237 | | |  | 153 | | | | 63 | | | | 61 | | | | 128 | | | | (140) | | | |  |
|  | 85 | Gas | 71 | |  |  | 46 | | | | 39 | | | | 34 | | | | 48 | | | | (160) | | | |  |
| 86 | | Total |  | 440 |  |  |  | | 430 |  |  | | 115 |  |  | | 356 |  |  | | 334 |  |  | | (272) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



(a) Includes planned and unplanned outages

See Glossary of Terms.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | | | | 1/30/2007 | |  |
|  |  |  |  | **Pinnacle West Capital Corporation** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Consolidated Statistics By Quarter** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **2004** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  | **1st Qtr** | | **2nd Qtr** | | |  |  | **3rd Qtr** | |  | **4th Qtr** | | **Year-To-Date** | | |  |  | **(Decrease)** | |  |
| Line |  |  |  |  |  |  | **vs Prior YTD** | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **ENERGY MARKET INDICATORS (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Electricity Average Daily Spot Prices** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **($/MWh)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **On-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 87 | Palo Verde | $ | | 43.73 | | $ | 50.36 | | $ | | 51.86 | | $ | 51.23 | | $ | 49.30 | | $ | | 0.70 | |  |
| 88 | SP15 | $ | | 48.37 | | $ | 54.73 | | $ | | 57.09 | | $ | 60.62 | | $ | 55.20 | | $ | | 3.82 | |  |
|  | **Off-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 89 | Palo Verde | $ | | 33.66 | | $ | 33.74 | | $ | | 33.37 | | $ | 38.21 | | $ | 34.75 | | $ | | 2.72 | |  |
| 90 | SP15 | $ | | 36.90 | | $ | 37.32 | | $ | | 37.18 | | $ | 43.07 | | $ | 38.62 | | $ | | 3.96 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **WEATHER INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Actual** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 91 | Cooling degree-days |  |  | 273 | |  | 1,598 | |  |  | 2,471 | |  | 352 | |  | 4,694 | |  |  | (205) | |  |
| 92 | Heating degree-days |  |  | 552 | |  | 11 | |  |  | — | |  | 422 | |  | 985 | |  |  | 249 | |  |
| 93 | Average humidity |  |  | 39% | |  | 19% | |  |  | 26% | |  | 45% | |  | 32% | |  |  | 1% | |  |
|  | **10-Year Averages** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 94 | Cooling degree-days |  |  | 99 |  |  | 1,547 | |  |  | 2,541 | |  | 437 | |  | 4,624 | |  |  | — | |  |
| 95 | Heating degree-days |  |  | 514 | |  | 31 | |  |  | — | |  | 386 | |  | 931 | |  |  | — | |  |
| 96 | Average humidity |  |  | 41% | |  | 23% | |  |  | 33% | |  | 39% | |  | 34% | |  |  | 0% | |  |
|  | **ECONOMIC INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Building Permits — Metro Phoenix (b)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 97 | Single-family |  |  | 10,045 | |  | 13,636 | |  |  | 14,111 | |  | 10,325 | |  | 48,117 |  |  |  | 8,466 | |  |
| 98 | Multi-family |  |  | 1,757 | |  | 1,324 | |  |  | 2,149 | |  | 2,356 | |  | 7,586 | |  |  | 859 | |  |
| 99 | Total |  |  | 11,802 |  |  | 14,960 |  |  |  | 16,260 |  |  | 12,681 |  |  | 55,703 |  |  |  | 9,325 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Arizona Job Growth (c)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 100 | Payroll job growth (% over prior year) |  |  | 2.7% | |  | 3.3% | |  |  | 3.6% | |  | 3.9% | |  | 3.4% | |  |  | 2.0% | |  |
| 101 | Unemployment rate (%, seasonally adjusted) |  |  | 5.2% | |  | 5.1% | |  |  | 4.9% | |  | 4.6% | |  | 5.0% | |  |  | (0.7)% | |  |



Sources:

1. Average of daily prices obtained and used with permission from Dow Jones & Company, Inc.
2. Arizona Real Estate Center, Arizona State University W.P. Carey College of Business
3. Arizona Department of Economic Security

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Exhibit 99.6 | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | |  |
|  |  | **Pinnacle West Capital Corporation** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Consolidated Statistics By Quarter** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **2003** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  | **1st Qtr** | |  | **2nd Qtr** | |  | **3rd Qtr** | | |  | **4th Qtr** | | **Year-To-Date** | | |  | **(Decrease)** | |  |
| Line |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **EARNINGS CONTRIBUTION BY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **SUBSIDIARY ($ Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1 | Arizona Public Service | $ | 16 |  | $ | 43 |  | $ | | 100 | | $ | 21 | | $ | 181 | | $ | (18) | |  |
| 2 | Pinnacle West Energy |  | 4 | |  | 1 | |  |  | 2 | |  | (15) | |  | (8) | |  | 11 | |  |
| 3 | APS Energy Services |  | 8 | |  | 5 | |  |  | 1 | |  | 3 | |  | 16 | |  | (12) | |  |
| 4 | SunCor |  | 1 | |  | 2 | |  |  | 6 | |  | 36 | |  | 46 | |  | 36 | |  |
| 5 | El Dorado |  | — | |  | — | |  |  | — | |  | — | |  | (1) | |  | 4 | |  |
| 6 | Parent Company |  | (11) | |  | 3 | |  |  | — | |  | — | |  | (9) | |  | (32) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 | Income From Continuing Operations |  | 18 |  |  | 54 |  |  |  | 109 | |  | 45 | |  | 225 | |  | (11) | |  |

* Income From Discontinued Operations —



|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Net of Tax | 7 | 2 | 1 | 4 | 16 | 37 |

