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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): June 30, 2007**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  | 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 (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix, AZ 85072-3999 (602) 250-1000 |  | 86-0512431 |
|  |  |  |  |  |
| 1-4473 |  | Arizona Public Service Company (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix, AZ 85072-3999 (602) 250-1000 |  | 86-0011170 |

     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 July 26, 2007, Pinnacle West Capital Corporation (the Company or Pinnacle West) issued a press release regarding its financial results for its fiscal quarter ended June 30, 2007. 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 ended June 30, 2007. This Information is attached hereto as Exhibits 99.2, 99.3, 99.7, 99.9, and 99.10.

**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**

     We are updating Pinnacle Wests 2007 earnings outlook in light of the recent Arizona Corporation Commission (ACC) decision in APS general retail rate case. See APS General Rate Case and Power Supply Adjustor in Item 8.01 of the Pinnacle West/APS Report on Form 8-K filed with the Securities and Exchange Commission (the SEC) on June 20, 2007 for additional information about the ACC decision. 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.

     We currently estimate that our consolidated earnings for 2007 will be within a reasonable range of $2.55 per share. We estimate that APS earnings contribution included in such 2007 consolidated earnings will be within a reasonable range of $2.25 per share (equivalent to a return on APS average common equity of 7.5%). These estimates include the $8 million after-tax ($0.08 per share) regulatory disallowance recorded in the second quarter of 2007 as a result of the general rate case decision. We currently estimate that net income for 2007 for our real estate subsidiary, SunCor Development Company (SunCor) will be approximately $30 million.

     We previously estimated 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, would be within a reasonable range of $2.45 per share. See the Pinnacle West/APS Report on Form 8-K filed with the SEC on January 30, 2007 for further information on our prior 2007 guidance. Our current guidance differs from our prior guidance principally due to the following factors, all of which relate to implementation of the retail rate decision effective July 1, 2007:

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|  |  |  |  |
| --- | --- | --- | --- |
|  | **** |  | The annualized pretax non-fuel rate increase of $7 million approved by the ACC increased our estimate $0.02 per share; |
|  |  | | |
|  | **** |  | The increase in the base fuel rate approved by the ACC increased our estimate $0.11 per share because of the PSA sharing arrangement (under which APS absorbs 10% of variances between actual retail fuel and purchase power costs and the base fuel rate); and |
|  |  | | |
|  | **** |  | The regulatory disallowance decreased our estimate $0.08 per share. |

**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. 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, 2006, these factors include, but are not limited to, state and federal regulatory and legislative decisions and actions; the 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 our nuclear decommissioning trust, 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**

**(d) Exhibits.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| **Exhibit** |  |  |  |  |
| **No.** |  | **Registrant(s)** |  | **Description** |
|  |  |  |  |  |
| 99.1 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation quarterly consolidated statistical summary (cover page and list of contents). |
|  |  |  |  |  |
| 99.2 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation quarterly consolidated statistical summary for the three-month and six-month periods ended June 30, 2007 and 2006. |
|  |  |  |  |  |
| 99.3 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation consolidated statistics by quarter for 2007. |
|  |  |  |  |  |
| 99.4 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation consolidated statistics by quarter for 2006. |
|  |  |  |  |  |
| 99.5 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation consolidated statistics by quarter for 2005. |
|  |  |  |  |  |
| 99.6 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation consolidated statistics by quarter for 2004. |
|  |  |  |  |  |
| 99.7 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation earnings variance explanations for the three and six months ended June 30, 2007 and 2006 and unaudited condensed consolidated statements of income for the three and six months ended June 30, 2007 and 2006. |
|  |  |  |  |  |
| 99.8 |  | Pinnacle West APS |  | Glossary of Terms. |
|  |  |  |  |  |
| 99.9 |  | Pinnacle West APS |  | Earnings News Release issued on July 26, 2007. |
|  |  |  |  |  |
| 99.10 |  | Pinnacle West APS |  | Non-GAAP Financial Measure Reconciliation - Operating Income (GAAP measure) to Gross Margin (non-GAAP financial measure). |

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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: July 26, 2007 | By: | /s/ Donald E. Brandt | |  |
|  |  | Donald E. Brandt | |  |
|  |  | Executive Vice President and Chief Financial Officer | |  |
|  | | | | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  | ARIZONA PUBLIC SERVICE COMPANY (Registrant) | | |  |
| Dated: July 26, 2007 | By: | /s/ Donald E. Brandt | |  |
|  |  | Donald E. Brandt | |  |
|  |  | President and Chief Financial Officer | |  |
|  | | | | |

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**Exhibit Index**

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|  |  |  |  |  |
| **Exhibit** |  |  |  |  |
| **No.** |  | **Registrant(s)** |  | **Description** |
|  |  |  |  |  |
| 99.1 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation quarterly consolidated statistical summary (cover page and list of contents). |
|  |  |  |  |  |
| 99.2 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation quarterly consolidated statistical summary for the six-month periods ended June 30, 2007 and 2006. |
|  |  |  |  |  |
| 99.3 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation consolidated statistics by quarter for 2007. |
|  |  |  |  |  |
| 99.4 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation consolidated statistics by quarter for 2006. |
|  |  |  |  |  |
| 99.5 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation consolidated statistics by quarter for 2005. |
|  |  |  |  |  |
| 99.6 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation consolidated statistics by quarter for 2004. |
|  |  |  |  |  |
| 99.7 |  | Pinnacle West APS |  | Pinnacle West Capital Corporation earnings variance explanations for the three and six months ended June 30, 2007 and 2006 and unaudited condensed consolidated statements of income for the three and six months ended June 30, 2007 and 2006. |
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|  |  |  |  |  |
| 99.9 |  | Pinnacle West APS |  | Earnings News Release issued on July 26, 2007. |
|  |  |  |  |  |
| 99.10 |  | Pinnacle West APS |  | Non-GAAP Financial Measure Reconciliation  Operating Income (GAAP measure) to Gross Margin (non-GAAP financial measure). |

##### 

Exhibit 99.1

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Quarterly Consolidated Statistical Summary  
Periods Ended June 30, 2007 and 2006**

**List of Contents**

**2007 Second Quarter Summary**

**2007 by Quarter**

**2006 by Quarter**

**2005 by Quarter**

**2004 by Quarter**

Quarters may not sum to totals due to rounding.

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/2007Q2QuarStatsGloss.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

##### 

Exhibit 99.2

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Quarterly Consolidated Statistical Summary**

**Periods Ended June 30, 2007 and 2006**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **3 Mo. Ended June** | | | | | | | | | |  |  | **6 Mo. Ended June** | | | | | | | | | |  |
| Line |  |  |  | **2007** | |  |  | **2006** | |  |  | **Incr (Decr)** | |  |  | **2007** | |  |  | **2006** | |  |  | **Incr (Decr)** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **EARNINGS CONTRIBUTION BY SUBSIDIARY ($ Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1 |  | Arizona Public Service |  | $ | 75 |  |  | $ | 94 |  |  | $ | (19 | ) |  | $ | 79 |  |  | $ | 88 |  |  | $ | (9 | ) |
| 2 |  | Pinnacle West Energy |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3 |  | APS Energy Services |  |  | (1 | ) |  |  |  |  |  |  | (1 | ) |  |  |  |  |  |  | 1 |  |  |  | (1 | ) |
| 4 |  | SunCor |  |  |  |  |  |  | 8 |  |  |  | (8 | ) |  |  | 8 |  |  |  | 30 |  |  |  | (22 | ) |
| 5 |  | El Dorado |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (2 | ) |  |  | (2 | ) |  |  |  |  |
| 6 |  | Parent Company |  |  | 5 |  |  |  | 9 |  |  |  | (4 | ) |  |  | 9 |  |  |  | 5 |  |  |  | 4 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 |  | Income From Continuing Operations |  |  | 79 |  |  |  | 111 |  |  |  | (32 | ) |  |  | 94 |  |  |  | 122 |  |  |  | (28 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Income (Loss) From Discontinued Operations  Net of Tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8 |  | Silverhawk |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 1 |  |  |  | (1 | ) |
| 9 |  | SunCor |  |  |  |  |  |  | 1 |  |  |  | (1 | ) |  |  | 2 |  |  |  | 2 |  |  |  |  |  |
| 10 |  | NAC |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 11 |  | Total |  |  |  |  |  |  | 1 |  |  |  | (1 | ) |  |  | 2 |  |  |  | 3 |  |  |  | (1 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 12 |  | Net Income |  | $ | 79 |  |  | $ | 112 |  |  | $ | (33 | ) |  | $ | 96 |  |  | $ | 125 |  |  | $ | (29 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **EARNINGS PER SHARE BY SUBSIDIARY  DILUTED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 |  | Arizona Public Service |  | $ | 0.75 |  |  | $ | 0.95 |  |  | $ | (0.20 | ) |  | $ | 0.79 |  |  | $ | 0.89 |  |  | $ | (0.10 | ) |
| 14 |  | Pinnacle West Energy |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 15 |  | APS Energy Services |  |  | (0.01 | ) |  |  |  |  |  |  | (0.01 | ) |  |  |  |  |  |  | 0.01 |  |  |  | (0.01 | ) |
| 16 |  | SunCor |  |  |  |  |  |  | 0.07 |  |  |  | (0.07 | ) |  |  | 0.08 |  |  |  | 0.30 |  |  |  | (0.22 | ) |
| 17 |  | El Dorado |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (0.02 | ) |  |  | (0.02 | ) |  |  |  |  |
| 18 |  | Parent Company |  |  | 0.04 |  |  |  | 0.09 |  |  |  | (0.05 | ) |  |  | 0.09 |  |  |  | 0.05 |  |  |  | 0.04 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 19 |  | Income From Continuing Operations |  |  | 0.78 |  |  |  | 1.11 |  |  |  | (0.33 | ) |  |  | 0.94 |  |  |  | 1.23 |  |  |  | (0.29 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Income (Loss) From Discontinued Operations  Net of Tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 20 |  | Silverhawk |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 21 |  | SunCor |  |  |  |  |  |  | 0.02 |  |  |  | (0.02 | ) |  |  | 0.01 |  |  |  | 0.02 |  |  |  | (0.01 | ) |
| 22 |  | NAC |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 23 |  | Total |  |  |  |  |  |  | 0.02 |  |  |  | (0.02 | ) |  |  | 0.01 |  |  |  | 0.02 |  |  |  | (0.01 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 24 |  | Net Income |  | $ | 0.78 |  |  | $ | 1.13 |  |  | $ | (0.35 | ) |  | $ | 0.95 |  |  | $ | 1.25 |  |  | $ | (0.30 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 25 |  | **BOOK VALUE PER SHARE** |  | $ | 34.13 | \* |  | $ | 33.08 |  |  | $ | 1.05 |  |  | $ | 34.13 | \* |  | $ | 33.08 |  |  | $ | 1.05 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **COMMON SHARES OUTSTANDING (Thousands)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 26 |  | Average  Diluted |  |  | 100,779 |  |  |  | 99,640 |  |  |  | 1,139 |  |  |  | 100,718 |  |  |  | 99,562 |  |  |  | 1,156 |  |
| 27 |  | End of Period |  |  | 100,290 |  |  |  | 99,284 |  |  |  | 1,006 |  |  |  | 100,290 |  |  |  | 99,284 |  |  |  | 1,006 |  |

|  |  |  |
| --- | --- | --- |
|  |  |  |
| \* |  | Estimate |

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**Pinnacle West Capital Corporation**

**Quarterly Consolidated Statistical Summary**

**Periods Ended June 30, 2007 and 2006**

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|  |  |  |  | **3 Mo. Ended June** | | | | | | | | | |  |  | **6 Mo. Ended June** | | | | | | | | | |  |
| Line |  |  |  | **2007** | |  |  | **2006** | |  |  | **Incr (Decr)** | |  |  | **2007** | |  |  | **2006** | |  |  | **Incr (Decr)** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  | **ELECTRIC OPERATING REVENUES (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 28 |  | Residential |  | $ | 335 |  |  | $ | 337 |  |  | $ | (2 | ) |  | $ | 581 |  |  | $ | 539 |  |  | $ | 42 |  |
| 29 |  | Business |  |  | 342 |  |  |  | 333 |  |  |  | 9 |  |  |  | 606 |  |  |  | 566 |  |  |  | 40 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 30 |  | Total retail |  |  | 677 |  |  |  | 670 |  |  |  | 7 |  |  |  | 1,187 |  |  |  | 1,105 |  |  |  | 82 |  |
|  |  | **Wholesale revenue on delivered electricity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 31 |  | Traditional contracts |  |  | 9 |  |  |  | 7 |  |  |  | 2 |  |  |  | 14 |  |  |  | 13 |  |  |  | 1 |  |
| 32 |  | Off-system sales |  |  | 10 |  |  |  | 22 |  |  |  | (12 | ) |  |  | 17 |  |  |  | 34 |  |  |  | (17 | ) |
| 33 |  | Transmission for others |  |  | 7 |  |  |  | 6 |  |  |  | 1 |  |  |  | 14 |  |  |  | 12 |  |  |  | 2 |  |
| 34 |  | Other miscellaneous services |  |  | 8 |  |  |  | 8 |  |  |  |  |  |  |  | 15 |  |  |  | 15 |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 35 |  | Total regulated operating electricity revenues |  |  | 711 |  |  |  | 713 |  |  |  | (2 | ) |  |  | 1,247 |  |  |  | 1,179 |  |  |  | 68 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 36 |  | Electricity and other commodity sales |  |  | 93 |  |  |  | 90 |  |  |  | 3 |  |  |  | 165 |  |  |  | 175 |  |  |  | (10 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 37 |  | Total operating electric revenues |  | $ | 804 |  |  | $ | 803 |  |  | $ | 1 |  |  | $ | 1,412 |  |  | $ | 1,354 |  |  | $ | 58 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC SALES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail sales** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 38 |  | Residential |  |  | 3,287 |  |  |  | 3,284 |  |  |  | 3 |  |  |  | 6,021 |  |  |  | 5,703 |  |  |  | 318 |  |
| 39 |  | Business |  |  | 4,004 |  |  |  | 3,971 |  |  |  | 33 |  |  |  | 7,289 |  |  |  | 7,170 |  |  |  | 119 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 40 |  | Total retail |  |  | 7,291 |  |  |  | 7,255 |  |  |  | 36 |  |  |  | 13,310 |  |  |  | 12,873 |  |  |  | 437 |  |
|  |  | **Wholesale electricity delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 41 |  | Traditional contracts |  |  | 262 |  |  |  | 181 |  |  |  | 81 |  |  |  | 437 |  |  |  | 396 |  |  |  | 41 |  |
| 42 |  | Off-system sales |  |  | 310 |  |  |  | 218 |  |  |  | 92 |  |  |  | 553 |  |  |  | 890 |  |  |  | (337 | ) |
| 43 |  | Retail load hedge management |  |  | 254 |  |  |  | 622 |  |  |  | (368 | ) |  |  | 371 |  |  |  | 800 |  |  |  | (429 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 44 |  | Total regulated electricity |  |  | 8,117 |  |  |  | 8,276 |  |  |  | (159 | ) |  |  | 14,671 |  |  |  | 14,959 |  |  |  | (288 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 45 |  | Wholesale sales of electricity |  |  | 2,606 |  |  |  | 3,862 |  |  |  | (1,256 | ) |  |  | 4,663 |  |  |  | 7,824 |  |  |  | (3,161 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 46 |  | Total electric sales |  |  | 10,723 |  |  |  | 12,138 |  |  |  | (1,415 | ) |  |  | 19,334 |  |  |  | 22,783 |  |  |  | (3,449 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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**Pinnacle West Capital Corporation**