* Cumulative Effect of Change in Accounting

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | — Net of Tax |  | — | |  | — | |  |  | — | |  | — | |  | — | |  |  | 66 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 | Net Income | $ | 25 |  | $ | 56 |  |  | $ | 110 | | $ | 49 | | $ | 241 | | $ | | 92 | |  |
|  |  | **EARNINGS PER SHARE BY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SUBSIDIARY — DILUTED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 11 | Arizona Public Service | $ | 0.17 | | $ | 0.47 | | $ | | 1.10 | | $ | 0.24 | | $ | 1.98 | | $ | | (0.37) | |  |
|  | 12 | Pinnacle West Energy |  | 0.05 | |  | 0.01 | |  |  | 0.02 | |  | (0.16) | |  | (0.08) | |  |  | 0.15 | |  |
|  | 13 | APS Energy Services |  | 0.08 | |  | 0.06 | |  |  | 0.01 | |  | 0.03 | |  | 0.18 | |  |  | (0.15) | |  |
|  | 14 | SunCor |  | 0.01 | |  | 0.03 | |  |  | 0.07 | |  | 0.39 | |  | 0.50 | |  |  | 0.37 | |  |
|  | 15 | El Dorado |  | — | |  | — | |  |  | — | |  | — | |  | (0.01) | |  |  | 0.05 | |  |
|  | 16 | Parent Company |  | (0.11) | |  | 0.02 | |  |  | (0.01) | |  | (0.01) | |  | (0.10) | |  |  | (0.36) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 17 | Income From Continuing Operations |  | 0.20 | |  | 0.59 | |  |  | 1.19 | |  | 0.49 | |  | 2.47 | |  |  | (0.31) | |  |
| 18 | | Income From Discontinued Operations — |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Net of Tax |  | 0.08 | |  | 0.02 | |  |  | 0.01 | |  | 0.05 | |  | 0.16 | |  |  | 0.41 | |  |
|  | 19 | Cumulative Effect of Change in Accounting |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | — Net of Tax |  | — | |  | — | |  |  | — | |  | — | |  | — | |  |  | 0.77 | |  |
| 20 | | Net Income | $ | 0.28 |  | $ | 0.61 |  |  | $ | 1.20 |  | $ | 0.54 |  | $ | 2.63 |  |  | $ | 0.87 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 21 | **BOOK VALUE PER SHARE** | $ | 29.39 | | $ | 29.95 |  | $ | | 30.68 | | $ | 30.97 | | $ | 30.97 | | $ | | 1.57 | |  |
|  |  | **COMMON SHARES OUTSTANDING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(Thousands)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 22 | Average — Diluted |  | 91,359 | |  | 91,450 | |  |  | 91,467 | |  | 91,403 | |  | 91,405 | |  |  | 6,441 | |  |
|  | 23 | End of Period |  | 91,257 | |  | 91,262 | |  |  | 91,271 | |  | 91,288 | |  | 91,288 | |  |  | 33 | |  |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | |  |
|  |  |  |  | **Pinnacle West Capital Corporation** | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **Consolidated Statistics By Quarter** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | **2003** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  | **1st Qtr** | |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  | **4th Qtr** | | **Year-To-Date** | | |  | **(Decrease)** | |  |
|  | Line |  |  |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC OPERATING REVENUES** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 24 | Residential | $ | | 168 | | $ | 233 | | $ | | 363 | | $ | 193 | | $ | 957 | | $ | 51 | |  |
|  | 25 | Business |  |  | 196 | |  | 251 | |  |  | 284 | |  | 222 | |  | 953 | |  | 25 | |  |
| 26 | | Total retail |  |  | 364 |  |  | 484 |  |  |  | 647 |  |  | 415 |  |  | 1,910 |  |  | 76 |  |  |
|  |  | **Wholesale revenue on delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **electricity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 27 | Traditional contracts |  |  | 3 | |  | 4 | |  |  | 5 | |  | 3 | |  | 15 | |  | 7 | |  |
|  | 28 | Off-system sales |  |  | — | |  | — | |  |  | — | |  | — | |  | — | |  | — | |  |
|  | 29 | Transmission for others |  |  | 6 | |  | 5 | |  |  | 9 | |  | 8 | |  | 28 | |  | (2) | |  |
|  | 30 | Other miscellaneous services |  |  | 7 | |  | 6 | |  |  | 6 | |  | 6 | |  | 25 | |  | 7 | |  |
| 31 | | Total regulated operating electricity |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | revenues |  |  | 380 | |  | 499 | |  |  | 667 | |  | 432 | |  | 1,978 | |  | 88 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 32 | Electricity and other commodity sales |  |  | 117 |  |  | 101 | |  |  | 83 | |  | 91 | |  | 392 | |  | 105 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 33 | Total operating electric revenues | $ | | 497 | | $ | 600 | | $ | | 750 | | $ | 523 | | $ | 2,370 | | $ | 193 | |  |
|  |  | **ELECTRIC SALES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail sales** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 34 | Residential |  |  | 2,104 | |  | 2,543 |  |  |  | 4,126 | |  | 2,374 | |  | 11,147 | |  | 703 | |  |
|  | 35 | Business |  |  | 2,849 |  |  | 3,450 |  |  |  | 3,891 | |  | 3,225 | |  | 13,415 | |  | 497 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 36 | Total retail |  |  | 4,953 |  |  | 5,993 |  |  |  | 8,017 | |  | 5,599 | |  | 24,562 | |  | 1,200 | |  |
|  |  | **Wholesale electricity delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 37 | Traditional contracts |  |  | 130 | |  | 131 | |  |  | 127 | |  | 112 | |  | 500 | |  | 27 | |  |
|  | 38 | Off-system sales |  |  | — | |  | — | |  |  | — | |  | — | |  | — | |  | — | |  |
|  | 39 | Retail load hedge management |  |  | 109 | |  | 205 | |  |  | 446 | |  | 334 | |  | 1,094 | |  | (1,548) | |  |
| 40 | | Total regulated electricity |  |  | 5,192 |  |  | 6,329 |  |  |  | 8,590 |  |  | 6,045 |  |  | 26,156 |  |  | (321) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 41 | Wholesale sales of electricity |  |  | 7,372 |  |  | 6,798 |  |  |  | 7,255 | |  | 7,378 | |  | 28,803 | |  | 5,949 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 42 | Total electric sales |  |  | 12,564 |  |  | 13,127 | |  |  | 15,845 | |  | 13,423 | |  | 54,959 | |  | 5,628 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | |  | 1/30/2007 | | |  |
|  |  | **Pinnacle West Capital Corporation** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Consolidated Statistics By Quarter** | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **2003** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | | |  |
|  |  |  | **1st Qtr** | | |  |  | **2nd Qtr** | | **3rd Qtr** | | |  | **4th Qtr** | | **Year-To-Date** | | | |  | **(Decrease)** | | |  |
| Line |  |  |  |  |  | **vs Prior YTD** | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **POWER SUPPLY ADJUSTOR (“PSA”)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **- - REGULATED ELECTRICITY** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **SEGMENT (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 43 | Deferred fuel and purchased power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | regulatory asset — beginning balance | $ | — | | | $ | | — | | $ | — | | $ | — | | $ | | — | | $ | — | | |  |
| 44 | Deferred fuel and purchased power costs — |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | current period |  | — | | |  |  | — | |  | — | |  | — | |  |  | — | |  | — | |  |  |
| 45 | Interest on deferred fuel |  | — | | |  |  | — | |  | — | |  | — | |  |  | — | |  | — | |  |  |
| 46 | Amounts recovered through revenues |  | — | | |  |  | — | |  | — | |  | — | |  |  | — | |  | — | |  |  |
| 47 | Deferred fuel and purchased power |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | regulatory asset — ending balance | $ | — | | | $ | | — | | $ | — | | $ | — | | $ | | — | | $ | — | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **PRETAX GROSS MARGIN** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **ANALYSIS (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Realized and Mark-To-Market** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Components** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 48 | Electricity and other commodity sales, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | realized (a) | $ | 25 | |  | $ | | 20 | | $ | 4 | | $ | 16 |  | $ | | 65 | | $ | (56) | |  |  |
| 49 | Mark-to-market reversals on realized sales |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | (a) (b) |  | (3) | | |  |  | 1 | |  | (3) | |  | (1) | |  |  | (11) | |  | 35 |  |  |  |
| 50 | Change in mark-to-market value of forward |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | sales |  | (3) | | |  |  | (1) | |  | (3) | |  | (5) | |  |  | (7) | |  | (64) | |  |  |
| 51 | Total gross margin |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | 19 | $ | 20 | $ | (2) | | $ | 10 |  | $ | 47 | $ | (85) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **By Pinnacle West Entity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 52 | Parent company marketing and trading |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | division | $ | 2 | |  | $ | | 4 | | $ | (2) | | $ | (9) | | $ | | (5) | | $ | (95) | |  |  |
| 53 | APS |  | 6 | |  |  |  | 4 | |  | (6) | |  | 4 | |  |  | 8 | |  | 6 | |  |  |
| 54 | Pinnacle West Energy |  | (1) | | |  |  | — | |  | — | |  | 9 | |  |  | 8 | |  | 4 | |  |  |
| 55 | APS Energy Services |  | 12 |  |  |  |  | 12 |  |  | 6 | |  | 6 | |  |  | 36 | |  | — | |  |  |
| 56 | Total gross margin |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | 19 | $ | 20 | $ | (2) | | $ | 10 |  | $ | 47 | $ | (85) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



1. Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 48 and in line 49 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not earnings recognition. The opposites of amounts included in line 48 are included in line 49. For example, line 49 shows that a prior-period mark-to-market gain of $11 million was transferred to “realized” for the total year 2003. A $11 million realized gain is included in the $65 million on line 48 for the total year 2003.
2. Quarterly amounts do not total to annual amounts because of intra-year mark-to-market eliminations.

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Last Updated 1/30/2007

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2003**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | | |  |
|  |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  | **Year-To-Date** | | |  | **(Decrease)** | | |  |
|  | Line |  |  |  |  |  |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **AVERAGE ELECTRIC** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **CUSTOMERS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail customers** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 57 | Residential | 827,937 | |  | 821,331 | | |  | 824,655 | | | | 839,539 | | | | 828,366 | | | | 26,565 | | | |  |
|  | 58 | Business |  | 101,999 |  |  | | 102,601 |  |  | | 103,262 | | 104,521 | | | | 103,096 | | | | 2,868 | | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59 | Total |  | 929,936 |  |  | | 923,932 |  |  | | 927,917 | | 944,060 | | | | 931,462 | | | | 29,432 | | | |  |
|  | 60 | Wholesale customers |  | 65 |  |  | | 66 |  |  | | 66 | | 66 | | |  | 66 | | |  | (1) | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 61 | Total customers |  | 930,001 |  |  | | 923,998 |  |  | | 927,983 | | 944,126 | | | | 931,528 | | | | 29,431 | | | |  |
| 62 | | Customer growth (% over prior |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | year) | 3.3% | | | 3.1% | | | | 3.2% | | | | 3.4% | | | | 3.3% | | | | 0.2% | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL SALES (GWH) -** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **WEATHER NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 63 | | Residential | 2,218 | |  | 2,477 | | |  | 3,939 | | | | 2,269 | | | | 10,904 | | | | 443 | | | |  |
|  | 64 | Business | 2,885 | |  | 3,485 | | |  | 3,857 | | | | 3,174 | | | | 13,402 | | | | 496 | | | |  |
| 65 | | Total |  | 5,103 |  |  | | 5,962 |  |  | | 7,796 |  |  | | 5,443 |  |  | | 24,306 |  |  | | 939 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 66 | | Residential | 2,541 | |  | 3,096 | | |  | 5,004 | | | | 2,828 | | | | 13,457 | | | | 432 | | | |  |
|  | 67 | Business | 27,927 | | | 33,625 | | | | 37,677 | | | | 30,865 | | | | 130,529 | | | | 1,288 | | |  |  |
|  |  | **RETAIL USAGE - WEATHER** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 68 | Residential | 2,679 | |  | 3,016 | | |  | 4,777 | | | | 2,703 | | | | 13,163 | | | | 116 | | | |  |
|  | 69 | Business | 28,286 | | | 33,969 | | | | 37,356 | | | | 30,371 | | | | 129,997 | | | | 1,234 | | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRICITY DEMAND** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(MW)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 70 | | System peak demand | 3,569 | |  | 5,571 | | |  | 6,332 | | | | 5,124 | | | | 6,332 | | | | 529 | | | |  |
| See Glossary of Terms. | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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Last Updated 1/30/2007

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2003**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | | |  |
|  |  |  |  | **1st Qtr** | | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  | **Year-To-Date** | | |  | **(Decrease)** | | |  |
|  | Line |  |  |  |  |  |  |  |  |  |  | **vs Prior YTD** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY SOURCES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation production** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 71 | Nuclear | 2,306 | | |  | 2,047 | | | | 2,230 | | | | 1,732 | | | | 8,315 | | | | (666) | | | |  |
|  | 72 | Coal | 2,770 | | |  | 2,824 | | | | 2,972 | | | | 2,801 | | | | 11,367 | | | | (690) | | | |  |
|  | 73 | Gas, oil and other | 1,288 | | |  | 1,572 | | | | 2,696 | | | | 535 | | | | 6,091 | | | | 1,722 | | |  |  |
| 74 | | Total generation production |  | 6,364 |  |  |  | | 6,443 |  |  | | 7,898 |  |  | | 5,068 |  |  | | 25,773 |  |  | | 366 |  |  |
|  |  | **Purchased power** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 75 | Firm load | (12) | | | | 606 | | | | 1,099 | | | | 1,418 | | | | 3,111 | | | | 1,492 | | |  |  |
|  | 76 | Marketing and trading | 6,489 | | |  | 6,527 | | | | 7,498 | | | | 7,236 | | | | 27,750 | | | | 4,045 | | |  |  |
| 77 | | Total purchased power |  | 6,477 |  |  |  | | 7,133 |  |  | | 8,597 |  |  | | 8,654 |  |  | | 30,861 |  |  | | 5,537 |  |  |
|  | 78 | Total energy sources | 12,841 | | |  | 13,576 | | | | 16,495 | | | | 13,722 | | | | 56,634 | | | | 5,903 | | |  |  |
|  |  | **POWER PLANT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **PERFORMANCE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Capacity Factors** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 79 | Nuclear | 98% | | | | 86% | | | | 93% | | | | 72% | | | | 87% | | | | (7)% | | | |  |
|  | 80 | Coal | 75% | | | | 75% | | | | 79% | | | | 74% | | | | 76% | | | | (4)% | | | |  |
|  | 81 | Gas, oil and other | 26% | | | | 30% | | | | 45% | | | | 9% | | | | 27% | | | | 0% | | | |  |
|  | 82 | System average | 58% | | | | 57% | | | | 65% | | | | 41% | | | | 54% | | | | (9)% | | | |  |
|  |  | **Generation Capacity Out of** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Service and Replaced for** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Native Load (average MW/day)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 83 | Nuclear | 32 | |  |  | 134 | | | | 61 | | | | 296 | | | | 131 | | | | 64 | | |  |  |
|  | 84 | Coal | 293 | | |  | 253 | | | | 276 | | | | 252 | | | | 268 | | | | 101 | | | |  |
|  | 85 | Gas | 191 | | |  | 149 | | | | 155 | | | | 337 | | | | 208 | | | | 160 | | | |  |
| 86 | | Total |  | 516 |  |  |  | | 536 |  |  | | 492 |  |  | | 885 |  |  | | 606 |  |  | | 325 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