**Quarterly Consolidated Statistical Summary**

**Periods Ended June 30, 2007 and 2006**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  | **3 Mo. Ended June** | | | | | | | | | |  |  | **6 Mo. Ended June** | | | | | | | | | |  |
| Line |  |  |  | **2007** | |  |  | **2006** | |  |  | **Incr (Decr)** | |  |  | **2007** | |  |  | **2006** | |  |  | **Incr (Decr)** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **POWER SUPPLY ADJUSTOR (PSA)  REGULATED ELECTRICITY SEGMENT (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 47 |  | Deferred fuel and purchased power regulatory asset  beginning balance |  | $ | 118 |  |  | $ | 169 |  |  | $ | (51 | ) |  | $ | 160 |  |  | $ | 173 |  |  | $ | (13 | ) |
| 48 |  | Deferred fuel and purchased power costs  current period |  |  | 104 |  |  |  | 78 |  |  |  | 26 |  |  |  | 129 |  |  |  | 91 |  |  |  | 38 |  |
| 49 |  | Regulatory disallowance |  |  | (14 | ) |  |  |  |  |  |  | (14 | ) |  |  | (14 | ) |  |  |  |  |  |  | (14 | ) |
| 50 |  | Interest on deferred fuel |  |  | 1 |  |  |  | 3 |  |  |  | (2 | ) |  |  | 3 |  |  |  | 4 |  |  |  | (1 | ) |
| 51 |  | Amounts recovered through revenues |  |  | (72 | ) |  |  | (75 | ) |  |  | 3 |  |  |  | (141 | ) |  |  | (93 | ) |  |  | (48 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 52 |  | Deferred fuel and purchased power regulatory asset  ending balance |  | $ | 137 |  |  | $ | 175 |  |  | $ | (38 | ) |  | $ | 137 |  |  | $ | 175 |  |  | $ | (38 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
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|  |  | **MARKETING AND TRADING PRETAX GROSS MARGIN ANALYSIS (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Realized and Mark-To-Market Components** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 53 |  | Electricity and other commodity sales, realized (a) |  | $ | 22 |  |  | $ | 17 |  |  | $ | 5 |  |  | $ | 39 |  |  | $ | 29 |  |  | $ | 10 |  |
| 54 |  | Mark-to-market reversals on realized sales (a) (b) |  |  | 1 |  |  |  | (1 | ) |  |  | 2 |  |  |  | (4 | ) |  |  | (3 | ) |  |  | (1 | ) |
| 55 |  | Change in mark-to-market value of forward sales |  |  | (6 | ) |  |  |  |  |  |  | (6 | ) |  |  | (2 | ) |  |  | 2 |  |  |  | (4 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 56 |  | Total gross margin |  | $ | 17 |  |  | $ | 16 |  |  | $ | 1 |  |  | $ | 33 |  |  | $ | 28 |  |  | $ | 5 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **By Pinnacle West Entity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 57 |  | APS |  | $ | 7 |  |  | $ | 2 |  |  | $ | 5 |  |  | $ | 6 |  |  | $ | 10 |  |  | $ | (4 | ) |
| 58 |  | Pinnacle West Marketing & Trading (c) |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 2 |  |  |  |  |  |  |  | 2 |  |
| 59 |  | Parent Company (c) |  |  | 9 |  |  |  | 11 |  |  |  | (2 | ) |  |  | 19 |  |  |  | 12 |  |  |  | 7 |  |
| 60 |  | APS Energy Services |  |  | 1 |  |  |  | 3 |  |  |  | (2 | ) |  |  | 6 |  |  |  | 6 |  |  |  |  |  |
| 61 |  | Pinnacle West Energy |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 62 |  | Total gross margin |  | $ | 17 |  |  | $ | 16 |  |  | $ | 1 |  |  | $ | 33 |  |  | $ | 28 |  |  | $ | 5 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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

As of June 30, 2007, Pinnacle West had accumulated net mark-to-market gains of $24 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, $7 million; and 2008, $17 million.

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| (a) |  | Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 53 and in line 54 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 53 are included in line 54. For example, line 54 shows that a prior-period mark-to-market loss of $1 million was transferred to realized for the second quarter of 2007. A $1 million realized loss is included in the $22 million on line 53 for the second quarter of 2007. |
|  |  | |
| (b) |  | Quarterly amounts do not total to annual amounts because of intra-year mark-to-market eliminations. |
|  |  | |
| (c) |  | On February 1, 2007, the Parent Company transferred its market based rate tariff and wholesale power sales agreements to a newly-created subsidiary, Pinnacle West Marketing & Trading, which resulted in Pinnacle West no longer being a public utility under the Federal Power Act. As a result, Pinnacle West is no longer subject to FERC jurisdiction in connection with its issuance of securities or its incurrence of long-term debt. |

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**Pinnacle West Capital Corporation**

**Quarterly Consolidated Statistical Summary**

**Periods Ended June 30, 2007 and 2006**

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|  |  |  |  | **3 Mo. Ended June** | | | | | | | | | |  |  | **6 Mo. Ended June** | | | | | | | | | |  |
| Line |  |  |  | **2007** | |  |  | **2006** | |  |  | **Incr (Decr)** | |  |  | **2007** | |  |  | **2006** | |  |  | **Incr (Decr)** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **AVERAGE ELECTRIC CUSTOMERS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail customers** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 63 |  | Residential |  |  | 962,095 |  |  |  | 930,402 |  |  |  | 31,693 |  |  |  | 963,762 |  |  |  | 930,601 |  |  |  | 33,161 |  |
| 64 |  | Business |  |  | 119,792 |  |  |  | 114,803 |  |  |  | 4,989 |  |  |  | 119,220 |  |  |  | 114,187 |  |  |  | 5,033 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 65 |  | Total |  |  | 1,081,887 |  |  |  | 1,045,205 |  |  |  | 36,682 |  |  |  | 1,082,982 |  |  |  | 1,044,788 |  |  |  | 38,194 |  |
| 66 |  | Wholesale customers |  |  | 62 |  |  |  | 76 |  |  |  | (14 | ) |  |  | 63 |  |  |  | 76 |  |  |  | (13 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 67 |  | Total customers |  |  | 1,081,949 |  |  |  | 1,045,281 |  |  |  | 36,668 |  |  |  | 1,083,045 |  |  |  | 1,044,864 |  |  |  | 38,181 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 68 |  | Customer growth (% over prior year) |  |  | 3.5 | % |  |  | 4.6 | % |  |  | (1.1 | )% |  |  | 3.7 | % |  |  | 4.5 | % |  |  | (0.8 | )% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL SALES (GWH)  WEATHER NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 69 |  | Residential |  |  | 3,214 |  |  |  | 3,123 |  |  |  | 91 |  |  |  | 5,862 |  |  |  | 5,598 |  |  |  | 264 |  |
| 70 |  | Business |  |  | 3,977 |  |  |  | 3,933 |  |  |  | 44 |  |  |  | 7,205 |  |  |  | 7,181 |  |  |  | 24 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 71 |  | Total |  |  | 7,191 |  |  |  | 7,056 |  |  |  | 135 |  |  |  | 13,067 |  |  |  | 12,779 |  |  |  | 288 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE (KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 72 |  | Residential |  |  | 3,417 |  |  |  | 3,530 |  |  |  | (113 | ) |  |  | 6,247 |  |  |  | 6,128 |  |  |  | 119 |  |
| 73 |  | Business |  |  | 33,425 |  |  |  | 34,590 |  |  |  | (1,165 | ) |  |  | 61,139 |  |  |  | 62,792 |  |  |  | (1,653 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE  WEATHER NORMALIZED (KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 74 |  | Residential |  |  | 3,340 |  |  |  | 3,357 |  |  |  | (17 | ) |  |  | 6,082 |  |  |  | 6,015 |  |  |  | 67 |  |
| 75 |  | Business |  |  | 33,202 |  |  |  | 34,263 |  |  |  | (1,061 | ) |  |  | 60,435 |  |  |  | 62,889 |  |  |  | (2,454 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRICITY DEMAND (MW)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 76 |  | System peak demand |  |  | 6,982 |  |  |  | 6,624 |  |  |  | 358 |  |  |  | 6,982 |  |  |  | 6,624 |  |  |  | 358 |  |

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| See Glossary of Terms. |  | Page 5 of 31 |

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Quarterly Consolidated Statistical Summary**

**Periods Ended June 30, 2007 and 2006**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **3 Mo. Ended June** | | | | | | | | | |  |  | **6 Mo. Ended June** | | | | | | | | | |  |
| Line |  |  |  | **2007** | |  |  | **2006** | |  |  | **Incr (Decr)** | |  |  | **2007** | |  |  | **2006** | |  |  | **Incr (Decr)** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY SOURCES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation production** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 77 |  | Nuclear |  |  | 1,846 |  |  |  | 1,198 |  |  |  | 648 |  |  |  | 4,145 |  |  |  | 2,918 |  |  |  | 1,227 |  |
| 78 |  | Coal |  |  | 3,265 |  |  |  | 3,182 |  |  |  | 83 |  |  |  | 6,429 |  |  |  | 6,265 |  |  |  | 164 |  |
| 79 |  | Gas, oil and other |  |  | 1,517 |  |  |  | 2,000 |  |  |  | (483 | ) |  |  | 2,668 |  |  |  | 3,323 |  |  |  | (655 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 80 |  | Total generation production |  |  | 6,628 |  |  |  | 6,380 |  |  |  | 248 |  |  |  | 13,242 |  |  |  | 12,506 |  |  |  | 736 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  | **Purchased power** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 81 |  | Firm load |  |  | 1,676 |  |  |  | 1,740 |  |  |  | (64 | ) |  |  | 1,954 |  |  |  | 2,105 |  |  |  | (151 | ) |
| 82 |  | Marketing and trading |  |  | 3,055 |  |  |  | 4,597 |  |  |  | (1,542 | ) |  |  | 5,317 |  |  |  | 9,189 |  |  |  | (3,872 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 83 |  | Total purchased power |  |  | 4,731 |  |  |  | 6,337 |  |  |  | (1,606 | ) |  |  | 7,271 |  |  |  | 11,294 |  |  |  | (4,023 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 84 |  | Total energy sources |  |  | 11,359 |  |  |  | 12,717 |  |  |  | (1,358 | ) |  |  | 20,513 |  |  |  | 23,800 |  |  |  | (3,287 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **POWER PLANT PERFORMANCE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Capacity Factors** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 85 |  | Nuclear |  |  | 75 | % |  |  | 49 | % |  |  | 26 | % |  |  | 85 | % |  |  | 60 | % |  |  | 25 | % |
| 86 |  | Coal |  |  | 86 | % |  |  | 84 | % |  |  | 2 | % |  |  | 85 | % |  |  | 83 | % |  |  | 2 | % |
| 87 |  | Gas, oil and other |  |  | 21 | % |  |  | 28 | % |  |  | (7 | )% |  |  | 19 | % |  |  | 23 | % |  |  | (4 | )% |
| 88 |  | System average |  |  | 49 | % |  |  | 48 | % |  |  | 1 | % |  |  | 50 | % |  |  | 47 | % |  |  | 3 | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation Capacity Out of Service and Replaced for Native Load (average MW/day) (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 89 |  | Nuclear |  |  | 266 |  |  |  | 553 |  |  |  | (287 | ) |  |  | 164 |  |  |  | 430 |  |  |  | (266 | ) |
| 90 |  | Coal |  |  | 189 |  |  |  | 184 |  |  |  | 5 |  |  |  | 196 |  |  |  | 220 |  |  |  | (24 | ) |
| 91 |  | Gas |  |  | 405 |  |  |  | 117 |  |  |  | 288 |  |  |  | 336 |  |  |  | 159 |  |  |  | 177 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 92 |  | Total |  |  | 860 |  |  |  | 854 |  |  |  | 6 |  |  |  | 696 |  |  |  | 809 |  |  |  | (113 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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|  |  |  |
| (a) |  | Includes planned and unplanned outages |

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| See Glossary of Terms. |  | Page 6 of 31 |

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Quarterly Consolidated Statistical Summary**