(a) Includes planned and unplanned outages

See Glossay of Terms.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Last Updated | | | | 1/30/2007 | |  |
|  |  |  | **Pinnacle West Capital Corporation** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **Consolidated Statistics By Quarter** | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **2003** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  | **1st Qtr** | |  | **2nd Qtr** | |  | **3rd Qtr** | |  |  | **4th Qtr** | | **Year-To-Date** | | |  |  | **(Decrease)** | |  |
| Line |  |  |  |  |  |  | **vs Prior YTD** | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **ENERGY MARKET INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Electricity Average Daily Spot Prices** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **($/MWh)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **On-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 87 | Palo Verde | $ | 49.66 | | $ | 48.88 | | $ | 52.88 |  | $ | | 42.98 | | $ | 48.60 | | $ | | 16.32 | |  |
| 88 | SP15 | $ | 54.35 | | $ | 50.73 | | $ | 53.54 |  | $ | | 46.88 | | $ | 51.38 | | $ | | 17.16 | |  |
|  | **Off-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 89 | Palo Verde | $ | 36.09 | | $ | 25.48 | | $ | 36.08 |  | $ | | 30.48 | | $ | 32.03 | | $ | | 12.14 | |  |
| 90 | SP15 | $ | 39.70 | | $ | 28.27 | | $ | 37.81 |  | $ | | 32.85 | | $ | 34.66 | | $ | | 12.97 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **WEATHER INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Actual** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 91 | Cooling degree-days |  | 76 |  |  | 1,550 | |  | 2,701 |  |  |  | 572 | |  | 4,899 | |  |  | 24 |  |  |
| 92 | Heating degree-days |  | 349 | |  | 17 |  |  | — | |  |  | 370 | |  | 736 | |  |  | (64) | |  |
| 93 | Average humidity |  | 44% | |  | 18% | |  | 30% | |  |  | 34% | |  | 31% | |  |  | 4% | |  |
|  | **10-Year Averages** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 94 | Cooling degree-days |  | 99 |  |  | 1,547 | |  | 2,541 |  |  |  | 437 | |  | 4,624 | |  |  | — | |  |
| 95 | Heating degree-days |  | 514 | |  | 31 |  |  | — | |  |  | 386 | |  | 931 | |  |  | — | |  |
| 96 | Average humidity |  | 41% | |  | 23% | |  | 33% | |  |  | 39% | |  | 34% | |  |  | 0% | |  |
|  | **ECONOMIC INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Building Permits — Metro Phoenix (b)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 97 | Single-family |  | 8,030 | |  | 10,613 | |  | 11,191 |  |  |  | 9,817 | |  | 39,651 | |  |  | 5,339 | |  |
| 98 | Multi-family |  | 863 | |  | 2,053 | |  | 1,231 |  |  |  | 2,580 | |  | 6,727 | |  |  | (347) | |  |
| 99 | Total |  | 8,893 |  |  | 12,666 |  |  | 12,422 |  |  |  | 12,397 |  |  | 46,378 |  |  |  | 4,992 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Arizona Job Growth (c)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 100 | Payroll job growth (% over prior year) |  | 1.1% | |  | 0.9% | |  | 1.5% | |  |  | 2.0% | |  | 1.4% | |  |  | 1.4% | |  |
| 101 | Unemployment rate (%, seasonally |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | adjusted) |  | 5.8% | |  | 5.9% | |  | 5.7% | |  |  | 5.3% | |  | 5.7% | |  |  | (0.5)% | |  |



Sources:

1. Average of daily prices obtained and used with permission from Dow Jones & Company, Inc.
2. Arizona Real Estate Center, Arizona State University W.P. Carey College of Business
3. Arizona Department of Economic Security

See Glossary of Terms.

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Exhibit 99.7

LAST UPDATED 1/30/07

**Pinnacle West Capital Corporation**

**Earnings Variance Explanations**

**for the Periods Ended December 31, 2006 and 2005**

This discussion explains the changes in our consolidated earnings for the three-month and twelve-month periods ended December 31, 2006 and 2005. Unaudited Condensed Consolidated Statements of Income for the three months and twelve months ended December 31, 2006 and 2005 follow this discussion. We will file our Annual Report on Form 10-K for the fiscal period ended December 31, 2006 on or before March 1, 2007. We suggest that this discussion be read in connection with the Pinnacle West Capital Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and the Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2006, June 30, 2006 and September 30, 2006. Additional operating and financial statistics and a glossary of terms are available on our website (www.pinnaclewest.com).

**EARNINGS CONTRIBUTION BY BUSINESS SEGMENT** Pinnacle West’s two principal business segments are:

* our regulated electricity segment, which consists of traditional regulated retail and wholesale electricity businesses (primarily electric service to Native Load customers) and related activities and includes electricity generation, transmission and distribution; and
* our real estate segment, which consists of SunCor’s real estate development and investment activities.

Our reportable business segments reflect a change from the previously reported information. As of December 31, 2006, our marketing and trading activities are no longer considered a segment requiring separate reporting or disclosure. The marketing and trading activities consist of our competitive energy business, including wholesale marketing and trading and retail commodity-related energy services. These activities have decreased as a result of fewer market opportunities and the Company’s intention to deemphasize that part of our business. These activities are now reported as part of the “Other” category in the table below. The corresponding information for earlier periods has been reclassified.

The following table summarizes income from continuing operations by segment for the three and twelve months ended December 31, 2006 and 2005 and reconciles to net income in total (dollars in millions):



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Three Months Ended | | | | |  |  |  | Twelve Months Ended | | | | | |  |
|  |  |  |  | December 31, | | | |  |  |  | December 31, | | | |  |  |  |
|  |  |  | 2006 |  |  |  | 2005 |  |  |  | 2006 |  |  |  | 2005 |  |  |
|  | Regulated electricity (a) | $ | | 6 | | $ | | 15 |  | $ | 259 | | $ | | 167 | |  |
|  | Real estate |  |  | 4 | |  |  | 10 |  |  | 50 | |  |  | 35 | |  |
|  | Other (b) |  |  | — | |  |  | (1) | |  | 8 | |  |  | 21 | |  |
| Income from continuing operations | |  |  | 10 |  |  |  | 24 |  |  | 317 |  |  |  | 223 |  |  |
|  | Discontinued operations — net of tax: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Real estate (c) |  |  | 8 | |  |  | — | |  | 10 | |  |  | 17 | |  |
|  | Sale of Silverhawk (b) |  |  | — | |  |  | (3) | |  | 1 | |  |  | (67) | |  |
|  | Sale of NAC International Inc. |  |  | — |  |  |  | — |  |  | (1) | |  |  | 3 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income | $ | | 18 | | $ | | 21 |  | $ | 327 | | $ | | 176 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



1. The twelve months ended December 31, 2005 period includes an $84 million after-tax regulatory disallowance of plant costs in accordance with APS’ 2003 general retail rate case settlement.
2. Primarily marketing and trading activity.
3. Primarily relates to sales of commercial properties.

**PINNACLE WEST CONSOLIDATED — RESULTS OF OPERATIONS**

**General**

Throughout the following explanations of our results of operations, we refer to “gross margin.” With respect to our regulated electricity segment and our marketing and trading contributions, gross margin refers to operating revenues less fuel and purchased power costs. “Gross margin” is a “non-GAAP financial measure,” as defined in accordance with SEC rules. Exhibit 99.10 reconciles this non-GAAP financial measure to operating income, which is the most directly comparable financial measure calculated and presented in accordance with accounting principles generally accepted in the United States (GAAP). We view gross margin as an important performance measure of the core profitability of our operations. This measure is a key component of our internal financial reporting and is used by our management in analyzing our business segments. We believe that investors benefit from having access to the same financial measures that our management uses.

**Deferred Fuel and Purchased Power Costs**

Our subsidiary, Arizona Public Service Company (“APS”), settled its 2003 general retail rate case effective April 1, 2005. As part of the settlement, the Arizona Corporation Commission (“ACC”) approved the Power Supply Adjustor (“PSA”), which permits APS to defer for recovery or refund fluctuations in retail fuel and purchased power costs, subject to specified parameters. In accordance with the PSA, APS defers for future rate recovery 90% of the difference between actual retail fuel and purchased power costs and the amount of such costs currently included in base rates. APS’ recovery of PSA deferrals from its customers is subject to the ACC’s approval of annual PSA adjustments and periodic surcharge applications.