**Periods Ended June 30, 2007 and 2006**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  | **3 Mo. Ended June** | | | | | | | | | |  |  | **6 Mo. Ended June** | | | | | | | | | |  |
| Line |  |  |  | **2007** | |  |  | **2006** | |  |  | **Incr (Decr)** | |  |  | **2007** | |  |  | **2006** | |  |  | **Incr (Decr)** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY MARKET INDICATORS (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Electricity Average Daily Spot Prices ($/MWh)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **On-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 93 |  | Palo Verde |  | $ | 64.64 |  |  | $ | 54.63 |  |  | $ | 10.01 |  |  | $ | 59.63 |  |  | $ | 54.21 |  |  | $ | 5.42 |  |
| 94 |  | SP15 |  | $ | 68.75 |  |  | $ | 55.39 |  |  | $ | 13.36 |  |  | $ | 64.39 |  |  | $ | 56.87 |  |  | $ | 7.52 |  |
|  |  | **Off-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 95 |  | Palo Verde |  | $ | 41.46 |  |  | $ | 28.38 |  |  | $ | 13.08 |  |  | $ | 41.76 |  |  | $ | 35.15 |  |  | $ | 6.61 |  |
| 96 |  | SP15 |  | $ | 46.14 |  |  | $ | 27.43 |  |  | $ | 18.71 |  |  | $ | 46.00 |  |  | $ | 36.11 |  |  | $ | 9.89 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **WEATHER INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Actual** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 97 |  | Cooling degree-days |  |  | 1,708 |  |  |  | 1,740 |  |  |  | (32 | ) |  |  | 1,880 |  |  |  | 1,783 |  |  |  | 97 |  |
| 98 |  | Heating degree-days |  |  | 8 |  |  |  | 4 |  |  |  | 4 |  |  |  | 597 |  |  |  | 468 |  |  |  | 129 |  |
| 99 |  | Average humidity |  |  | 18 | % |  |  | 18 | % |  |  | 0 | % |  |  | 27 | % |  |  | 23 | % |  |  | 4 | % |
|  |  | **10-Year Averages** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 100 |  | Cooling degree-days |  |  | 1,557 |  |  |  | 1,557 |  |  |  |  |  |  |  | 1,654 |  |  |  | 1,654 |  |  |  |  |  |
| 101 |  | Heating degree-days |  |  | 31 |  |  |  | 31 |  |  |  |  |  |  |  | 544 |  |  |  | 544 |  |  |  |  |  |
| 102 |  | Average humidity |  |  | 22 | % |  |  | 22 | % |  |  | 0 | % |  |  | 32 | % |  |  | 32 | % |  |  | 0 | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ECONOMIC INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Building Permits  Metro Phoenix (b)(d)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 103 |  | Single-family |  |  | 5,044 |  |  |  | 5,756 |  |  |  | (712 | ) |  |  | 12,061 |  |  |  | 14,472 |  |  |  | (2,411 | ) |
| 104 |  | Multi-family |  |  | 1,276 |  |  |  | 2,305 |  |  |  | (1,029 | ) |  |  | 5,407 |  |  |  | 5,192 |  |  |  | 215 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 105 |  | Total |  |  | 6,320 |  |  |  | 8,061 |  |  |  | (1,741 | ) |  |  | 17,468 |  |  |  | 19,664 |  |  |  | (2,196 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Arizona Job Growth (c) (d)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 106 |  | Payroll job growth (% over prior year) |  |  | 3.5 | % |  |  | 5.2 | % |  |  | (1.7 | )% |  |  | 3.9 | % |  |  | 5.8 | % |  |  | (1.9 | )% |
| 107 |  | Unemployment rate (%, seasonally adjusted) |  |  | 3.8 | % |  |  | 4.1 | % |  |  | (0.3 | )% |  |  | 3.9 | % |  |  | 4.2 | % |  |  | (0.3 | )% |

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| Sources: | | |
|  |  | |
| (a) |  | Average of daily prices obtained and used with permission from Dow Jones & Company, Inc. |
|  |  | |
| (b) |  | Arizona Real Estate Center, Arizona State University W.P. Carey College of Business |
|  |  | |
| (c) |  | Arizona Department of Economic Security |
|  |  | |
| (d) |  | Economic indicators reflect periods ended May 31, 2007 (latest available data) and May 31, 2006. |

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| See Glossary of Terms. |  | Page 7 of 31 |

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Exhibit 99.3

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2007**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **EARNINGS CONTRIBUTION BY SUBSIDIARY ($ Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1 |  | Arizona Public Service |  | $ | 4 |  |  | $ | 75 |  |  |  |  |  |  |  |  |  |  | $ | 79 |  |  | $ | (9 | ) |
| 2 |  | Pinnacle West Energy |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3 |  | APS Energy Services |  |  | 1 |  |  |  | (1 | ) |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (1 | ) |
| 4 |  | SunCor |  |  | 8 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 8 |  |  |  | (22 | ) |
| 5 |  | El Dorado |  |  | (2 | ) |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (2 | ) |  |  |  |  |
| 6 |  | Parent Company |  |  | 5 |  |  |  | 5 |  |  |  |  |  |  |  |  |  |  |  | 9 |  |  |  | 4 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 |  | Income From Continuing Operations |  |  | 16 |  |  |  | 79 |  |  |  |  |  |  |  |  |  |  |  | 94 |  |  |  | (28 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Income (Loss) From Discontinued Operations  Net of Tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8 |  | Silverhawk |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (1 | ) |
| 9 |  | SunCor |  |  | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 2 |  |  |  |  |  |
| 10 |  | NAC |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 11 |  | Total |  |  | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 2 |  |  |  | (1 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 12 |  | Net Income |  | $ | 17 |  |  | $ | 79 |  |  | $ |  |  |  | $ |  |  |  | $ | 96 |  |  | $ | (29 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **EARNINGS PER SHARE BY SUBSIDIARY  DILUTED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 |  | Arizona Public Service |  | $ | 0.04 |  |  | $ | 0.75 |  |  |  |  |  |  |  |  |  |  | $ | 0.79 |  |  | $ | (0.10 | ) |
| 14 |  | Pinnacle West Energy |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 15 |  | APS Energy Services |  |  | 0.01 |  |  |  | (0.01 | ) |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (0.01 | ) |
| 16 |  | SunCor |  |  | 0.09 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 0.08 |  |  |  | (0.22 | ) |
| 17 |  | El Dorado |  |  | (0.02 | ) |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (0.02 | ) |  |  |  |  |
| 18 |  | Parent Company |  |  | 0.04 |  |  |  | 0.04 |  |  |  |  |  |  |  |  |  |  |  | 0.09 |  |  |  | 0.04 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 19 |  | Income From Continuing Operations |  |  | 0.16 |  |  |  | 0.78 |  |  |  |  |  |  |  |  |  |  |  | 0.94 |  |  |  | (0.29 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Income (Loss) From Discontinued Operations  Net of Tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 20 |  | Silverhawk |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 21 |  | SunCor |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 0.01 |  |  |  | (0.01 | ) |
| 22 |  | NAC |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 23 |  | Total |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 0.01 |  |  |  | (0.01 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 24 |  | Net Income |  | $ | 0.16 |  |  | $ | 0.78 |  |  | $ |  |  |  | $ |  |  |  | $ | 0.95 |  |  | $ | (0.30 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 25 |  | **BOOK VALUE PER SHARE** |  | $ | 34.45 |  |  | $ | 34.13 | \* |  |  |  |  |  |  |  |  |  | $ | 34.13 | \* |  |  | 1.05 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **COMMON SHARES OUTSTANDING (Thousands)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 26 |  | Average  Diluted |  |  | 100,622 |  |  |  | 100,779 |  |  |  |  |  |  |  |  |  |  |  | 100,718 |  |  |  | 1,156 |  |
| 27 |  | End of Period |  |  | 100,115 |  |  |  | 100,290 |  |  |  |  |  |  |  |  |  |  |  | 100,290 |  |  |  | 1,006 |  |

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|  |  |  |
| \* |  | Estimate |

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**2007**

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC OPERATING REVENUES (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 28 |  | Residential |  | $ | 246 |  |  | $ | 335 |  |  |  |  |  |  |  |  |  |  | $ | 581 |  |  | $ | 42 |  |
| 29 |  | Business |  |  | 264 |  |  |  | 342 |  |  |  |  |  |  |  |  |  |  |  | 606 |  |  |  | 40 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 30 |  | Total retail |  |  | 510 |  |  |  | 677 |  |  |  |  |  |  |  |  |  |  |  | 1,187 |  |  |  | 82 |  |
|  |  | **Wholesale revenue on delivered electricity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 31 |  | Traditional contracts |  |  | 5 |  |  |  | 9 |  |  |  |  |  |  |  |  |  |  |  | 14 |  |  |  | 1 |  |
| 32 |  | Off-system sales |  |  | 7 |  |  |  | 10 |  |  |  |  |  |  |  |  |  |  |  | 17 |  |  |  | (17 | ) |
| 33 |  | Transmission for others |  |  | 7 |  |  |  | 7 |  |  |  |  |  |  |  |  |  |  |  | 14 |  |  |  | 2 |  |
| 34 |  | Other miscellaneous services |  |  | 7 |  |  |  | 8 |  |  |  |  |  |  |  |  |  |  |  | 15 |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 35 |  | Total regulated operating electricity revenues |  |  | 536 |  |  |  | 711 |  |  |  |  |  |  |  |  |  |  |  | 1,247 |  |  |  | 68 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 36 |  | Electricity and other commodity sales |  |  | 72 |  |  |  | 93 |  |  |  |  |  |  |  |  |  |  |  | 165 |  |  |  | (10 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 37 |  | Total operating electric revenues |  | $ | 608 |  |  | $ | 804 |  |  | $ |  |  |  | $ |  |  |  | $ | 1,412 |  |  | $ | 58 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC SALES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail sales** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 38 |  | Residential |  |  | 2,734 |  |  |  | 3,287 |  |  |  |  |  |  |  |  |  |  |  | 6,021 |  |  |  | 318 |  |
| 39 |  | Business |  |  | 3,285 |  |  |  | 4,004 |  |  |  |  |  |  |  |  |  |  |  | 7,289 |  |  |  | 119 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 40 |  | Total retail |  |  | 6,019 |  |  |  | 7,291 |  |  |  |  |  |  |  |  |  |  |  | 13,310 |  |  |  | 437 |  |
|  |  | **Wholesale electricity delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 41 |  | Traditional contracts |  |  | 175 |  |  |  | 262 |  |  |  |  |  |  |  |  |  |  |  | 437 |  |  |  | 41 |  |
| 42 |  | Off-system sales |  |  | 243 |  |  |  | 310 |  |  |  |  |  |  |  |  |  |  |  | 553 |  |  |  | (337 | ) |
| 43 |  | Retail load hedge management |  |  | 117 |  |  |  | 254 |  |  |  |  |  |  |  |  |  |  |  | 371 |  |  |  | (429 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 44 |  | Total regulated electricity |  |  | 6,554 |  |  |  | 8,117 |  |  |  |  |  |  |  |  |  |  |  | 14,671 |  |  |  | (288 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 45 |  | Wholesale sales of electricity |  |  | 2,057 |  |  |  | 2,606 |  |  |  |  |  |  |  |  |  |  |  | 4,663 |  |  |  | (3,161 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 46 |  | Total electric sales |  |  | 8,611 |  |  |  | 10,723 |  |  |  |  |  |  |  |  |  |  |  | 19,334 |  |  |  | (3,449 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **POWER SUPPLY ADJUSTOR (PSA) - - REGULATED ELECTRICITY SEGMENT (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 47 |  | Deferred fuel and purchased power regulatory asset  beginning balance |  | $ | 160 |  |  | $ | 118 |  |  |  |  |  |  |  |  |  |  | $ | 160 |  |  | $ | (13 | ) |
| 48 |  | Deferred fuel and purchased power costs  current period |  |  | 25 |  |  |  | 104 |  |  |  |  |  |  |  |  |  |  |  | 129 |  |  |  | 38 |  |
| 49 |  | Regulatory disallowance |  |  |  |  |  |  | (14 | ) |  |  |  |  |  |  |  |  |  |  | (14 | ) |  |  | (14 | ) |
| 50 |  | Interest on deferred fuel |  |  | 2 |  |  |  | 1 |  |  |  |  |  |  |  |  |  |  |  | 3 |  |  |  | (1 | ) |
| 51 |  | Amounts recovered through revenues |  |  | (69 | ) |  |  | (72 | ) |  |  |  |  |  |  |  |  |  |  | (141 | ) |  |  | (48 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 52 |  | Deferred fuel and purchased power regulatory asset  ending balance |  | $ | 118 |  |  | $ | 137 |  |  | $ |  |  |  | $ |  |  |  | $ | 137 |  |  | $ | (38 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING PRETAX GROSS MARGIN ANALYSIS (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Realized and Mark-To-Market Components** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 53 |  | Electricity and other commodity sales, realized (a) |  | $ | 12 |  |  | $ | 22 |  |  |  |  |  |  |  |  |  |  | $ | 39 |  |  | $ | 10 |  |
| 54 |  | Mark-to-market reversals on realized sales (a) (b) |  |  | (8 | ) |  |  | 1 |  |  |  |  |  |  |  |  |  |  |  | (4 | ) |  |  | (1 | ) |
| 55 |  | Change in mark-to-market value of forward sales |  |  | 10 |  |  |  | (6 | ) |  |  |  |  |  |  |  |  |  |  | (2 | ) |  |  | (4 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 56 |  | Total gross margin |  | $ | 14 |  |  | $ | 17 |  |  | $ |  |  |  | $ |  |  |  | $ | 33 |  |  | $ | 5 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **By Pinnacle West Entity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 57 |  | APS |  | $ | (1 | ) |  | $ | 7 |  |  |  |  |  |  |  |  |  |  | $ | 6 |  |  | $ | (4 | ) |
| 58 |  | Pinnacle West Marketing & Trading (c) |  |  | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 2 |  |  |  | 2 |  |
| 59 |  | Parent Company (c) |  |  | 9 |  |  |  | 9 |  |  |  |  |  |  |  |  |  |  |  | 19 |  |  |  | 7 |  |
| 60 |  | APS Energy Services |  |  | 5 |  |  |  | 1 |  |  |  |  |  |  |  |  |  |  |  | 6 |  |  |  |  |  |
| 61 |  | Pinnacle West Energy |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 62 |  | Total gross margin |  | $ | 14 |  |  | $ | 17 |  |  | $ |  |  |  | $ |  |  |  | $ | 33 |  |  | $ | 5 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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

As of June 30, 2007, Pinnacle West had accumulated net mark-to-market gains of $24 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, $7 million; and 2008, $17 million.

|  |  |  |
| --- | --- | --- |
|  |  |  |
| (a) |  | Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 53 and in line 54 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 53 are included in line 54. For example, line 54 shows that a prior-period mark-to-market loss of $1 million was transferred to realized for the second quarter of 2007. A $1 million realized loss is included in the $22 million on line 53 for the second quarter of 2007. |
|  |  | |
| (b) |  | Quarterly amounts do not total to annual amounts because of intra-year mark-to-market eliminations. |
|  |  | |
| (c) |  | On February 1, 2007, the Parent Company transferred its market based rate tariff and wholesale power sales agreements to a newly-created subsidiary, Pinnacle West Marketing & Trading, which resulted in Pinnacle West no longer being a public utility under the Federal Power Act. As a result, Pinnacle West is no longer subject to FERC jurisdiction in connection with its issuance of securities or its incurrence of long-term debt. |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **AVERAGE ELECTRIC CUSTOMERS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail customers** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 63 |  | Residential |  |  | 965,428 |  |  |  | 962,095 |  |  |  |  |  |  |  |  |  |  |  | 963,762 |  |  |  | 33,161 |  |
| 64 |  | Business |  |  | 118,649 |  |  |  | 119,792 |  |  |  |  |  |  |  |  |  |  |  | 119,220 |  |  |  | 5,033 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 65 |  | Total |  |  | 1,084,077 |  |  |  | 1,081,887 |  |  |  |  |  |  |  |  |  |  |  | 1,082,982 |  |  |  | 38,194 |  |
| 66 |  | Wholesale customers |  |  | 63 |  |  |  | 62 |  |  |  |  |  |  |  |  |  |  |  | 63 |  |  |  | (13 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 67 |  | Total customers |  |  | 1,084,140 |  |  |  | 1,081,949 |  |  |  |  |  |  |  |  |  |  |  | 1,083,045 |  |  |  | 38,181 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 68 |  | Customer growth (% over prior year) |  |  | 3.8 | % |  |  | 3.5 | % |  |  |  |  |  |  |  |  |  |  | 3.7 | % |  |  | (0.8 | )% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL SALES (GWH) - WEATHER NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 69 |  | Residential |  |  | 2,648 |  |  |  | 3,214 |  |  |  |  |  |  |  |  |  |  |  | 5,862 |  |  |  | 264 |  |
| 70 |  | Business |  |  | 3,228 |  |  |  | 3,977 |  |  |  |  |  |  |  |  |  |  |  | 7,205 |  |  |  | 24 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 71 |  | Total |  |  | 5,876 |  |  |  | 7,191 |  |  |  |  |  |  |  |  |  |  |  | 13,067 |  |  |  | 288 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE (KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 72 |  | Residential |  |  | 2,832 |  |  |  | 3,417 |  |  |  |  |  |  |  |  |  |  |  | 6,247 |  |  |  | 119 |  |
| 73 |  | Business |  |  | 27,687 |  |  |  | 33,425 |  |  |  |  |  |  |  |  |  |  |  | 61,139 |  |  |  | (1,653 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE - WEATHER NORMALIZED (KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 74 |  | Residential |  |  | 2,743 |  |  |  | 3,340 |  |  |  |  |  |  |  |  |  |  |  | 6,082 |  |  |  | 67 |  |
| 75 |  | Business |  |  | 27,204 |  |  |  | 33,202 |  |  |  |  |  |  |  |  |  |  |  | 60,435 |  |  |  | (2,454 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRICITY DEMAND (MW)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 76 |  | System peak demand |  |  | 4,781 |  |  |  | 6,982 |  |  |  |  |  |  |  |  |  |  |  | 6,982 |  |  |  | 358 |  |

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| See Glossary of Terms. |  | Page 11 of 31 |

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2007**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY SOURCES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation production** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 77 |  | Nuclear |  |  | 2,299 |  |  |  | 1,846 |  |  |  |  |  |  |  |  |  |  |  | 4,145 |  |  |  | 1,227 |  |
| 78 |  | Coal |  |  | 3,164 |  |  |  | 3,265 |  |  |  |  |  |  |  |  |  |  |  | 6,429 |  |  |  | 164 |  |
| 79 |  | Gas, oil and other |  |  | 1,151 |  |  |  | 1,517 |  |  |  |  |  |  |  |  |  |  |  | 2,668 |  |  |  | (655 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 80 |  | Total generation production |  |  | 6,614 |  |  |  | 6,628 |  |  |  |  |  |  |  |  |  |  |  | 13,242 |  |  |  | 736 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  | **Purchased power** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 81 |  | Firm load |  |  | 278 |  |  |  | 1,676 |  |  |  |  |  |  |  |  |  |  |  | 1,954 |  |  |  | (151 | ) |
| 82 |  | Marketing and trading |  |  | 2,262 |  |  |  | 3,055 |  |  |  |  |  |  |  |  |  |  |  | 5,317 |  |  |  | (3,872 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 83 |  | Total purchased power |  |  | 2,540 |  |  |  | 4,731 |  |  |  |  |  |  |  |  |  |  |  | 7,271 |  |  |  | (4,023 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 84 |  | Total energy sources |  |  | 9,154 |  |  |  | 11,359 |  |  |  |  |  |  |  |  |  |  |  | 20,513 |  |  |  | (3,287 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **POWER PLANT PERFORMANCE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Capacity Factors** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 85 |  | Nuclear |  |  | 94 | % |  |  | 75 | % |  |  |  |  |  |  |  |  |  |  | 85 | % |  |  | 25 | % |
| 86 |  | Coal |  |  | 84 | % |  |  | 86 | % |  |  |  |  |  |  |  |  |  |  | 85 | % |  |  | 2 | % |
| 87 |  | Gas, oil and other |  |  | 16 | % |  |  | 21 | % |  |  |  |  |  |  |  |  |  |  | 19 | % |  |  | (4 | )% |
| 88 |  | System average |  |  | 50 | % |  |  | 49 | % |  |  |  |  |  |  |  |  |  |  | 50 | % |  |  | 3 | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation Capacity Out of Service and Replaced for Native Load (average MW/day) (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 89 |  | Nuclear |  |  | 57 |  |  |  | 266 |  |  |  |  |  |  |  |  |  |  |  | 164 |  |  |  | (266 | ) |
| 90 |  | Coal |  |  | 203 |  |  |  | 189 |  |  |  |  |  |  |  |  |  |  |  | 196 |  |  |  | (24 | ) |
| 91 |  | Gas |  |  | 267 |  |  |  | 405 |  |  |  |  |  |  |  |  |  |  |  | 336 |  |  |  | 177 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 92 |  | Total |  |  | 527 |  |  |  | 860 |  |  |  |  |  |  |  |  |  |  |  | 696 |  |  |  | (113 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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|  |  |  |
| (a) |  | Includes planned and unplanned outages |

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| See Glossary of Terms. |  | Page 12 of 31 |

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2007**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY MARKET INDICATORS (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Electricity Average Daily Spot Prices ($/MWh)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **On-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 93 |  | Palo Verde |  | $ | 54.62 |  |  | $ | 64.64 |  |  |  |  |  |  |  |  |  |  | $ | 59.63 |  |  | $ | 5.42 |  |
| 94 |  | SP15 |  | $ | 60.02 |  |  | $ | 68.75 |  |  |  |  |  |  |  |  |  |  | $ | 64.39 |  |  | $ | 7.52 |  |
|  |  | **Off-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 95 |  | Palo Verde |  | $ | 42.06 |  |  | $ | 41.46 |  |  |  |  |  |  |  |  |  |  | $ | 41.76 |  |  | $ | 6.61 |  |
| 96 |  | SP15 |  | $ | 45.86 |  |  | $ | 46.14 |  |  |  |  |  |  |  |  |  |  | $ | 46.00 |  |  | $ | 9.89 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **WEATHER INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Actual** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 97 |  | Cooling degree-days |  |  | 172 |  |  |  | 1,708 |  |  |  |  |  |  |  |  |  |  |  | 1,880 |  |  |  | 97 |  |
| 98 |  | Heating degree-days |  |  | 589 |  |  |  | 8 |  |  |  |  |  |  |  |  |  |  |  | 597 |  |  |  | 129 |  |
| 99 |  | Average humidity |  |  | 36 | % |  |  | 18 | % |  |  |  |  |  |  |  |  |  |  | 27 | % |  |  | 4 | % |
|  |  | **10-Year Averages** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 100 |  | Cooling degree-days |  |  | 97 |  |  |  | 1,557 |  |  |  |  |  |  |  |  |  |  |  | 1,654 |  |  |  |  |  |
| 101 |  | Heating degree-days |  |  | 513 |  |  |  | 31 |  |  |  |  |  |  |  |  |  |  |  | 544 |  |  |  |  |  |
| 102 |  | Average humidity |  |  | 42 | % |  |  | 22 | % |  |  |  |  |  |  |  |  |  |  | 32 | % |  |  | 0 | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ECONOMIC INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Building Permits  Metro Phoenix (b) (d)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 103 |  | Single-family |  |  | 7,017 |  |  |  | 5,044 |  |  |  |  |  |  |  |  |  |  |  | 12,061 |  |  |  | (2,411 | ) |
| 104 |  | Multi-family |  |  | 4,131 |  |  |  | 1,276 |  |  |  |  |  |  |  |  |  |  |  | 5,407 |  |  |  | 215 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 105 |  | Total |  |  | 11,148 |  |  |  | 6,320 |  |  |  |  |  |  |  |  |  |  |  | 17,468 |  |  |  | (2,196 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Arizona Job Growth (c) (d)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 106 |  | Payroll job growth (% over prior year) |  |  | 4.1 | % |  |  | 3.5 | % |  |  |  |  |  |  |  |  |  |  | 3.9 | % |  |  | (1.9 | )% |
| 107 |  | Unemployment rate (%, seasonally adjusted) |  |  | 4.0 | % |  |  | 3.8 | % |  |  |  |  |  |  |  |  |  |  | 3.9 | % |  |  | (0.3 | )% |

Sources:

|  |  |  |
| --- | --- | --- |
| (a) |  | Average of daily prices obtained and used with permission from Dow Jones & Company, Inc. |
|  |  | |
| (b) |  | Arizona Real Estate Center, Arizona State University W.P. Carey College of Business |
|  |  | |
| (c) |  | Arizona Department of Economic Security |
|  |  | |
| (d) |  | Economic indicators reflect periods ended May 31, 2007 (latest available data). |

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| See Glossary of Terms. |  | Page 13 of 31 |

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Exhibit 99.4

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2006**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **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 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8 |  | Silverhawk |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 1 |  |  |  | 68 |  |
| 9 |  | SunCor |  |  | 1 |  |  |  | 1 |  |  |  |  |  |  |  | 8 |  |  |  | 10 |  |  |  | (7 | ) |
| 10 |  | NAC |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (1 | ) |  |  | (4 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 11 |  | Total |  |  | 1 |  |  |  | 1 |  |  |  |  |  |  |  | 8 |  |  |  | 10 |  |  |  | 57 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 12 |  | Net Income |  | $ | 13 |  |  | $ | 112 |  |  | $ | 184 |  |  | $ | 18 |  |  | $ | 327 |  |  | $ | 151 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **EARNINGS PER SHARE BY SUBSIDIARY  DILUTED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 |  | Arizona Public Service |  | $ | (0.06 | ) |  | $ | 0.95 |  |  | $ | 1.69 |  |  | $ | 0.13 |  |  | $ | 2.70 |  |  | $ | 0.93 |  |
| 14 |  | Pinnacle West Energy |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 0.89 |  |
| 15 |  | APS Energy Services |  |  | 0.01 |  |  |  |  |  |  |  | (0.02 | ) |  |  | (0.02 | ) |  |  | (0.03 | ) |  |  | 0.03 |  |
| 16 |  | SunCor |  |  | 0.21 |  |  |  | 0.07 |  |  |  | 0.17 |  |  |  | 0.03 |  |  |  | 0.50 |  |  |  | 0.10 |  |
| 17 |  | El Dorado |  |  | (0.01 | ) |  |  |  |  |  |  |  |  |  |  | (0.01 | ) |  |  | (0.03 | ) |  |  | (0.01 | ) |
| 18 |  | Parent Company |  |  | (0.03 | ) |  |  | 0.09 |  |  |  |  |  |  |  | (0.03 | ) |  |  | 0.03 |  |  |  | (1.08 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 19 |  | Income From Continuing Operations |  |  | 0.12 |  |  |  | 1.11 |  |  |  | 1.84 |  |  |  | 0.10 |  |  |  | 3.17 |  |  |  | 0.86 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Income (Loss) From Discontinued Operations  Net of Tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 20 |  | Silverhawk |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 0.69 |  |
| 21 |  | SunCor |  |  | 0.01 |  |  |  | 0.02 |  |  |  |  |  |  |  | 0.08 |  |  |  | 0.10 |  |  |  | (0.07 | ) |
| 22 |  | NAC |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (0.03 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 23 |  | Total |  |  | 0.01 |  |  |  | 0.02 |  |  |  |  |  |  |  | 0.08 |  |  |  | 0.10 |  |  |  | 0.59 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 24 |  | Net Income |  | $ | 0.13 |  |  | $ | 1.13 |  |  | $ | 1.84 |  |  | $ | 0.18 |  |  | $ | 3.27 |  |  | $ | 1.45 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 25 |  | **BOOK VALUE PER SHARE** |  | $ | 32.37 |  |  | $ | 33.08 |  |  | $ | 34.07 |  |  | $ | 34.48 |  |  | $ | 34.48 |  |  | $ | (0.10 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **COMMON SHARES OUTSTANDING (Thousands)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 26 |  | Average  Diluted |  |  | 99,449 |  |  |  | 99,640 |  |  |  | 99,973 |  |  |  | 100,474 |  |  |  | 100,010 |  |  |  | 3,420 |  |
| 27 |  | End of Period |  |  | 99,187 |  |  |  | 99,284 |  |  |  | 99,648 |  |  |  | 99,959 |  |  |  | 99,959 |  |  |  | 902 |  |