Since the inception of the PSA, APS has incurred substantially higher fuel and purchased power costs than those authorized for recovery through APS’ current base rates primarily due to the use of higher cost resources and has deferred those cost differences in accordance with the PSA. The

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balance of APS’ PSA deferrals at December 31, 2006 was approximately $160 million. The recovery of PSA deferrals through ACC approved adjustors and surcharges recorded as revenue is offset dollar-for-dollar by the amortization of those deferred expenses recorded as fuel and purchased power.

APS operated Palo Verde Unit 1 at reduced power levels from December 25, 2005 until March 18, 2006 due to vibration levels in one of the Unit’s shutdown cooling lines. During an outage at Unit 1 from March 18, 2006 to July 7, 2006, APS performed the necessary work and modifications to remedy the situation. APS estimates that incremental replacement power costs resulting from these and other unplanned Palo Verde outages and reduced power levels were approximately $88 million during 2006. The related impact on the PSA deferrals was an increase of approximately $79 million. These Palo Verde replacement power costs were partially offset by $42 million of lower than expected replacement power costs related to APS’ other generating units during 2006, which decreased PSA deferrals by $38 million.

The PSA deferral balance at December 31, 2006 includes (a) $45 million related to replacement power costs associated with unplanned 2005 Palo Verde outages and (b) $79 million related to replacement power costs associated with unplanned 2006 outages or reduced power operations at Palo Verde. The PSA deferrals associated with these unplanned Palo Verde outages and reduced power operations are the subject of ACC prudence reviews. The ACC staff has recommended disallowance of $17 million of the 2005 costs. The recommendation will be considered as part of APS’ general rate case currently before the ACC. The ACC staff recommendation does not change management’s belief that the expenses in question were prudently incurred and, therefore, are recoverable.

**Operating Results — Three-month period ended December 31, 2006 compared with three-month period ended December 31, 2005**

Our consolidated net income for the three months ended December 31, 2006 was $18 million compared with $21 million for the comparable prior-year period. The three months ended December 31, 2006 includes $8 million of income from discontinued operations that relates to the sales of real estate commercial properties at SunCor. Income from continuing operations decreased $14 million in the period-to-period comparison, reflecting the following changes in earnings by segment:

* Regulated Electricity Segment — Income from continuing operations decreased approximately $9 million primarily due to higher operations and maintenance expense related to generation, including increased maintenance and overhauls; higher depreciation and amortization primarily due to increased plant asset balances; higher interest expense due to increased debt balances and rates, partially offset by increased capitalized financing costs driven by increased capital expenditures; and the effects of milder weather on retail sales. These negative factors were partially offset by higher retail sales volumes due to customer growth and income tax credits related to prior years recognized in 2006.
* Real Estate Segment — Income from continuing operations decreased approximately $6 million primarily due to the timing of parcel sales. Income from discontinued real estate operations increased $8 million due to the sale of commercial property during 2006.

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Additional details on the major factors that increased (decreased) net income are contained in the following table (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Increase (Decrease) | | | |  |  |
|  |  |  |  | Pretax | |  | After Tax | |  |
|  | Regulated electricity segment gross margin: |  |  |  |  |  |  |  |  |
|  | Higher retail sales volumes due to customer growth, excluding weather effects | $ | | 16 | | $ | | 10 | |
|  | Lower fuel and purchased power costs due to lower unplanned outages partially offset by higher cost resources |  |  | 8 | |  |  | 5 | |
|  | Decreased deferred fuel and purchased power costs |  |  | (10) | |  |  | (6) | |
|  | Effects of milder weather on retail sales |  |  | (4) | |  |  | (2) | |
|  | Miscellaneous items, net |  |  | (1) | |  |  | (1) | |
|  |  |  |  |  |  |  |  |  |  |
|  | Net increase in regulated electricity segment gross margin |  |  | 9 | |  |  | 6 | |
|  | Lower real estate segment contribution primarily related to the timing of parcel sales |  |  | (10) | |  |  | (6) | |
|  | Operations and maintenance increases primarily due to: |  |  |  |  |  |  |  |  |
|  | Generation costs, including increased maintenance and overhauls |  |  | (9) | |  |  | (6) | |
|  | Miscellaneous items, net |  |  | (2) | |  |  | (1) | |
|  | Higher depreciation and amortization primarily due to increased plant asset balances |  |  | (6) | |  |  | (4) | |
|  | Higher interest expense due to increased debt balances and rates, partially offset by increased capitalized financing costs |  |  |  |  |  |  |  |  |
|  | driven by increased capital expenditures |  |  | (5) | |  |  | (3) | |
|  | Income tax credits related to prior years recognized in 2006 |  |  | — | |  |  | 4 | |
|  | Miscellaneous items, net |  |  | (2) | |  |  | (4) | |
|  | Net decrease in income from continuing operations |  | $ | (25) |  |  |  | (14) |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Discontinued operations: |  |  |  |  |  |  |  |  |
|  | Higher commercial property real estate sales |  |  |  |  |  |  | 8 | |
|  | Silverhawk loss in 2005 |  |  |  |  |  |  | 3 |  |
|  | Net decrease in net income |  |  |  |  |  | $ | (3) | |
|  |  |  |  |  |  |  |  |  |  |

**Regulated Electricity Segment Revenues**

Regulated electricity segment revenues were $81 million higher for the three months ended December 31, 2006 compared with the prior-year period primarily as a result of:

* a $70 million increase in revenues related to recovery of PSA deferrals, which had no earnings effect because of amortization of the same amount recorded as fuel and purchased power expense (see “Deferred Fuel and Purchased Power Costs” above);
* a $22 million increase in retail revenues related to customer growth, excluding weather effects;
* an $8 million decrease in Off-System Sales due to lower prices;
* a $6 million decrease in retail revenues related to milder weather; and

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* a $3 million increase due to miscellaneous factors.

**Real Estate Segment Revenues**

Real estate segment revenues were $24 million lower for the three months ended December 31, 2006 compared with the prior-year period primarily as a result of:

* a $16 million decrease due to the timing of parcel sales;
* a $6 million decrease from residential sales due to lower volumes; and
* a $2 million decrease due to miscellaneous sales.

**Other Revenues**

Marketing and trading revenues were $13 million lower for the three months ended December 31, 2006 compared with the prior-year period primarily as a result of lower power prices on realized electricity sales and a decrease in mark-to-market gains on contracts for future delivery due to changes in forward prices.

Other revenues were $6 million lower for the three months ended December 31, 2006 compared with the prior-year period primarily as a result of decreased sales-related products and services by APS Energy Services.

**Operating Results — Twelve-month period ended December 31, 2006 compared with twelve-month period ended December 31, 2005**

Our consolidated net income for the twelve months ended December 31, 2006 was $327 million compared with $176 million for the comparable prior-year period. The twelve months ended December 31, 2005 included a net loss from discontinued operations of $47 million, which was related to the sale and operations of Silverhawk, partially offset by income from sales of real estate commercial properties at SunCor. Income from continuing operations increased $94 million in the period-to-period comparison, reflecting the following changes in earnings by segment:

* Regulated Electricity Segment — Income from continuing operations increased approximately $92 million primarily due to an $84 million after-tax regulatory disallowance of plant costs recorded in 2005. Income also increased due to higher retail sales volumes due to customer growth; income tax credits related to prior years resolved in 2006; and increased other income due to higher interest income on higher investment balances. These positive factors were partially offset by higher operations and maintenance expense related to generation and customer service; and higher depreciation and amortization primarily due to increased plant asset balances, partially offset by lower depreciation rates. In addition, higher fuel and purchased power costs of $74 million after-tax were partially offset by the deferral of $45

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million after-tax of costs in accordance with the PSA. See discussion — “Deferred Fuel and Purchased Power Costs” above.

* Real Estate Segment — Income from continuing operations increased approximately $15 million primarily due to increased margins on residential sales and the sale of certain joint venture assets, partially offset by general and administrative expenses. Income from discontinued operations decreased $7 million due to lower commercial property sales.
* Other — Income from continuing operations decreased approximately $13 million primarily due to lower mark-to-market gains, partially offset by higher unit margins on wholesale sales and competitive retail sales in California.

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Additional details on the major factors that increased (decreased) net income are contained in the following table (dollars in millions):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Increase (Decrease) | | | |  |  |
|  |  |  | Pretax | |  | After Tax | |  |
| Regulated electricity segment gross margin: |  |  |  |  |  |  |  |  |
| Higher fuel and purchased power costs (see “Deferred Fuel and Purchased Power Costs” above) | $ | | (121) | | $ | | (74) | |
| Increased deferred fuel and purchased power costs (deferrals began April 1, 2005) |  |  | 73 | |  |  | 45 | |
| Higher retail sales volumes due to customer growth, excluding weather effects |  |  | 87 | |  |  | 53 | |
| Miscellaneous items, net |  |  | (7) | |  |  | (4) | |
| Net increase in regulated electricity segment gross margin |  |  | 32 |  |  |  | 20 |  |
| Lower marketing and trading gross margin primarily related to lower mark-to-market gains, partially offset by higher |  |  |  |  |  |  |  |  |
| unit margins on wholesale sales and competitive retail sales in California |  |  | (18) | |  |  | (11) | |
| Higher real estate segment contribution primarily related to increased margins on residential sales and the sale of certain |  |  |  |  |  |  |  |  |
| joint venture assets |  |  | 25 | |  |  | 15 | |
| Regulatory disallowance of plant costs in 2005, in accordance with APS’ 2003 general retail rate case settlement |  |  | 139 | |  |  | 84 | |
| Operations and maintenance increases primarily due to: |  |  |  |  |  |  |  |  |
| Generation costs, including increased maintenance and overhauls |  |  | (41) | |  |  | (25) | |
| Customer service costs, including regulatory demand-side management programs and planned maintenance |  |  | (16) | |  |  | (10) | |
| Miscellaneous items, net |  |  | 2 | |  |  | 1 | |
| Higher depreciation and amortization primarily due to increased plant asset balances partially offset by lower |  |  |  |  |  |  |  |  |
| depreciation rates |  |  | (11) | |  |  | (7) | |
| Higher other income, net of expense, primarily due to miscellaneous asset sales and increased interest income on higher |  |  |  |  |  |  |  |  |
| investment balances |  |  | 12 | |  |  | 7 | |
| Income tax credits related to prior years resolved in 2006 |  |  | — | |  |  | 14 | |
| Miscellaneous items, net |  |  | — | |  |  | 6 | |
| Net increase in income from continuing operations |  | $ | 124 |  |  |  | 94 |  |
|  |  |  |  |  |  |  |  |  |
| Discontinued operations: |  |  |  |  |  |  |  |  |
| Silverhawk loss in 2005 |  |  |  |  |  |  | 68 | |
| Lower commercial property real estate sales |  |  |  |  |  |  | (7) | |
| Sale of NAC International Inc. |  |  |  |  |  |  | (4) | |
|  |  |  |  |  |  |  |  |  |
| Net increase in net income |  |  |  |  | $ | | 151 | |
|  |  |  |  |  |  |  |  |  |