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2006**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC OPERATING REVENUES (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 28 |  | Residential |  | $ | 202 |  |  | $ | 337 |  |  | $ | 490 |  |  | $ | 242 |  |  | $ | 1,271 |  |  | $ | 192 |  |
| 29 |  | Business |  |  | 233 |  |  |  | 333 |  |  |  | 371 |  |  |  | 302 |  |  |  | 1,239 |  |  |  | 198 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 30 |  | Total retail |  |  | 435 |  |  |  | 670 |  |  |  | 861 |  |  |  | 544 |  |  |  | 2,510 |  |  |  | 390 |  |
|  |  | **Wholesale revenue on delivered electricity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 31 |  | Traditional contracts |  |  | 6 |  |  |  | 7 |  |  |  | 12 |  |  |  | (3 | ) |  |  | 22 |  |  |  | (1 | ) |
| 32 |  | Off-system sales |  |  | 12 |  |  |  | 22 |  |  |  |  |  |  |  | 12 |  |  |  | 46 |  |  |  | 6 |  |
| 33 |  | Transmission for others |  |  | 6 |  |  |  | 6 |  |  |  | 7 |  |  |  | 7 |  |  |  | 26 |  |  |  |  |  |
| 34 |  | Other miscellaneous services |  |  | 7 |  |  |  | 8 |  |  |  | 7 |  |  |  | 9 |  |  |  | 31 |  |  |  | 3 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 35 |  | Total regulated operating electricity revenues |  |  | 466 |  |  |  | 713 |  |  |  | 887 |  |  |  | 569 |  |  |  | 2,635 |  |  |  | 398 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 36 |  | Electricity and other commodity sales |  |  | 85 |  |  |  | 90 |  |  |  | 85 |  |  |  | 71 |  |  |  | 331 |  |  |  | (21 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 37 |  | Total operating electric revenues |  | $ | 551 |  |  | $ | 803 |  |  | $ | 972 |  |  | $ | 640 |  |  | $ | 2,966 |  |  | $ | 377 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC SALES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail sales** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 38 |  | Residential |  |  | 2,419 |  |  |  | 3,284 |  |  |  | 4,720 |  |  |  | 2,571 |  |  |  | 12,994 |  |  |  | 771 |  |
| 39 |  | Business |  |  | 3,199 |  |  |  | 3,971 |  |  |  | 4,222 |  |  |  | 3,584 |  |  |  | 14,976 |  |  |  | 722 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 40 |  | Total retail |  |  | 5,618 |  |  |  | 7,255 |  |  |  | 8,942 |  |  |  | 6,155 |  |  |  | 27,970 |  |  |  | 1,493 |  |
|  |  | **Wholesale electricity delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 41 |  | Traditional contracts |  |  | 215 |  |  |  | 181 |  |  |  | 321 |  |  |  | 166 |  |  |  | 883 |  |  |  | 33 |  |
| 42 |  | Off-system sales |  |  | 672 |  |  |  | 218 |  |  |  | 219 |  |  |  | 504 |  |  |  | 1,613 |  |  |  | 277 |  |
| 43 |  | Retail load hedge management |  |  | 178 |  |  |  | 622 |  |  |  | 450 |  |  |  | 340 |  |  |  | 1,590 |  |  |  | (1,420 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 44 |  | Total regulated electricity |  |  | 6,683 |  |  |  | 8,276 |  |  |  | 9,932 |  |  |  | 7,165 |  |  |  | 32,056 |  |  |  | 383 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 45 |  | Wholesale sales of electricity |  |  | 3,962 |  |  |  | 3,862 |  |  |  | 4,841 |  |  |  | 3,690 |  |  |  | 16,355 |  |  |  | (7,217 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 46 |  | Total electric sales |  |  | 10,645 |  |  |  | 12,138 |  |  |  | 14,773 |  |  |  | 10,855 |  |  |  | 48,411 |  |  |  | (6,834 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2006**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **POWER SUPPLY ADJUSTOR (PSA) - - REGULATED ELECTRICITY SEGMENT (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 47 |  | Deferred fuel and purchased power regulatory asset  beginning balance |  | $ | 173 |  |  | $ | 169 |  |  | $ | 175 |  |  |  | 209 |  |  | $ | 173 |  |  | $ | 173 |  |
| 48 |  | Deferred fuel and purchased power costs  current period |  |  | 13 |  |  |  | 78 |  |  |  | 134 |  |  |  | 19 |  |  |  | 244 |  |  |  | 73 |  |
| 49 |  | Regulatory disallowance |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 50 |  | Interest on deferred fuel |  |  | 1 |  |  |  | 3 |  |  |  | 2 |  |  |  | 2 |  |  |  | 8 |  |  |  | 6 |  |
| 51 |  | Amounts recovered through revenues |  |  | (18 | ) |  |  | (75 | ) |  |  | (102 | ) |  |  | (70 | ) |  |  | (265 | ) |  |  | (265 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 52 |  | 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** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 53 |  | Electricity and other commodity sales, realized (a) |  | $ | 10 |  |  | $ | 17 |  |  | $ | 8 |  |  | $ | 18 |  |  | $ | 54 |  |  | $ | (1 | ) |
| 54 |  | Mark-to-market reversals on realized sales (a) (b) |  |  | (1 | ) |  |  | (1 | ) |  |  | (1 | ) |  |  | (6 | ) |  |  | (14 | ) |  |  | 2 |  |
| 55 |  | Change in mark-to-market value of forward sales |  |  | 1 |  |  |  |  |  |  |  | (3 | ) |  |  | (3 | ) |  |  |  |  |  |  | (20 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 56 |  | Total gross margin |  | $ | 10 |  |  | $ | 16 |  |  | $ | 4 |  |  | $ | 9 |  |  | $ | 40 |  |  | $ | (19 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **By Pinnacle West Entity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 57 |  | APS |  | $ | 8 |  |  | $ | 2 |  |  | $ | (3 | ) |  | $ | 5 |  |  | $ | 13 |  |  | $ | 19 |  |
| 58 |  | Pinnacle West Marketing & Trading (c) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59 |  | Parent Company (c) |  |  | (1 | ) |  |  | 11 |  |  |  | 5 |  |  |  | 3 |  |  |  | 18 |  |  |  | (41 | ) |
| 60 |  | APS Energy Services |  |  | 3 |  |  |  | 3 |  |  |  | 2 |  |  |  | 1 |  |  |  | 9 |  |  |  | 8 |  |
| 61 |  | Pinnacle West Energy |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 62 |  | Total gross margin |  | $ | 10 |  |  | $ | 16 |  |  | $ | 4 |  |  | $ | 9 |  |  | $ | 40 |  |  | $ | (19 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

**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.

|  |  |  |
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|  |  |  |
| (a) |  | Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 53 and in line 54 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 53 are included in line 54. For example, line 54 shows that a prior-period mark-to-market gain of $14 million was transferred to realized for the total year 2006. A $14 million realized gain is included in the $54 million on line 53 for the total year 2006. |
|  |  | |
| (b) |  | Quarterly amounts do not total to annual amounts because of intra-year mark-to-market eliminations. |
|  |  | |
| (c) |  | On February 1, 2007, the Parent Company transferred its market based rate tariff and wholesale power sales agreements to a newly-created subsidiary, Pinnacle West Marketing & Trading, which resulted in Pinnacle West no longer being a public utility under the Federal Power Act. As a result, Pinnacle West is no longer subject to FERC jurisdiction in connection with its issuance of securities or its incurrence of long-term debt. |

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**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2006**

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **AVERAGE ELECTRIC CUSTOMERS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail customers** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 63 |  | Residential |  |  | 930,799 |  |  |  | 930,402 |  |  |  | 935,523 |  |  |  | 949,132 |  |  |  | 936,464 |  |  |  | 39,992 |  |
| 64 |  | Business |  |  | 113,570 |  |  |  | 114,803 |  |  |  | 116,009 |  |  |  | 117,342 |  |  |  | 115,431 |  |  |  | 4,263 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 65 |  | Total |  |  | 1,044,369 |  |  |  | 1,045,205 |  |  |  | 1,051,532 |  |  |  | 1,066,474 |  |  |  | 1,051,895 |  |  |  | 44,255 |  |
| 66 |  | Wholesale customers |  |  | 75 |  |  |  | 76 |  |  |  | 76 |  |  |  | 80 |  |  |  | 77 |  |  |  | (1 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 67 |  | Total customers |  |  | 1,044,444 |  |  |  | 1,045,281 |  |  |  | 1,051,608 |  |  |  | 1,066,554 |  |  |  | 1,051,972 |  |  |  | 44,254 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 68 |  | Customer growth (% over prior year) |  |  | 4.5 | % |  |  | 4.6 | % |  |  | 4.4 | % |  |  | 4.1 | % |  |  | 4.4 | % |  |  | 0.1 | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL SALES (GWH) - WEATHER NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 69 |  | Residential |  |  | 2,475 |  |  |  | 3,123 |  |  |  | 4,772 |  |  |  | 2,634 |  |  |  | 13,004 |  |  |  | 695 |  |
| 70 |  | Business |  |  | 3,248 |  |  |  | 3,933 |  |  |  | 4,231 |  |  |  | 3,603 |  |  |  | 15,016 |  |  |  | 731 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 71 |  | Total |  |  | 5,723 |  |  |  | 7,056 |  |  |  | 9,003 |  |  |  | 6,237 |  |  |  | 28,020 |  |  |  | 1,426 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE (KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 72 |  | Residential |  |  | 2,763 |  |  |  | 3,530 |  |  |  | 5,045 |  |  |  | 2,709 |  |  |  | 13,876 |  |  |  | 241 |  |
| 73 |  | Business |  |  | 30,444 |  |  |  | 34,590 |  |  |  | 36,394 |  |  |  | 30,552 |  |  |  | 129,749 |  |  |  | 1,235 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE - WEATHER NORMALIZED (KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 74 |  | Residential |  |  | 2,659 |  |  |  | 3,357 |  |  |  | 5,101 |  |  |  | 2,775 |  |  |  | 13,886 |  |  |  | 156 |  |
| 75 |  | Business |  |  | 28,600 |  |  |  | 34,263 |  |  |  | 36,470 |  |  |  | 30,706 |  |  |  | 130,082 |  |  |  | 1,579 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRICITY DEMAND (MW)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 76 |  | System peak demand |  |  | 4,205 |  |  |  | 6,624 |  |  |  | 7,652 |  |  |  | 5,316 |  |  |  | 7,652 |  |  |  | 652 |  |

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**Pinnacle West Capital Corporation**

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**2006**

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY SOURCES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation production** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 77 |  | Nuclear |  |  | 1,720 |  |  |  | 1,198 |  |  |  | 2,202 |  |  |  | 1,868 |  |  |  | 6,988 |  |  |  | (521 | ) |
| 78 |  | Coal |  |  | 3,083 |  |  |  | 3,182 |  |  |  | 3,574 |  |  |  | 3,337 |  |  |  | 13,176 |  |  |  | 116 |  |
| 79 |  | Gas, oil and other |  |  | 1,323 |  |  |  | 2,000 |  |  |  | 2,433 |  |  |  | 1,628 |  |  |  | 7,384 |  |  |  | (1,051 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 80 |  | Total generation production |  |  | 6,126 |  |  |  | 6,380 |  |  |  | 8,209 |  |  |  | 6,833 |  |  |  | 27,548 |  |  |  | (1,456 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  | **Purchased power** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 81 |  | Firm load |  |  | 365 |  |  |  | 1,740 |  |  |  | 1,962 |  |  |  | 223 |  |  |  | 4,290 |  |  |  | 816 |  |
| 82 |  | Marketing and trading |  |  | 4,592 |  |  |  | 4,597 |  |  |  | 5,353 |  |  |  | 4,326 |  |  |  | 18,868 |  |  |  | (6,845 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 83 |  | Total purchased power |  |  | 4,957 |  |  |  | 6,337 |  |  |  | 7,315 |  |  |  | 4,549 |  |  |  | 23,158 |  |  |  | (6,029 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 84 |  | Total energy sources |  |  | 11,083 |  |  |  | 12,717 |  |  |  | 15,524 |  |  |  | 11,382 |  |  |  | 50,706 |  |  |  | (7,485 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **POWER PLANT PERFORMANCE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Capacity Factors** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 85 |  | Nuclear |  |  | 71 | % |  |  | 49 | % |  |  | 88 | % |  |  | 75 | % |  |  | 71 | % |  |  | (6 | )% |
| 86 |  | Coal |  |  | 83 | % |  |  | 84 | % |  |  | 94 | % |  |  | 87 | % |  |  | 87 | % |  |  | 0 | % |
| 87 |  | Gas, oil and other |  |  | 18 | % |  |  | 28 | % |  |  | 34 | % |  |  | 22 | % |  |  | 25 | % |  |  | (3 | )% |
| 88 |  | System average |  |  | 46 | % |  |  | 48 | % |  |  | 61 | % |  |  | 50 | % |  |  | 51 | % |  |  | (2 | )% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation Capacity Out of Service and Replaced for Native Load (average MW/day) (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 89 |  | Nuclear |  |  | 306 |  |  |  | 553 |  |  |  | 97 |  |  |  | 267 |  |  |  | 153 |  |  |  | 39 |  |
| 90 |  | Coal |  |  | 257 |  |  |  | 184 |  |  |  | 62 |  |  |  | 155 |  |  |  | 82 |  |  |  | 9 |  |
| 91 |  | Gas |  |  | 201 |  |  |  | 117 |  |  |  | 109 |  |  |  | 286 |  |  |  | 89 |  |  |  | (4 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 92 |  | Total |  |  | 764 |  |  |  | 854 |  |  |  | 268 |  |  |  | 708 |  |  |  | 324 |  |  |  | 44 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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|  |  |  |
| (a) |  | Includes planned and unplanned outages |