**Regulated Electricity Segment Revenues**

Regulated electricity segment revenues were $398 million higher for the twelve months ended December 31, 2006 compared with the prior-year period primarily as a result of:

* a $265 million increase in revenues related to recovery of PSA deferrals, which had no earnings effect because of amortization of the same amount 7



recorded as fuel and purchased power expense (see “Deferred Fuel and Purchased Power Costs” above);

* a $124 million increase in retail revenues related to customer growth, excluding weather effects;
* a $6 million increase in Off-System Sales primarily resulting from $12 million of sales previously reported in marketing and trading that were classified beginning in April 2005 as sales in the regulated electricity segment in accordance with APS’ 2003 general retail rate case settlement, partially offset by $6 million of lower Off-System Sales in 2006; and
* a $3 million increase due to miscellaneous factors.

**Real Estate Segment Revenues**

Real estate segment revenues were $62 million higher for the twelve months ended December 31, 2006 compared with the prior-year period primarily as a result of:

* a $55 million increase in residential sales due to higher prices and volumes; and
* a $7 million increase in commercial real estate sales.

**Other Revenues**

Other revenues were $25 million lower for the twelve months ended December 31, 2006 compared with the prior-year period primarily as a result of decreased sales-related products and services by APS Energy Services.

Marketing and trading revenues were $21 million lower for the twelve months ended December 31, 2006 compared with the prior-year period primarily as a result of:

* a $20 million decrease in mark-to-market gains on contracts for future delivery due to changes in forward prices;
* a $12 million decrease in Off-System Sales due to the absence of sales previously reported in marketing and trading that were classified beginning in April 2005 as sales in the regulated electricity segment in accordance with APS’ 2003 general retail rate case settlement;
* a $23 million increase from higher prices on competitive retail sales in California; and
* a $12 million decrease due to miscellaneous factors.

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**PINNACLE WEST CAPITAL CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

(in thousands, except per share amounts)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | THREE MONTHS ENDED | | | | | |  |  |  |  |  |  |  |  |
|  |  |  | DECEMBER 31, | | | | | |  |  | Increase (Decrease) | | | |  |  |
|  |  |  | 2006 |  |  |  | 2005 |  |  |  | Amount | | Percent |  |  |  |
|  | **Operating Revenues** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Regulated electricity segment | $ | 569,213 |  | $ | | 488,035 | | $ | | 81,178 | | 16.6% | | B |  |
|  | Real estate segment |  | 81,470 | |  |  | 105,081 | |  |  | (23,611) | | 22.5% | | W |  |
|  | Marketing and trading |  | 71,390 | |  |  | 84,098 | |  |  | (12,708) | | 15.1% | | W |  |
|  | Other revenues |  | 7,999 |  |  |  | 14,458 | |  |  | (6,459) | | 44.7% | | W |  |
|  | Total |  | 730,072 |  |  |  | 691,672 |  |  |  | 38,400 |  | 5.6% | | B |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Expenses** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Regulated electricity segment fuel and purchased power |  | 225,160 |  |  |  | 152,609 | |  |  | 72,551 | | 47.5% | | W |  |
|  | Real estate segment operations |  | 76,266 | |  |  | 87,811 | |  |  | (11,545) | | 13.1% | | B |  |
|  | Marketing and trading fuel and purchased power |  | 62,840 | |  |  | 77,744 | |  |  | (14,904) | | 19.2% | | B |  |
|  | Operations and maintenance |  | 180,122 |  |  |  | 168,706 | |  |  | 11,416 | | 6.8% | | W |  |
|  | Depreciation and amortization |  | 91,336 | |  |  | 85,622 | |  |  | 5,714 | | 6.7% | | W |  |
|  | Taxes other than income taxes |  | 28,425 | |  |  | 28,512 | |  |  | (87) | | 0.3% | | B |  |
|  | Other expenses |  | 5,853 |  |  |  | 12,536 | |  |  | (6,683) | | 53.3% | | B |  |
|  | Regulatory disallowance |  | — | |  |  | (4,655) | |  |  | 4,655 | | 100.0% | | W |  |
|  | Total |  | 670,002 |  |  |  | 608,885 |  |  |  | 61,117 |  | 10.0% | | W |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Income** |  | 60,070 | |  |  | 82,787 | |  |  | (22,717) | | 27.4% | | W |  |
| **Other** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Allowance for equity funds used during construction |  | 3,700 |  |  |  | 2,784 | |  |  | 916 | | 32.9% | | B |  |
|  | Other income |  | 9,568 |  |  |  | 5,505 | |  |  | 4,063 | | 73.8% | | B |  |
|  | Other expense |  | (14,847) | |  |  | (13,895) | |  |  | (952) | | 6.9% | | W |  |
|  | Total |  | (1,579) |  |  |  | (5,606) |  |  |  | 4,027 |  | 71.8% | | B |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Interest Expense** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Interest charges |  | 52,841 | |  |  | 42,267 | |  |  | 10,574 | | 25.0% | | W |  |
|  | Capitalized interest |  | (6,394) | |  |  | (1,884) | |  |  | (4,510) | | 239.4% | | B |  |
|  | Total |  | 46,447 |  |  |  | 40,383 |  |  |  | 6,064 |  | 15.0% | | W |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Continuing Operations Before Income Taxes** |  | 12,044 | |  |  | 36,798 | |  |  | (24,754) | | 67.3% | | W |  |
| **Income Taxes** | |  | 1,518 |  |  |  | 13,029 | |  |  | (11,511) | | 88.3% | | B |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Continuing Operations** |  | 10,526 | |  |  | 23,769 | |  |  | (13,243) | | 55.7% | | W |  |
| **Income (Loss) From Discontinued Operations Net of Income Taxes** | |  | 7,953 |  |  |  | (2,422) | |  |  | 10,375 | | 428.4% | | B |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net Income** | $ | 18,479 |  | $ | | 21,347 | | $ | | (2,868) | | 13.4% | | W |  |
| **Weighted-Average Common Shares Outstanding — Basic** | |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |
|  | 99,832 | |  |  | 98,982 | |  |  | 850 | | 0.9% | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Weighted-Average Common Shares Outstanding — Diluted** |  | 100,474 |  |  |  | 99,050 | |  |  | 1,424 | | 1.4% | |  |  |
| **Earnings Per Weighted-Average Common Share Outstanding** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Income from continuing operations — basic | $ | 0.11 |  | $ | | 0.24 | | $ | | (0.13) | | 54.2% | | W |  |
|  | Net income — basic | $ | 0.19 | | $ | | 0.22 | | $ | | (0.03) | | 13.6% | | W |  |
|  | Income from continuing operations — diluted | $ | 0.10 | | $ | | 0.24 | | $ | | (0.14) | | 58.3% | | W |  |
|  | Net income — diluted | $ | 0.18 | | $ | | 0.22 | | $ | | (0.04) | | 18.2% | | W |  |
|  | B — Better |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | W — Worse |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



**PINNACLE WEST CAPITAL CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

(in thousands, except per share amounts)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | TWELVE MONTHS ENDED | | | | | |  |  |  |  |  |  |  |
|  |  |  |  | DECEMBER 31, | | | | | |  | Increase (Decrease) | | | |  |  |
|  |  |  |  | 2006 |  |  |  | 2005 |  |  | Amount | | Percent |  |  |  |
|  | **Operating Revenues** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Regulated electricity segment | $ | | 2,635,036 | | $ | | 2,237,145 | | $ | 397,891 | | 17.8% | | B |  |
|  | Real estate segment |  |  | 399,798 | |  |  | 338,031 | |  | 61,767 | | 18.3% | | B |  |
|  | Marketing and trading |  |  | 330,742 | |  |  | 351,558 | |  | (20,816) | | 5.9% | | W |  |
|  | Other revenues |  |  | 36,172 | |  |  | 61,221 | |  | (25,049) | | 40.9% | | W |  |
|  | Total |  |  | 3,401,748 |  |  |  | 2,987,955 |  |  | 413,793 |  | 13.8% | | B |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Expenses** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Regulated electricity segment fuel and purchased power |  |  | 960,649 | |  |  | 595,141 | |  | 365,508 | | 61.4% | | W |  |
|  | Real estate segment operations |  |  | 324,861 | |  |  | 278,366 | |  | 46,495 | | 16.7% | | W |  |
|  | Marketing and trading fuel and purchased power |  |  | 290,637 | |  |  | 293,091 | |  | (2,454) | | 0.8% | | B |  |
|  | Operations and maintenance |  |  | 691,277 | |  |  | 635,827 | |  | 55,450 | | 8.7% | | W |  |
|  | Depreciation and amortization |  |  | 358,644 | |  |  | 347,652 | |  | 10,992 | | 3.2% | | W |  |
|  | Taxes other than income taxes |  |  | 128,395 | |  |  | 132,040 | |  | (3,645) | | 2.8% | | B |  |
|  | Other expenses |  |  | 28,415 | |  |  | 51,987 | |  | (23,572) | | 45.3% | | B |  |
|  | Regulatory disallowance |  |  | — | |  |  | 138,562 | |  | (138,562) | | 100.0% | | B |  |
|  | Total |  |  | 2,782,878 |  |  |  | 2,472,666 |  |  | 310,212 |  | 12.5% | | W |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Income** |  |  | 618,870 | |  |  | 515,289 | |  | 103,581 | | 20.1% | | B |  |
| **Other** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Allowance for equity funds used during construction |  |  | 14,312 | |  |  | 11,191 | |  | 3,121 | | 27.9% | | B |  |
|  | Other income |  |  | 44,016 | |  |  | 23,360 | |  | 20,656 | | 88.4% | | B |  |
|  | Other expense |  |  | (27,800) | |  |  | (26,716) | |  | (1,084) | | 4.1% | | W |  |
|  | Total |  |  | 30,528 |  |  |  | 7,835 |  |  | 22,693 |  | 289.6% | | B |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Interest Expense** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Interest charges |  |  | 196,826 | |  |  | 185,087 | |  | 11,739 | | 6.3% | | W |  |
|  | Capitalized interest |  |  | (20,989) | |  |  | (12,018) | |  | (8,971) | | 74.6% | | B |  |
|  | Total |  |  | 175,837 |  |  |  | 173,069 |  |  | 2,768 |  | 1.6% | | W |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Continuing Operations Before Income Taxes** |  |  | 473,561 | |  |  | 350,055 | |  | 123,506 | | 35.3% | | B |  |
| **Income Taxes** | |  |  | 156,418 | |  |  | 126,892 | |  | 29,526 | | 23.3% | | W |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Continuing Operations** |  |  | 317,143 | |  |  | 223,163 | |  | 93,980 | | 42.1% | | B |  |
| **Income (Loss) From Discontinued Operations Net of Income Taxes** | |  |  | 10,112 | |  |  | (46,896) | |  | 57,008 | | 121.6% | | B |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net Income** |  | $ | 327,255 | | $ | | 176,267 | | $ | 150,988 | | 85.7% | | B |  |
| **Weighted-Average Common Shares Outstanding — Basic** | |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |
|  |  | 99,417 | |  |  | 96,484 | |  | 2,933 | | 3.0% | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Weighted-Average Common Shares Outstanding — Diluted** |  |  | 100,010 | |  |  | 96,590 | |  | 3,420 | | 3.5% | |  |  |
| **Earnings Per Weighted-Average Common Share Outstanding** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Income from continuing operations — basic | $ | | 3.19 | | $ | | 2.31 | | $ | 0.88 | | 38.1% | | B |  |
|  | Net income — basic | $ | | 3.29 | | $ | | 1.83 | | $ | 1.46 | | 79.8% | | B |  |
|  | Income from continuing operations — diluted | $ | | 3.17 | | $ | | 2.31 | | $ | 0.86 | | 37.2% | | B |  |
|  | Net income — diluted | $ | | 3.27 | | $ | | 1.82 | | $ | 1.45 | | 79.7% | | B |  |
|  | B — Better |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | W — Worse |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Exhibit 99.8**

**Last updated 10/27/05**

|  |  |
| --- | --- |
| **Pinnacle West Capital Corporation** | |
| **Quarterly Consolidated Statistical Summary** | |
|  | **Glossary of Terms** |
| Amounts Recovered Through Revenues | Amounts recovered from retail customers through the power supply |
|  | adjustor in the current period. |
| Arizona Job Growth | Percentage growth over the prior year in total non-farm payroll |
|  | employment for the state of Arizona, non-seasonally adjusted. |
| Building Permits — Metro Phoenix | The number of residential dwellings permitted to be built by authorized |
|  | agencies in Maricopa County, Arizona. Single-family refers to detached |
|  | buildings intended to be occupied by one family each. Multi-family permits |
|  | represent the number of units authorized to be built in condominium, |
|  | townhouse and apartment complexes. |
| Capacity Factor | The ratio of the average operating load of an electric power generating unit |
|  | for a period of time to the capacity rating of the unit during that period. |
| Change in Mark-To-Market Value of Forward Sales | The gross margin related to the change in mark-to-market value in the |
|  | current period of transactions which have been entered into during the |
|  | current period or prior periods for which the commodities are scheduled for |
|  | delivery in a future period. |
| Deferred Fuel and Purchased Power Costs — Current Period | Deferrals recorded in the period for recovery or refund to the extent actual |
|  | retail fuel and purchased power costs vary from the amount included in |
|  | base retail rates (currently $0.020743 per kWh). |
| Deferred Fuel and Purchased Power Regulatory Asset | Balance of accumulated deferrals, net of amounts recovered through |
|  | revenues, recorded for recovery or refund to the extent actual retail fuel and |
|  | purchased power costs vary from the amount included in base retail rates |
|  | (currently $0.020743 per kWh). |
| Degree-Days — Cooling | A measure of temperatures designed to indicate the amount of electricity |
|  | demand for cooling purposes. Cooling degree-days are calculated by |
|  | summing the difference between each day’s actual average temperature and |
|  | a base temperature of 65°F for the month. Average temperatures less than |
|  | the base temperature are ignored. |
|  |  |



Degree-Days — Heating

Electricity and Other Commodity Sales, Realized

Electricity Spot Prices —Palo Verde — Off-Peak

Electricity Spot Prices — Palo Verde — On-Peak

Electricity Spot Prices — SP15 — Off-Peak

Electricity Spot Prices — SP15 — On-Peak

Generation Capacity Out of Service and Replaced for Native Load

Generation Production — Coal

- 2 -

A measure of temperatures designed to indicate the amount of electricity demand for heating purposes. Heating degree-days are calculated by summing the difference between each day’s actual average temperature and a base temperature of 65°F for the month. Average temperatures greater than the base temperature are ignored.

Marketing and trading gross margin related to electricity and other commodities that were delivered in the then-current period.

Electricity average daily spot prices at Palo Verde substation during off-peak hours. It measures electric prices at the producer level and is the result of real time prices used for benchmarking, price comparisons, and establishing price contracts. Measured in dollars per megawatt-hour.

Electricity average daily spot prices at Palo Verde substation during on-peak hours. It measures electric prices at the producer level and is the result of real time prices used for benchmarking, price comparisons, and establishing price contracts. Measured in dollars per megawatt-hour.

Electricity average daily spot prices at SP15, a region of California substations, during off-peak hours. It measures electric prices at the producer level and is the result of real time prices used for benchmarking, price comparisons, and establishing price contracts. Measured in dollars per megawatt-hour.

Electricity average daily spot prices at SP15, a region of California substations, during on-peak hours. It measures electric prices at the producer level and is the result of real time prices used for benchmarking, price comparisons, and establishing price contracts. Measured in dollars per megawatt-hour.

Total capacity required and economic, yet unavailable for retail customers and traditional wholesale contracts due to scheduled or unscheduled outages. Measured in megawatts per day.

Amount of net energy produced by coal-fueled generators. Measured in gigawatt-hours.



|  |  |
| --- | --- |
|  | - 3 - |
| Generation Production — Gas/Oil/Other | Amount of net energy predominately produced by natural gas and oil- |
|  | fueled generators. A small amount of energy from hydroelectric and solar |
|  | power plants is also included. Measured in gigawatt-hours. |
| Generation Production — Nuclear | Amount of net energy produced by nuclear-fueled generators. Measured in |
|  | gigawatt-hours. |
| Gigawatt-hour (GWH) | A unit of energy equivalent to 1,000 megawatt-hours or 1,000,000 |
|  | kilowatt-hours. |
| Marketing and Trading Gross Margin — Pretax | Revenues from marketing and trading activities (other than retail sales, |
|  | traditional wholesale sales and retail load hedge management) less the costs |
|  | of the related commodities, with mark-to-market gains or losses, before |
|  | income taxes. |
| Mark-To-Market | Adjustments to revenues or costs to recognize value of sales and purchase |
|  | contracts, for which the commodities are scheduled for delivery in a future |
|  | period, at current forward wholesale prices. |
| Mark-To-Market Reversals on Realized Sales | The reversal of the gross margin related to mark-to-market transactions |
|  | entered into in prior periods for which the commodities were delivered in |
|  | the current period. Realization of prior-period mark-to-market relates to |
|  | cash flow recognition, not revenue recognition or earnings recognition, |
|  | because in accordance with mark-to-market accounting, the margin was |
|  | already recorded in the prior period. A negative amount shown in this |
|  | category represents the arithmetic opposite of a gain recognized in the |
|  | period in which the commodities were delivered; an equal positive amount |
|  | is reflected in the realized revenue or margin for delivered commodities. A |
|  | positive amount shown in this category represents the arithmetic opposite |
|  | of a loss recognized in the period in which the commodities were delivered; |
|  | an equal negative amount is reflected in the realized revenue or margin for |
|  | delivered commodities. |
| Megawatt (MW) | One million watts. |
| Megawatt-hour (MWh) | A unit of energy equivalent to 1,000 kilowatt-hours. |
| Native Load | Retail and wholesale sales supplied under traditional cost-based rate |
|  | regulation. |
| Off-System Sales | Sales of electricity from generation owned or contracted by the company |
|  | that is over and above the amount required to serve retail customers and |
|  | traditional wholesale contracts. |
|  |  |