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**2006**

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY MARKET INDICATORS (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Electricity Average Daily Spot Prices ($/MWh)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **On-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 93 |  | Palo Verde |  | $ | 53.78 |  |  | $ | 54.63 |  |  | $ | 65.89 |  |  | $ | 52.72 |  |  | $ | 56.76 |  |  | $ | (9.64 | ) |
| 94 |  | SP15 |  | $ | 58.34 |  |  | $ | 55.39 |  |  | $ | 71.89 |  |  | $ | 62.16 |  |  | $ | 61.95 |  |  | $ | (10.99 | ) |
|  |  | **Off-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 95 |  | Palo Verde |  | $ | 41.92 |  |  | $ | 28.38 |  |  | $ | 38.45 |  |  | $ | 39.62 |  |  | $ | 37.09 |  |  | $ | (10.46 | ) |
| 96 |  | SP15 |  | $ | 44.79 |  |  | $ | 27.43 |  |  | $ | 43.94 |  |  | $ | 46.27 |  |  | $ | 40.61 |  |  | $ | (11.45 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **WEATHER INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Actual** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 97 |  | Cooling degree-days |  |  | 43 |  |  |  | 1,740 |  |  |  | 2,455 |  |  |  | 457 |  |  |  | 4,695 |  |  |  | 32 |  |
| 98 |  | Heating degree-days |  |  | 464 |  |  |  | 4 |  |  |  |  |  |  |  | 383 |  |  |  | 851 |  |  |  | 85 |  |
| 99 |  | Average humidity |  |  | 28 | % |  |  | 18 | % |  |  | 33 | % |  |  | 33 | % |  |  | 28 | % |  |  | (6 | )% |
|  |  | **10-Year Averages** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 100 |  | Cooling degree-days |  |  | 97 |  |  |  | 1,557 |  |  |  | 2,544 |  |  |  | 441 |  |  |  | 4,640 |  |  |  |  |  |
| 101 |  | Heating degree-days |  |  | 513 |  |  |  | 31 |  |  |  |  |  |  |  | 296 |  |  |  | 840 |  |  |  |  |  |
| 102 |  | Average humidity |  |  | 42 | % |  |  | 22 | % |  |  | 32 | % |  |  | 38 | % |  |  | 33 | % |  |  | 0 | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ECONOMIC INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Building Permits  Metro Phoenix (b)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 103 |  | Single-family |  |  | 8,716 |  |  |  | 8,883 |  |  |  | 5,969 |  |  |  | 4,408 |  |  |  | 27,976 |  |  |  | (15,282 | ) |
| 104 |  | Multi-family |  |  | 2,887 |  |  |  | 2,976 |  |  |  | 3,215 |  |  |  | 1,029 |  |  |  | 10,107 |  |  |  | 2,329 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 105 |  | Total |  |  | 11,603 |  |  |  | 11,859 |  |  |  | 9,184 |  |  |  | 5,437 |  |  |  | 38,083 |  |  |  | (12,953 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Arizona Job Growth (c)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 106 |  | Payroll job growth (% over prior year) |  |  | 6.2 | % |  |  | 5.3 | % |  |  | 5.1 | % |  |  | 4.9 | % |  |  | 5.4 | % |  |  | 0.0 | % |
| 107 |  | Unemployment rate (%, seasonally adjusted) |  |  | 4.2 | % |  |  | 4.1 | % |  |  | 4.0 | % |  |  | 4.1 | % |  |  | 4.1 | % |  |  | (0.5 | )% |

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Sources: | | |
|  |  | |
| (a) |  | Average of daily prices obtained and used with permission from Dow Jones & Company, Inc. |
|  |  | |
| (b) |  | Arizona Real Estate Center, Arizona State University W.P. Carey College of Business |
|  |  | |
| (c) |  | Arizona Department of Economic Security |

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| See Glossary of Terms. |  | Page 19 of 31 |

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Exhibit 99.5

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter  
2005**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **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 |  |  |  | 10 |  |  |  | 7 |  |  |  | 13 |  |  |  | 39 |  |  |  | (2 | ) |
| 5 |  | El Dorado |  |  | (1 | ) |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (2 | ) |  |  | (35 | ) |
| 6 |  | Parent Company |  |  | 19 |  |  |  | (2 | ) |  |  | 88 |  |  |  | 2 |  |  |  | 107 |  |  |  | 79 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 |  | Income From Continuing Operations |  |  | 30 |  |  |  | 85 |  |  |  | 85 |  |  |  | 24 |  |  |  | 223 |  |  |  | (24 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Income (Loss) From Discontinued Operations  Net of Tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8 |  | Silverhawk |  |  | (7 | ) |  |  | (59 | ) |  |  | 1 |  |  |  | (3 | ) |  |  | (67 | ) |  |  | (55 | ) |
| 9 |  | SunCor |  |  | 1 |  |  |  | 1 |  |  |  | 14 |  |  |  |  |  |  |  | 17 |  |  |  | 13 |  |
| 10 |  | NAC |  |  |  |  |  |  |  |  |  |  | 4 |  |  |  |  |  |  |  | 3 |  |  |  | (1 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 11 |  | Total |  |  | (6 | ) |  |  | (58 | ) |  |  | 19 |  |  |  | (3 | ) |  |  | (47 | ) |  |  | (43 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 12 |  | Net Income |  | $ | 24 |  |  | $ | 27 |  |  | $ | 104 |  |  | $ | 21 |  |  | $ | 176 |  |  | $ | (67 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **EARNINGS PER SHARE BY SUBSIDIARY  DILUTED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 |  | Arizona Public Service |  | $ | 0.30 |  |  | $ | 0.66 |  |  | $ | 0.62 |  |  | $ | 0.19 |  |  | $ | 1.77 |  |  | $ | (0.41 | ) |
| 14 |  | Pinnacle West Energy |  |  | (0.23 | ) |  |  | 0.13 |  |  |  | (0.72 | ) |  |  | (0.06 | ) |  |  | (0.89 | ) |  |  | (0.26 | ) |
| 15 |  | APS Energy Services |  |  | (0.04 | ) |  |  | 0.01 |  |  |  |  |  |  |  | (0.04 | ) |  |  | (0.06 | ) |  |  | (0.09 | ) |
| 16 |  | SunCor |  |  | 0.09 |  |  |  | 0.11 |  |  |  | 0.07 |  |  |  | 0.13 |  |  |  | 0.40 |  |  |  | (0.05 | ) |
| 17 |  | El Dorado |  |  | (0.01 | ) |  |  |  |  |  |  | (0.01 | ) |  |  | (0.01 | ) |  |  | (0.02 | ) |  |  | (0.38 | ) |
| 18 |  | Parent Company |  |  | 0.21 |  |  |  | (0.03 | ) |  |  | 0.90 |  |  |  | 0.03 |  |  |  | 1.11 |  |  |  | 0.81 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 19 |  | Income From Continuing Operations |  |  | 0.32 |  |  |  | 0.88 |  |  |  | 0.86 |  |  |  | 0.24 |  |  |  | 2.31 |  |  |  | (0.38 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Income (Loss) From Discontinued Operations  Net of Tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 20 |  | Silverhawk |  |  | (0.06 | ) |  |  | (0.61 | ) |  |  |  |  |  |  | (0.03 | ) |  |  | (0.69 | ) |  |  | (0.57 | ) |
| 21 |  | SunCor |  |  | 0.01 |  |  |  | 0.01 |  |  |  | 0.15 |  |  |  | 0.01 |  |  |  | 0.17 |  |  |  | 0.13 |  |
| 22 |  | NAC |  |  |  |  |  |  |  |  |  |  | 0.04 |  |  |  |  |  |  |  | 0.03 |  |  |  | (0.02 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 23 |  | Total |  |  | (0.05 | ) |  |  | (0.60 | ) |  |  | 0.19 |  |  |  | (0.02 | ) |  |  | (0.49 | ) |  |  | (0.46 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 24 |  | Net Income |  | $ | 0.27 |  |  | $ | 0.28 |  |  | $ | 1.05 |  |  | $ | 0.22 |  |  | $ | 1.82 |  |  | $ | (0.84 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 25 |  | **BOOK VALUE PER SHARE** |  | $ | 32.50 |  |  | $ | 32.89 |  |  | $ | 35.81 |  |  | $ | 34.58 |  |  | $ | 34.58 |  |  | $ | 2.44 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **COMMON SHARES OUTSTANDING (Thousands)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 26 |  | Average  Diluted |  |  | 92,045 |  |  |  | 96,299 |  |  |  | 98,816 |  |  |  | 99,050 |  |  |  | 96,590 |  |  |  | 5,058 |  |
| 27 |  | End of Period |  |  | 92,103 |  |  |  | 98,442 |  |  |  | 98,881 |  |  |  | 99,057 |  |  |  | 99,057 |  |  |  | 7,264 |  |

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter  
2005**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC OPERATING REVENUES (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 28 |  | Residential |  | $ | 190 |  |  | $ | 268 |  |  | $ | 414 |  |  | $ | 207 |  |  | $ | 1,079 |  |  | $ | 95 |  |
| 29 |  | Business |  |  | 209 |  |  |  | 281 |  |  |  | 308 |  |  |  | 243 |  |  |  | 1,041 |  |  |  | 63 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 30 |  | Total retail |  |  | 399 |  |  |  | 549 |  |  |  | 722 |  |  |  | 450 |  |  |  | 2,120 |  |  |  | 158 |  |
|  |  | **Wholesale revenue on delivered electricity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 31 |  | Traditional contracts |  |  | 3 |  |  |  | 5 |  |  |  | 9 |  |  |  | 6 |  |  |  | 23 |  |  |  | 7 |  |
| 32 |  | Off-system sales |  |  |  |  |  |  | 12 |  |  |  | 8 |  |  |  | 20 |  |  |  | 40 |  |  |  | 40 |  |
| 33 |  | Transmission for others |  |  | 7 |  |  |  | 7 |  |  |  | 7 |  |  |  | 5 |  |  |  | 26 |  |  |  | (6 | ) |
| 34 |  | Other miscellaneous services |  |  | 7 |  |  |  | 7 |  |  |  | 7 |  |  |  | 7 |  |  |  | 28 |  |  |  | 3 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 35 |  | Total regulated operating electricity revenues |  |  | 416 |  |  |  | 580 |  |  |  | 753 |  |  |  | 488 |  |  |  | 2,237 |  |  |  | 202 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 36 |  | Electricity and other commodity sales |  |  | 89 |  |  |  | 71 |  |  |  | 107 |  |  |  | 84 |  |  |  | 352 |  |  |  | (49 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 37 |  | Total operating electric revenues |  | $ | 505 |  |  | $ | 651 |  |  | $ | 860 |  |  | $ | 572 |  |  | $ | 2,589 |  |  | $ | 153 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC SALES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail sales** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 38 |  | Residential |  |  | 2,367 |  |  |  | 2,889 |  |  |  | 4,449 |  |  |  | 2,518 |  |  |  | 12,223 |  |  |  | 696 |  |
| 39 |  | Business |  |  | 3,042 |  |  |  | 3,684 |  |  |  | 4,100 |  |  |  | 3,427 |  |  |  | 14,254 |  |  |  | 428 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 40 |  | Total retail |  |  | 5,409 |  |  |  | 6,573 |  |  |  | 8,549 |  |  |  | 5,945 |  |  |  | 26,477 |  |  |  | 1,124 |  |
|  |  | **Wholesale electricity delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 41 |  | Traditional contracts |  |  | 155 |  |  |  | 200 |  |  |  | 269 |  |  |  | 227 |  |  |  | 850 |  |  |  | 141 |  |
| 42 |  | Off-system sales |  |  |  |  |  |  | 598 |  |  |  | 212 |  |  |  | 526 |  |  |  | 1,336 |  |  |  | 1,336 |  |
| 43 |  | Retail load hedge management |  |  | 750 |  |  |  | 702 |  |  |  | 1,026 |  |  |  | 532 |  |  |  | 3,010 |  |  |  | 278 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 44 |  | Total regulated electricity |  |  | 6,314 |  |  |  | 8,073 |  |  |  | 10,056 |  |  |  | 7,230 |  |  |  | 31,673 |  |  |  | 2,879 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 45 |  | Wholesale sales of electricity |  |  | 6,060 |  |  |  | 5,009 |  |  |  | 7,263 |  |  |  | 5,240 |  |  |  | 23,572 |  |  |  | (6,606 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 46 |  | Total electric sales |  |  | 12,374 |  |  |  | 13,082 |  |  |  | 17,319 |  |  |  | 12,470 |  |  |  | 55,245 |  |  |  | (3,727 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2005**