|  |  |
| --- | --- |
|  | - 4 - |
| Power Supply Adjustor (“PSA”) | Power supply adjustor provides for recovery or refund of variations in |
|  | actual fuel and purchased power costs compared with the amount included |
|  | in base retail rates (currently $0.020743 per kWh) subject to certain |
|  | specified parameters. |
| Purchased Power — Firm Load | Power purchased from wholesale market sources used to serve regulated |
|  | retail demand and traditional wholesale contracts. Measured in gigawatt- |
|  | hours. |
| Purchased Power — Marketing and Trading | Power purchased from wholesale market sources used to serve marketing |
|  | and trading sales not served by company-owned generation. Measured in |
|  | gigawatt-hours. |
| Realized and Mark-to-Market Components | Marketing and trading gross margin, before income taxes, for off-system |
|  | sales and for sales and purchases of electricity and other commodities by |
|  | the company in the wholesale market, summarized by the period of |
|  | delivery and whether the margin is realized or mark-to-market. Realized |
|  | margins relate to commodities that have been delivered. Mark-to-market |
|  | margins relate to commodities that have delivery dates in future periods. |
| Retail Customer Growth | Percentage growth over the prior year in the number of retail customers. |
| Retail Electricity Usage | Total retail sales for a period divided by the average retail customers for the |
|  | same period. Measured in kilowatt-hours per average customer. |
| Retail Load Hedge Management | Wholesale sales to liquidate electricity purchases originally intended to |
|  | meet firm load during peak times, which purchases were not needed |
|  | ultimately for firm load. These sales are made to other electric companies, |
|  | power marketers, or public entities for the purpose of resale. Measured in |
|  | gigawatt-hours. |
| Retail Sales | Sales of electricity made directly to retail customers or ultimate customers. |
|  | Residential retail sales are sales to households. Business retail sales include |
|  | commercial, industrial, irrigation, and streetlighting sales. Measured in |
|  | gigawatt-hours. |
| System Peak Demand | The demand for electricity during the one hour of highest use each month. |
|  | Measured in megawatts. |
| Traditional Contracts | Wholesale sales resulting from unique cost-based, long-term contracts held |
|  | by the company with various entities for the supply of electricity at agreed- |
|  | upon prices. |
|  |  |



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Weather Normalized

Adjusted to exclude the effects of abnormal weather patterns.

Wholesale Sales of Electricity

All wholesale sales of electricity not accounted for in sales under traditional contracts or retail load hedge management. These sales are made to other electric companies, power marketers, or public entities for the purpose of resale. Measured in gigawatt-hours.

Exhibit 99.9

**CONFIDENTIAL FINAL – 1/16/2007 5:01 PM**



|  |  |  |  |
| --- | --- | --- | --- |
| **FOR IMMEDIATE RELEASE** |  |  | **January 30, 2007** |
| Media Contact: | Alan Bunnell, (602) 250-3376 | | **Page 1 of 2** |
| Analyst Contacts: | Rebecca Hickman, (602) 250-5668 | |  |
|  | Lisa Malagon, (602) 250-5671 | |  |
| Web site: | www.pinnaclewest.com | |  |
|  |  |  |  |

**PINNACLE WEST REPORTS LOWER 2006 FOURTH QUARTER EARNINGS**

*APS Quarterly Results Down 30 Percent*

PHOENIX — Pinnacle West Capital Corporation (NYSE: PNW) today reported lower net income for the quarter ended December 31, 2006, of $18.5 million, or $0.18 per diluted share of common stock. This result compares with net income of $21.3 million, or $0.22 per diluted share, for the same quarter a year ago.

In addition, the Company’s principal subsidiary, Arizona Public Service (APS), reported lower earnings of $12.9 million for the 2006 fourth quarter, compared with earnings of $18.3 million for the same period a year ago. Pinnacle West’s quarterly results also were impacted by lower results from its real estate subsidiary, SunCor Development Co, which reported income of $11.4 million, compared with $13.5 million in the 2005 fourth quarter.

Fourth-quarter earnings declined despite increased retail sales at APS due to customer growth of 4 percent, three times the national average, and income tax credits related to prior years. These positive factors were more than offset by higher operation and maintenance costs; increased depreciation and interest expense; lower results from the Company’s real estate operations, primarily due to timing of transactions during the year; and milder weather.

“Arizona is now the fastest-growing state in the nation, and our business reflects that fact,” said Chairman Bill Post, citing a record 44,000 new APS customers in 2006, the equivalent of a small city. “Looking ahead, growth will continue to dominate our operating environment, thus requiring innovation and investments in infrastructure to ensure we continue providing reliable, affordable energy.”

Post added that the effects of Arizona’s growth were evident throughout the company’s business in 2006, and employees met the challenge. Recognized by J.D. Power and Associates in its 2006 survey results for superior customer satisfaction, APS was rated the top investor-owned electric utility in the West by business customers and number two by residential customers.

In 2006, APS established a new system peak demand of 7,652 megawatts (MW) — 9.3 percent higher than the previous peak of 7,000 MW. APS met this peak, in large part, through the performance of its fossil-fueled power plants. Coal-fired plants set a company fleet record capacity factor of 87 percent, compared with the industry average of 72 percent. And, APS’ gas units produced their highest output ever of 7.3 million megawatt-hours.

Additionally, in a period of volatile energy costs, the Company continued its emphasis on cost containment and price stability. APS’ energy risk management efforts helped mitigate dramatic price swings of natural gas and their impact on customers. The Arizona Corporation Commission (ACC) also responded to this challenge. They approved changes to APS’ annual fuel adjustment, as well as APS’ request for interim rate relief, thus improving both current and future recovery of fuel-related costs.



**PINNACLE WEST FOURTH QUARTER EARNINGS**

**January 30, 2007**

**Page 2 of 2**

For the year 2006 as a whole, Pinnacle West’s consolidated on-going earnings decreased 3.5 percent to $313.3 million, or $3.13 per diluted share. This result compares with 2005 on-going earnings of $324.5 million, or $3.35 per share. Pinnacle West reported 2006 consolidated net income of $327.3 million, or $3.27 per share, compared with 2005 net income of $176.3 million, or $1.82 per diluted share.

The annual on-going earnings exclude several non-recurring items: a regulatory disallowance of $84 million recorded in 2005; a net loss in 2005 from discontinued operations related to sales of the Company’s interests in the Silverhawk Power Station and NAC International totaling $64 million; and income tax credits of $14 million recorded in 2006, but related to prior years.

For more information on Pinnacle West’s operating statistics and earnings, please visit www.pinnaclewest.com/financials.

**Conference Call**

Pinnacle West invites interested parties to listen to the live web cast of management’s conference call to discuss the Company’s 2006 fourth quarter earnings and year-end results, as well as recent developments at 11 a.m. (ET) today, January 30. The web cast can be accessed at www.pinnaclewest.com/presentations and will be available for replay on the web site for 30 days. To access the live conference call by telephone, dial (877) 356-3961 and enter reservation number 6297330. A replay of the call also will be available until 11:55 p.m. (ET), Tuesday, February 6, 2007, by calling (800) 642-1687 in the U.S. and Canada or (706) 645-9291 internationally and entering the same reservation number.

Pinnacle West is a Phoenix-based company with consolidated assets of about $11 billion. Through its subsidiaries, the Company generates, sells and delivers electricity and sells energy-related products and services to retail and wholesale customers in the western United States. It also develops residential, commercial, and industrial real estate projects.

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**PINNACLE WEST CAPITAL CORPORATION NON-GAAP FINANCIAL MEASURE RECONCILIATION — NET INCOME (GAAP MEASURE) TO ON-GOING EARNINGS (NON-GAAP FINANCIAL MEASURE)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Twelve Months Ended | | | | | |  | Twelve Months Ended | | | | | |  |
|  |  |  |  | December 31, 2006 | | | | | |  | December 31, 2005 | | | | | |  |
|  |  |  |  | $ in | |  |  | Diluted |  |  | $ in | |  |  | Diluted |  |  |
|  |  |  |  | Millions |  |  |  | EPS |  |  | Millions |  |  |  | EPS |  |  |
|  | Net Income | $ | | 327.3 | | $ | | 3.27 | | $ | 176.3 | | $ | | 1.82 | |  |
|  | Adjustments: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Income tax credits related to prior years |  |  | (14.0) | |  |  | (0.14) | |  | — | |  |  | — | |  |
|  | Regulatory disallowance |  |  | — | |  |  | — | |  | 84.5 | |  |  | 0.87 | |  |
|  | Loss from discontinued operations — Silverhawk Power Station write-down |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | and operations |  |  | — | |  |  | — | |  | 67.4 | |  |  | 0.69 | |  |
|  | Income from discontinued operations — NAC International |  |  | — |  |  |  | — |  |  | (3.7) | |  |  | (0.03) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| On-going Earnings | $ | | 313.3 | | $ | | 3.13 | | $ | 324.5 | | $ | | 3.35 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