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **POWER SUPPLY ADJUSTOR (PSA) - - REGULATED ELECTRICITY SEGMENT (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 47 |  | Deferred fuel and purchased power regulatory asset  beginning balance |  | $ |  |  |  | $ |  |  |  | $ | 38 |  |  | $ | 143 |  |  | $ |  |  |  | $ |  |  |
| 48 |  | Deferred fuel and purchased power costs  current period |  |  |  |  |  |  | 38 |  |  |  | 104 |  |  |  | 29 |  |  |  | 171 |  |  |  | 171 |  |
| 49 |  | Regulatory disallowance |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 50 |  | Interest on deferred fuel |  |  |  |  |  |  |  |  |  |  | 1 |  |  |  | 1 |  |  |  | 2 |  |  |  | 2 |  |
| 51 |  | Amounts recovered through revenues |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 52 |  | 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** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 53 |  | Electricity and other commodity sales, realized (a) |  | $ | 12 |  |  | $ | 18 |  |  | $ | 3 |  |  | $ | 23 |  |  | $ | 55 |  |  | $ | (9 | ) |
| 54 |  | Mark-to-market reversals on realized sales (a) (b) |  |  | (3 | ) |  |  | (8 | ) |  |  | 3 |  |  |  | (17 | ) |  |  | (16 | ) |  |  | (11 | ) |
| 55 |  | Change in mark-to-market value of forward sales |  |  | 10 |  |  |  | 3 |  |  |  | 14 |  |  |  | 1 |  |  |  | 20 |  |  |  | (1 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 56 |  | Total gross margin |  | $ | 19 |  |  | $ | 13 |  |  | $ | 20 |  |  | $ | 7 |  |  | $ | 59 |  |  | $ | (21 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **By Pinnacle West Entity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 57 |  | APS |  | $ | (4 | ) |  | $ | 3 |  |  | $ | (8 | ) |  | $ | 3 |  |  | $ | (6 | ) |  | $ | (1 | ) |
| 58 |  | Pinnacle West Marketing & Trading (c) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59 |  | Parent Company (c) |  |  | 21 |  |  |  | 6 |  |  |  | 26 |  |  |  | 6 |  |  |  | 59 |  |  |  | 34 |  |
| 60 |  | APS Energy Services |  |  | (3 | ) |  |  | 4 |  |  |  | 2 |  |  |  | (2 | ) |  |  | 1 |  |  |  | (13 | ) |
| 61 |  | Pinnacle West Energy |  |  | 5 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 5 |  |  |  | (41 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 62 |  | Total gross margin |  | $ | 19 |  |  | $ | 13 |  |  | $ | 20 |  |  | $ | 7 |  |  | $ | 59 |  |  | $ | (21 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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| (a) |  | Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 53 and in line 54 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 53 are included in line 54. For example, line 54 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 53 for the total year 2005. |
|  |  | |
| (b) |  | Quarterly amounts do not total to annual amounts because of intra-year mark-to-market eliminations. |
|  |  | |
| (c) |  | On February 1, 2007, the Parent Company transferred its market based rate tariff and wholesale power sales agreements to a newly-created subsidiary, Pinnacle West Marketing & Trading, which resulted in Pinnacle West no longer being a public utility under the Federal Power Act. As a result, Pinnacle West is no longer subject to FERC jurisdiction in connection with its issuance of securities or its incurrence of long-term debt. |

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**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter  
2005**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **AVERAGE ELECTRIC CUSTOMERS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail customers** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 63 |  | Residential |  |  | 889,967 |  |  |  | 888,509 |  |  |  | 895,789 |  |  |  | 911,623 |  |  |  | 896,472 |  |  |  | 37,403 |  |
| 64 |  | Business |  |  | 109,795 |  |  |  | 110,658 |  |  |  | 111,648 |  |  |  | 112,569 |  |  |  | 111,168 |  |  |  | 4,053 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 65 |  | Total |  |  | 999,762 |  |  |  | 999,167 |  |  |  | 1,007,437 |  |  |  | 1,024,192 |  |  |  | 1,007,640 |  |  |  | 41,456 |  |
| 66 |  | Wholesale customers |  |  | 81 |  |  |  | 76 |  |  |  | 78 |  |  |  | 77 |  |  |  | 78 |  |  |  | (3 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 67 |  | Total customers |  |  | 999,843 |  |  |  | 999,243 |  |  |  | 1,007,515 |  |  |  | 1,024,269 |  |  |  | 1,007,718 |  |  |  | 41,453 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 68 |  | Customer growth (% over prior year) |  |  | 4.0 | % |  |  | 4.2 | % |  |  | 4.5 | % |  |  | 4.5 | % |  |  | 4.3 | % |  |  | 0.6 | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL SALES (GWH) - WEATHER NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 69 |  | Residential |  |  | 2,438 |  |  |  | 2,924 |  |  |  | 4,427 |  |  |  | 2,520 |  |  |  | 12,309 |  |  |  | 573 |  |
| 70 |  | Business |  |  | 3,062 |  |  |  | 3,705 |  |  |  | 4,106 |  |  |  | 3,412 |  |  |  | 14,285 |  |  |  | 412 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 71 |  | Total |  |  | 5,500 |  |  |  | 6,629 |  |  |  | 8,533 |  |  |  | 5,932 |  |  |  | 26,594 |  |  |  | 985 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE (KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 72 |  | Residential |  |  | 2,660 |  |  |  | 3,252 |  |  |  | 4,967 |  |  |  | 2,763 |  |  |  | 13,635 |  |  |  | 217 |  |
| 73 |  | Business |  |  | 27,706 |  |  |  | 33,292 |  |  |  | 36,723 |  |  |  | 30,444 |  |  |  | 128,514 |  |  |  | (878 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE - WEATHER NORMALIZED (KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 74 |  | Residential |  |  | 2,739 |  |  |  | 3,291 |  |  |  | 4,942 |  |  |  | 2,764 |  |  |  | 13,730 |  |  |  | 69 |  |
| 75 |  | Business |  |  | 27,887 |  |  |  | 33,483 |  |  |  | 36,777 |  |  |  | 30,313 |  |  |  | 128,503 |  |  |  | (1,014 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRICITY DEMAND (MW)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 76 |  | System peak demand |  |  | 3,997 |  |  |  | 6,458 |  |  |  | 7,000 |  |  |  | 5,169 |  |  |  | 7,000 |  |  |  | 598 |  |

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**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter  
2005**

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY SOURCES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation production** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 77 |  | Nuclear |  |  | 2,247 |  |  |  | 1,619 |  |  |  | 2,147 |  |  |  | 1,496 |  |  |  | 7,509 |  |  |  | (674 | ) |
| 78 |  | Coal |  |  | 2,940 |  |  |  | 3,088 |  |  |  | 3,574 |  |  |  | 3,458 |  |  |  | 13,060 |  |  |  | 394 |  |
| 79 |  | Gas, oil and other |  |  | 1,128 |  |  |  | 2,129 |  |  |  | 3,064 |  |  |  | 2,114 |  |  |  | 8,435 |  |  |  | 3,107 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 80 |  | Total generation production |  |  | 6,315 |  |  |  | 6,836 |  |  |  | 8,785 |  |  |  | 7,068 |  |  |  | 29,004 |  |  |  | 2,827 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  | **Purchased power** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 81 |  | Firm load |  |  | 586 |  |  |  | 880 |  |  |  | 1,589 |  |  |  | 402 |  |  |  | 3,474 |  |  |  | (851 | ) |
| 82 |  | Marketing and trading |  |  | 5,832 |  |  |  | 5,984 |  |  |  | 7,795 |  |  |  | 6,102 |  |  |  | 25,713 |  |  |  | (4,479 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 83 |  | Total purchased power |  |  | 6,418 |  |  |  | 6,864 |  |  |  | 9,384 |  |  |  | 6,504 |  |  |  | 29,187 |  |  |  | (5,330 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 84 |  | Total energy sources |  |  | 12,733 |  |  |  | 13,700 |  |  |  | 18,169 |  |  |  | 13,572 |  |  |  | 58,191 |  |  |  | (2,503 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **POWER PLANT PERFORMANCE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Capacity Factors** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 85 |  | Nuclear |  |  | 94 | % |  |  | 67 | % |  |  | 88 | % |  |  | 61 | % |  |  | 77 | % |  |  | (7 | )% |
| 86 |  | Coal |  |  | 80 | % |  |  | 83 | % |  |  | 95 | % |  |  | 92 | % |  |  | 87 | % |  |  | 3 | % |
| 87 |  | Gas, oil and other |  |  | 17 | % |  |  | 29 | % |  |  | 39 | % |  |  | 27 | % |  |  | 28 | % |  |  | 9 | % |
| 88 |  | System average |  |  | 49 | % |  |  | 51 | % |  |  | 62 | % |  |  | 50 | % |  |  | 53 | % |  |  | 2 | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation Capacity Out of Service** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **and Replaced for Native Load** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(average MW/day) (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 89 |  | Nuclear |  |  | 52 |  |  |  | 329 |  |  |  | 107 |  |  |  | 419 |  |  |  | 114 |  |  |  | (45 | ) |
| 90 |  | Coal |  |  | 195 |  |  |  | 244 |  |  |  | 47 |  |  |  | 103 |  |  |  | 73 |  |  |  | (55 | ) |
| 91 |  | Gas |  |  | 212 |  |  |  | 164 |  |  |  | 140 |  |  |  | 226 |  |  |  | 93 |  |  |  | 45 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 92 |  | Total |  |  | 459 |  |  |  | 737 |  |  |  | 294 |  |  |  | 748 |  |  |  | 280 |  |  |  | (54 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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|  |  |  |
| (a) |  | Includes planned and unplanned outages |

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| See Glossary of Terms. |  | Page 24 of 31 |

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter  
2005**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY MARKET INDICATORS (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Electricity Average Daily Spot Prices ($/MWh)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **On-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 93 |  | Palo Verde |  | $ | 49.74 |  |  | $ | 53.33 |  |  | $ | 78.94 |  |  | $ | 83.58 |  |  | $ | 66.40 |  |  | $ | 17.10 |  |
| 94 |  | SP15 |  | $ | 55.70 |  |  | $ | 55.19 |  |  | $ | 83.21 |  |  | $ | 97.65 |  |  | $ | 72.94 |  |  | $ | 17.74 |  |
|  |  | **Off-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 95 |  | Palo Verde |  | $ | 37.04 |  |  | $ | 33.03 |  |  | $ | 52.35 |  |  | $ | 67.79 |  |  | $ | 47.55 |  |  | $ | 12.81 |  |
| 96 |  | SP15 |  | $ | 40.96 |  |  | $ | 34.73 |  |  | $ | 56.08 |  |  | $ | 76.45 |  |  | $ | 52.06 |  |  | $ | 13.44 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **WEATHER INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Actual** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 97 |  | Cooling degree-days |  |  | 34 |  |  |  | 1,538 |  |  |  | 2,583 |  |  |  | 508 |  |  |  | 4,663 |  |  |  | (31 | ) |
| 98 |  | Heating degree-days |  |  | 457 |  |  |  | 1 |  |  |  |  |  |  |  | 308 |  |  |  | 766 |  |  |  | (219 | ) |
| 99 |  | Average humidity |  |  | 56 | % |  |  | 20 | % |  |  | 29 | % |  |  | 30 | % |  |  | 34 | % |  |  | 2 | % |
|  |  | **10-Year Averages** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 100 |  | Cooling degree-days |  |  | 97 |  |  |  | 1,557 |  |  |  | 2,544 |  |  |  | 441 |  |  |  | 4,640 |  |  |  |  |  |
| 101 |  | Heating degree-days |  |  | 513 |  |  |  | 31 |  |  |  |  |  |  |  | 296 |  |  |  | 840 |  |  |  |  |  |
| 102 |  | Average humidity |  |  | 42 | % |  |  | 22 | % |  |  | 32 | % |  |  | 38 | % |  |  | 33 | % |  |  | 0 | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ECONOMIC INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Building Permits  Metro Phoenix (b)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 103 |  | Single-family |  |  | 10,356 |  |  |  | 12,013 |  |  |  | 11,577 |  |  |  | 9,312 |  |  |  | 43,258 |  |  |  | (4,859 | ) |
| 104 |  | Multi-family |  |  | 1,741 |  |  |  | 1,645 |  |  |  | 2,360 |  |  |  | 2,032 |  |  |  | 7,778 |  |  |  | 192 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 105 |  | Total |  |  | 12,097 |  |  |  | 13,658 |  |  |  | 13,937 |  |  |  | 11,344 |  |  |  | 51,036 |  |  |  | (4,667 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Arizona Job Growth (c)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 106 |  | Payroll job growth (% over prior year) |  |  | 4.8 | % |  |  | 5.5 | % |  |  | 6.0 | % |  |  | 5.2 | % |  |  | 5.4 | % |  |  | 1.7 | % |
| 107 |  | Unemployment rate (%, seasonally adjusted) |  |  | 4.6 | % |  |  | 4.7 | % |  |  | 4.7 | % |  |  | 4.6 | % |  |  | 4.6 | % |  |  | (0.3 | )% |

Sources:

|  |  |  |
| --- | --- | --- |
| (a) |  | Average of daily prices obtained and used with permission from Dow Jones & Company, Inc. |
|  |  | |
| (b) |  | Arizona Real Estate Center, Arizona State University W.P. Carey College of Business |
|  |  | |
| (c) |  | Arizona Department of Economic Security |

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| See Glossary of Terms. |  | Page 25 of 31 |

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Exhibit 99.6

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2004**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **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 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Income (Loss) From Discontinued Operations  Net of Tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8 |  | Silverhawk |  |  |  |  |  |  | (3 | ) |  |  |  |  |  |  | (8 | ) |  |  | (12 | ) |  |  | (13 | ) |
| 9 |  | SunCor |  |  |  |  |  |  | 1 |  |  |  | 1 |  |  |  | 1 |  |  |  | 4 |  |  |  | (6 | ) |
| 10 |  | NAC |  |  |  |  |  |  | 1 |  |  |  |  |  |  |  | 3 |  |  |  | 4 |  |  |  | (1 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 11 |  | Total |  |  |  |  |  |  | (1 | ) |  |  | 1 |  |  |  | (4 | ) |  |  | (4 | ) |  |  | (20 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 12 |  | Net Income |  | $ | 31 |  |  | $ | 73 |  |  | $ | 105 |  |  | $ | 34 |  |  | $ | 243 |  |  | $ | 2 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **EARNINGS PER SHARE BY SUBSIDIARY  DILUTED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 |  | Arizona Public Service |  | $ | 0.38 |  |  | $ | 0.60 |  |  | $ | 1.04 |  |  | $ | 0.16 |  |  | $ | 2.18 |  |  | $ | 0.20 |  |
| 14 |  | Pinnacle West Energy |  |  | (0.24 | ) |  |  | (0.15 | ) |  |  | 0.01 |  |  |  | (0.25 | ) |  |  | (0.63 | ) |  |  | (0.55 | ) |
| 15 |  | APS Energy Services |  |  | 0.02 |  |  |  | 0.01 |  |  |  | 0.01 |  |  |  | (0.01 | ) |  |  | 0.03 |  |  |  | (0.15 | ) |
| 16 |  | SunCor |  |  | 0.02 |  |  |  | 0.04 |  |  |  | 0.05 |  |  |  | 0.34 |  |  |  | 0.45 |  |  |  | (0.05 | ) |
| 17 |  | El Dorado |  |  |  |  |  |  | 0.37 |  |  |  |  |  |  |  |  |  |  |  | 0.36 |  |  |  | 0.37 |  |
| 18 |  | Parent Company |  |  | 0.15 |  |  |  | (0.06 | ) |  |  | 0.03 |  |  |  | 0.17 |  |  |  | 0.30 |  |  |  | 0.40 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 19 |  | Income From Continuing Operations |  |  | 0.33 |  |  |  | 0.81 |  |  |  | 1.14 |  |  |  | 0.41 |  |  |  | 2.69 |  |  |  | 0.22 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Income (Loss) From Discontinued Operations  Net of Tax |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 20 |  | Silverhawk |  |  |  |  |  |  | (0.03 | ) |  |  |  |  |  |  | (0.09 | ) |  |  | (0.12 | ) |  |  | (0.12 | ) |
| 21 |  | SunCor |  |  | 0.01 |  |  |  |  |  |  |  | 0.01 |  |  |  | 0.02 |  |  |  | 0.04 |  |  |  | (0.07 | ) |
| 22 |  | NAC |  |  |  |  |  |  | 0.01 |  |  |  |  |  |  |  | 0.03 |  |  |  | 0.05 |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 23 |  | Total |  |  | 0.01 |  |  |  | (0.02 | ) |  |  | 0.01 |  |  |  | (0.04 | ) |  |  | (0.03 | ) |  |  | (0.19 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 24 |  | Net Income |  | $ | 0.34 |  |  | $ | 0.79 |  |  | $ | 1.15 |  |  | $ | 0.37 |  |  | $ | 2.66 |  |  | $ | 0.03 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 25 |  | **BOOK VALUE PER SHARE** |  | $ | 31.19 |  |  | $ | 31.68 |  |  | $ | 32.55 |  |  | $ | 32.14 |  |  | $ | 32.14 |  |  | $ | 1.17 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **COMMON SHARES OUTSTANDING (Thousands)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 26 |  | Average  Diluted |  |  | 91,376 |  |  |  | 91,400 |  |  |  | 91,491 |  |  |  | 91,779 |  |  |  | 91,532 |  |  |  | 127 |  |
| 27 |  | End of Period |  |  | 91,310 |  |  |  | 91,309 |  |  |  | 91,443 |  |  |  | 91,793 |  |  |  | 91,793 |  |  |  | 505 |  |

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2004**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC OPERATING REVENUES (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 28 |  | Residential |  | $ | 189 |  |  | $ | 245 |  |  | $ | 360 |  |  | $ | 190 |  |  | $ | 984 |  |  | $ | 27 |  |
| 29 |  | Business |  |  | 211 |  |  |  | 257 |  |  |  | 289 |  |  |  | 221 |  |  |  | 978 |  |  |  | 25 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 30 |  | Total retail |  |  | 400 |  |  |  | 502 |  |  |  | 649 |  |  |  | 411 |  |  |  | 1,962 |  |  |  | 52 |  |
|  |  | **Wholesale revenue on delivered electricity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 31 |  | Traditional contracts |  |  | 3 |  |  |  | 4 |  |  |  | 6 |  |  |  | 3 |  |  |  | 16 |  |  |  | 1 |  |
| 32 |  | Off-system sales |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 33 |  | Transmission for others |  |  | 8 |  |  |  | 8 |  |  |  | 8 |  |  |  | 8 |  |  |  | 32 |  |  |  | 4 |  |
| 34 |  | Other miscellaneous services |  |  | 4 |  |  |  | 6 |  |  |  | 8 |  |  |  | 7 |  |  |  | 25 |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 35 |  | Total regulated operating electricity revenues |  |  | 415 |  |  |  | 520 |  |  |  | 671 |  |  |  | 429 |  |  |  | 2,035 |  |  |  | 57 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 36 |  | Electricity and other commodity sales |  |  | 89 |  |  |  | 110 |  |  |  | 91 |  |  |  | 111 |  |  |  | 401 |  |  |  | 9 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 37 |  | Total operating electric revenues |  | $ | 504 |  |  | $ | 630 |  |  | $ | 762 |  |  | $ | 540 |  |  | $ | 2,436 |  |  | $ | 66 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRIC SALES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **REGULATED ELECTRICITY SEGMENT** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail sales** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 38 |  | Residential |  |  | 2,410 |  |  |  | 2,722 |  |  |  | 4,028 |  |  |  | 2,367 |  |  |  | 11,527 |  |  |  | 380 |  |
| 39 |  | Business |  |  | 3,051 |  |  |  | 3,602 |  |  |  | 3,937 |  |  |  | 3,236 |  |  |  | 13,826 |  |  |  | 411 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 40 |  | Total retail |  |  | 5,461 |  |  |  | 6,324 |  |  |  | 7,965 |  |  |  | 5,603 |  |  |  | 25,353 |  |  |  | 791 |  |
|  |  | **Wholesale electricity delivered** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 41 |  | Traditional contracts |  |  | 138 |  |  |  | 195 |  |  |  | 210 |  |  |  | 166 |  |  |  | 709 |  |  |  | 209 |  |
| 42 |  | Off-system sales |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 43 |  | Retail load hedge management |  |  | 169 |  |  |  | 731 |  |  |  | 943 |  |  |  | 889 |  |  |  | 2,732 |  |  |  | 1,638 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 44 |  | Total regulated electricity |  |  | 5,768 |  |  |  | 7,250 |  |  |  | 9,118 |  |  |  | 6,658 |  |  |  | 28,794 |  |  |  | 2,638 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **MARKETING AND TRADING** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 45 |  | Wholesale sales of electricity |  |  | 5,696 |  |  |  | 7,141 |  |  |  | 8,994 |  |  |  | 8,347 |  |  |  | 30,178 |  |  |  | 1,375 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 46 |  | Total electric sales |  |  | 11,464 |  |  |  | 14,391 |  |  |  | 18,112 |  |  |  | 15,005 |  |  |  | 58,972 |  |  |  | 4,013 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2004**

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **POWER SUPPLY ADJUSTOR (PSA)  REGULATED ELECTRICITY SEGMENT (Dollars in Millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 47 |  | Deferred fuel and purchased power regulatory asset  beginning balance |  | $ |  |  |  | $ |  |  |  | $ |  |  |  | $ |  |  |  | $ |  |  |  | $ |  |  |
| 48 |  | Deferred fuel and purchased power costs  current period |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 49 |  | Regulatory disallowance |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 50 |  | Interest on deferred fuel |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 51 |  | Amounts recovered through revenues |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 52 |  | 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** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 53 |  | Electricity and other commodity sales, realized (a) |  | $ | 12 |  |  | $ | 21 |  |  | $ | 16 |  |  | $ | 15 |  |  | $ | 64 |  |  | $ | (1 | ) |
| 54 |  | Mark-to-market reversals on realized sales (a) (b) |  |  | 1 |  |  |  | (4 | ) |  |  | (3 | ) |  |  | (1 | ) |  |  | (5 | ) |  |  | 6 |  |
| 55 |  | Change in mark-to-market value of forward sales |  |  | 8 |  |  |  | 4 |  |  |  | 8 |  |  |  | 3 |  |  |  | 21 |  |  |  | 28 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 56 |  | Total gross margin |  | $ | 21 |  |  | $ | 21 |  |  | $ | 21 |  |  | $ | 17 |  |  | $ | 80 |  |  | $ | 33 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **By Pinnacle West Entity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 57 |  | APS |  | $ | (5 | ) |  | $ |  |  |  | $ | 2 |  |  | $ | (2 | ) |  | $ | (5 | ) |  | $ | (13 | ) |
| 58 |  | Pinnacle West Marketing & Trading (c) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 59 |  | Parent Company (c) |  |  | 12 |  |  |  | 6 |  |  |  | 5 |  |  |  | 1 |  |  |  | 25 |  |  |  | 30 |  |
| 60 |  | APS Energy Services |  |  | 4 |  |  |  | 4 |  |  |  | 4 |  |  |  | 2 |  |  |  | 14 |  |  |  | (22 | ) |
| 61 |  | Pinnacle West Energy |  |  | 10 |  |  |  | 11 |  |  |  | 10 |  |  |  | 16 |  |  |  | 46 |  |  |  | 38 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 62 |  | Total gross margin |  | $ | 21 |  |  | $ | 21 |  |  | $ | 21 |  |  | $ | 17 |  |  | $ | 80 |  |  | $ | 33 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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| (a) |  | Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 53 and in line 54 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not earnings recognition. The opposites of amounts included in line 53 are included in line 54. For example, line 54 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 53 for the total year 2004. |
|  |  | |
| (b) |  | Quarterly amounts do not total to annual amounts because of intra-year mark-to-market eliminations. |
|  |  | |
| (c) |  | On February 1, 2007, the Parent Company transferred its market based rate tariff and wholesale power sales agreements to a newly-created subsidiary, Pinnacle West Marketing & Trading, which resulted in Pinnacle West no longer being a public utility under the Federal Power Act. As a result, Pinnacle West is no longer subject to FERC jurisdiction in connection with its issuance of securities or its incurrence of long-term debt. |

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**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2004**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **AVERAGE ELECTRIC CUSTOMERS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Retail customers** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 63 |  | Residential |  |  | 855,754 |  |  |  | 852,594 |  |  |  | 856,353 |  |  |  | 871,575 |  |  |  | 859,069 |  |  |  | 30,703 |  |
| 64 |  | Business |  |  | 105,502 |  |  |  | 106,517 |  |  |  | 107,583 |  |  |  | 108,860 |  |  |  | 107,115 |  |  |  | 4,019 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 65 |  | Total |  |  | 961,256 |  |  |  | 959,111 |  |  |  | 963,936 |  |  |  | 980,435 |  |  |  | 966,184 |  |  |  | 34,722 |  |
| 66 |  | Wholesale customers |  |  | 81 |  |  |  | 82 |  |  |  | 85 |  |  |  | 77 |  |  |  | 81 |  |  |  | 15 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 67 |  | Total customers |  |  | 961,337 |  |  |  | 959,193 |  |  |  | 964,021 |  |  |  | 980,512 |  |  |  | 966,265 |  |  |  | 34,737 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 68 |  | Customer growth (% over prior year) |  |  | 3.4 | % |  |  | 3.8 | % |  |  | 3.9 | % |  |  | 3.9 | % |  |  | 3.7 | % |  |  | 0.4 | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL SALES (GWH) - WEATHER NORMALIZED** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 69 |  | Residential |  |  | 2,365 |  |  |  | 2,818 |  |  |  | 4,215 |  |  |  | 2,338 |  |  |  | 11,736 |  |  |  | 804 |  |
| 70 |  | Business |  |  | 2,990 |  |  |  | 3,623 |  |  |  | 4,033 |  |  |  | 3,226 |  |  |  | 13,873 |  |  |  | 470 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 71 |  | Total |  |  | 5,355 |  |  |  | 6,441 |  |  |  | 8,248 |  |  |  | 5,564 |  |  |  | 25,609 |  |  |  | 1,274 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE (KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 72 |  | Residential |  |  | 2,816 |  |  |  | 3,193 |  |  |  | 4,704 |  |  |  | 2,717 |  |  |  | 13,418 |  |  |  | (39 | ) |
| 73 |  | Business |  |  | 28,919 |  |  |  | 33,816 |  |  |  | 36,595 |  |  |  | 29,726 |  |  |  | 129,392 |  |  |  | (1,137 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **RETAIL USAGE - WEATHER NORMALIZED (KWh/Average Customer)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 74 |  | Residential |  |  | 2,764 |  |  |  | 3,305 |  |  |  | 4,922 |  |  |  | 2,682 |  |  |  | 13,661 |  |  |  | 464 |  |
| 75 |  | Business |  |  | 28,345 |  |  |  | 34,018 |  |  |  | 37,489 |  |  |  | 29,636 |  |  |  | 129,517 |  |  |  | (485 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ELECTRICITY DEMAND (MW)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 76 |  | System peak demand |  |  | 3,979 |  |  |  | 5,632 |  |  |  | 6,402 |  |  |  | 4,432 |  |  |  | 6,402 |  |  |  | 70 |  |

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**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2004**

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY SOURCES (GWH)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation production** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 77 |  | Nuclear |  |  | 2,148 |  |  |  | 1,860 |  |  |  | 2,364 |  |  |  | 1,811 |  |  |  | 8,183 |  |  |  | (132 | ) |
| 78 |  | Coal |  |  | 2,887 |  |  |  | 3,035 |  |  |  | 3,417 |  |  |  | 3,327 |  |  |  | 12,666 |  |  |  | 1,299 |  |
| 79 |  | Gas, oil and other |  |  | 367 |  |  |  | 1,339 |  |  |  | 2,547 |  |  |  | 1,075 |  |  |  | 5,328 |  |  |  | (763 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 80 |  | Total generation production |  |  | 5,402 |  |  |  | 6,234 |  |  |  | 8,328 |  |  |  | 6,213 |  |  |  | 26,177 |  |  |  | 404 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  | **Purchased power** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 81 |  | Firm load |  |  | 701 |  |  |  | 1,532 |  |  |  | 1,068 |  |  |  | 1,024 |  |  |  | 4,325 |  |  |