**PINNACLE WEST CAPITAL CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

( in thousands, except per share amounts)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | THREE MONTHS ENDED | | | | | |  | TWELVE MONTHS ENDED | | | | |  |
|  |  |  | DECEMBER 31, | | | | | |  | DECEMBER 31, | | | | |  |
|  |  |  | 2006 |  |  |  | 2005 |  |  | 2006 |  |  | 2005 |  |  |
|  | **Operating Revenues** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Regulated electricity segment | $ | 569,213 |  | $ | | 488,035 | | $ | 2,635,036 |  | $ | 2,237,145 | |  |
|  | Real estate segment |  | 81,470 | |  |  | 105,081 | |  | 399,798 | |  | 338,031 | |  |
|  | Marketing and trading |  | 71,390 | |  |  | 84,098 | |  | 330,742 | |  | 351,558 | |  |
|  | Other revenues |  | 7,999 |  |  |  | 14,458 | |  | 36,172 | |  | 61,221 | |  |
|  | Total |  | 730,072 |  |  |  | 691,672 |  |  | 3,401,748 |  |  | 2,987,955 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Expenses** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Regulated electricity segment fuel and purchased power |  | 225,160 |  |  |  | 152,609 | |  | 960,649 | |  | 595,141 | |  |
|  | Real estate segment operations |  | 76,266 | |  |  | 87,811 | |  | 324,861 | |  | 278,366 | |  |
|  | Marketing and trading fuel and purchased power |  | 62,840 | |  |  | 77,744 | |  | 290,637 | |  | 293,091 | |  |
|  | Operations and maintenance |  | 180,122 |  |  |  | 168,706 | |  | 691,277 | |  | 635,827 | |  |
|  | Depreciation and amortization |  | 91,336 | |  |  | 85,622 | |  | 358,644 | |  | 347,652 | |  |
|  | Taxes other than income taxes |  | 28,425 | |  |  | 28,512 | |  | 128,395 | |  | 132,040 | |  |
|  | Other expenses |  | 5,853 |  |  |  | 12,536 | |  | 28,415 | |  | 51,987 | |  |
|  | Regulatory disallowance |  | — | |  |  | (4,655) | |  | — | |  | 138,562 | |  |
|  | Total |  | 670,002 |  |  |  | 608,885 |  |  | 2,782,878 |  |  | 2,472,666 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Income** |  | 60,070 | |  |  | 82,787 | |  | 618,870 | |  | 515,289 | |  |
| **Other** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Allowance for equity funds used during construction |  | 3,700 |  |  |  | 2,784 | |  | 14,312 | |  | 11,191 | |  |
|  | Other income |  | 9,568 |  |  |  | 5,505 | |  | 44,016 | |  | 23,360 | |  |
|  | Other expense |  | (14,847) | |  |  | (13,895) | |  | (27,800) | |  | (26,716) | |  |
|  | Total |  | (1,579) |  |  |  | (5,606) |  |  | 30,528 |  |  | 7,835 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Interest Expense** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Interest charges |  | 52,841 | |  |  | 42,267 | |  | 196,826 | |  | 185,087 | |  |
|  | Capitalized interest |  | (6,394) | |  |  | (1,884) | |  | (20,989) | |  | (12,018) | |  |
|  | Total |  | 46,447 |  |  |  | 40,383 |  |  | 175,837 |  |  | 173,069 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Continuing Operations Before Income Taxes** |  | 12,044 | |  |  | 36,798 | |  | 473,561 | |  | 350,055 | |  |
| **Income Taxes** | |  | 1,518 |  |  |  | 13,029 | |  | 156,418 | |  | 126,892 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Continuing Operations** |  | 10,526 | |  |  | 23,769 | |  | 317,143 | |  | 223,163 | |  |
| **Income (Loss) From Discontinued Operations Net of Income Taxes** | |  | 7,953 |  |  |  | (2,422) | |  | 10,112 |  |  | (46,896) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net Income** | $ | 18,479 |  | $ | | 21,347 | | $ | 327,255 | | $ | 176,267 | |  |
| **Weighted-Average Common Shares Outstanding — Basic** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 99,832 | |  |  | 98,982 | |  | 99,417 | |  | 96,484 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Weighted-Average Common Shares Outstanding — Diluted** |  | 100,474 |  |  |  | 99,050 | |  | 100,010 | |  | 96,590 | |  |
| **Earnings Per Weighted-Average Common Share Outstanding** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Income from continuing operations — basic | $ | 0.11 |  | $ | | 0.24 | | $ | 3.19 | | $ | 2.31 | |  |
|  | Net income — basic | $ | 0.19 | | $ | | 0.22 | | $ | 3.29 | | $ | 1.83 | |  |
|  | Income from continuing operations — diluted | $ | 0.10 | | $ | | 0.24 | | $ | 3.17 | | $ | 2.31 | |  |
|  | Net income — diluted | $ | 0.18 | | $ | | 0.22 | | $ | 3.27 | | $ | 1.82 | |  |

Exhibit 99.10

**PINNACLE WEST CAPITAL CORPORATION**

**NON-GAAP FINANCIAL MEASURE RECONCILIATION — OPERATING INCOME**

**(GAAP MEASURE) TO GROSS MARGIN (NON-GAAP FINANCIAL MEASURE)**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | THREE MONTHS ENDED | | | | |  |  |  |  |  |  |  |  |
|  |  |  |  | DECEMBER 31, | | | | |  | Increase (Decrease) | | | | | |  |
|  |  |  |  | 2006 |  |  | 2005 |  |  | Pretax | |  | After Tax | |  |  |
|  | **RECONCILIATION OF REGULATED ELECTRICITY SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **GROSS MARGIN** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Operating Income (closest GAAP measure) | $ | | 60,070 | | $ | 82,787 | | $ | (22,717) | | $ | | (13,846) | |  |
|  | Plus: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Operations and maintenance |  |  | 180,122 | |  | 168,706 | |  | 11,416 | |  |  | 6,958 | |  |
|  | Real estate segment operations |  |  | 76,266 | |  | 87,811 | |  | (11,545) | |  |  | (7,037) | |  |
|  | Depreciation and amortization |  |  | 91,336 | |  | 85,622 | |  | 5,714 | |  |  | 3,483 | |  |
|  | Taxes other than income taxes |  |  | 28,425 | |  | 28,512 | |  | (87) | |  |  | (53) | |  |
|  | Other expenses |  |  | 5,853 | |  | 12,536 | |  | (6,683) | |  |  | (4,073) | |  |
|  | Regulatory disallowance |  |  | — | |  | (4,655) | |  | 4,655 | |  |  | 2,837 | |  |
|  | Marketing and trading fuel and purchased power |  |  | 62,840 | |  | 77,744 | |  | (14,904) | |  |  | (9,084) | |  |
|  | Less: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Real estate segment revenues |  |  | 81,470 | |  | 105,081 | |  | (23,611) | |  |  | (14,391) | |  |
|  | Other revenues |  |  | 7,999 | |  | 14,458 | |  | (6,459) | |  |  | (3,937) | |  |
|  | Marketing and trading revenues |  |  | 71,390 | |  | 84,098 | |  | (12,708) | |  |  | (7,746) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Regulated electricity segment gross margin** | $ | | 344,053 | | $ | 335,426 | | $ | 8,627 | | $ | | 5,259 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



**PINNACLE WEST CAPITAL CORPORATION**

**NON-GAAP FINANCIAL MEASURE RECONCILIATION — OPERATING INCOME**

**(GAAP MEASURE) TO GROSS MARGIN (NON-GAAP FINANCIAL MEASURE)**

(in thousands)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | TWELVE MONTHS ENDED | | | | |  |  |  |  |  |  |  |  |
|  |  |  | DECEMBER 31, | | | | |  | Increase (Decrease) | | | | | |  |
|  |  |  | 2006 |  |  | 2005 |  |  | Pretax | |  | After Tax | |  |  |
|  | **RECONCILIATION OF REGULATED ELECTRICITY SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **GROSS MARGIN** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Operating Income (closest GAAP measure) | $ | 618,870 |  | $ | 515,289 | | $ | 103,581 | | $ | | 63,133 | |  |
|  | Plus: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Operations and maintenance |  | 691,277 |  |  | 635,827 | |  | 55,450 | |  |  | 33,797 | |  |
|  | Real estate segment operations |  | 324,861 |  |  | 278,366 | |  | 46,495 | |  |  | 28,339 | |  |
|  | Depreciation and amortization |  | 358,644 |  |  | 347,652 | |  | 10,992 | |  |  | 6,700 | |  |
|  | Taxes other than income taxes |  | 128,395 |  |  | 132,040 | |  | (3,645) | |  |  | (2,222) | |  |
|  | Other expenses |  | 28,415 |  |  | 51,987 | |  | (23,572) | |  |  | (14,367) | |  |
|  | Regulatory disallowance |  | — | |  | 138,562 | |  | (138,562) | |  |  | (84,454) | |  |
|  | Marketing and trading fuel and purchased power |  | 290,637 |  |  | 293,091 | |  | (2,454) | |  |  | (1,496) | |  |
|  | Less: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Real estate segment revenues |  | 399,798 |  |  | 338,031 | |  | 61,767 | |  |  | 37,647 | |  |
|  | Other revenues |  | 36,172 |  |  | 61,221 | |  | (25,049) | |  |  | (15,267) | |  |
|  | Marketing and trading revenues |  | 330,742 |  |  | 351,558 | |  | (20,816) | |  |  | (12,687) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Regulated electricity segment gross margin** | $ | 1,674,387 |  | $ | 1,642,004 |  | $ | 32,383 | | $ | | 19,737 | |  |
| **RECONCILIATION OF MARKETING AND TRADING GROSS** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **MARGIN** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Operating Income (closest GAAP measure) | $ | 618,870 |  | $ | 515,289 | | $ | 103,581 | | $ | | 63,133 | |  |
|  | Plus: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Operations and maintenance |  | 691,277 |  |  | 635,827 | |  | 55,450 | |  |  | 33,797 | |  |
|  | Real estate segment operations |  | 324,861 |  |  | 278,366 | |  | 46,495 | |  |  | 28,339 | |  |
|  | Depreciation and amortization |  | 358,644 |  |  | 347,652 | |  | 10,992 | |  |  | 6,700 | |  |
|  | Taxes other than income taxes |  | 128,395 |  |  | 132,040 | |  | (3,645) | |  |  | (2,222) | |  |
|  | Other expenses |  | 28,415 |  |  | 51,987 | |  | (23,572) | |  |  | (14,367) | |  |
|  | Regulatory disallowance |  | — | |  | 138,562 | |  | (138,562) | |  |  | (84,454) | |  |
|  | Regulated electricity segment fuel and purchased power |  | 960,649 |  |  | 595,141 | |  | 365,508 | |  |  | 222,777 | |  |
|  | Less: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Real estate segment revenues |  | 399,798 |  |  | 338,031 | |  | 61,767 | |  |  | 37,647 | |  |
|  | Other revenues |  | 36,172 |  |  | 61,221 | |  | (25,049) | |  |  | (15,267) | |  |
|  | Regulated electricity segment revenues |  | 2,635,036 |  |  | 2,237,145 |  |  | 397,891 | |  |  | 242,515 | |  |
| **Marketing and trading gross margin** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | 40,105 |  | $ | 58,467 |  | $ | (18,362) | | $ | | (11,192) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |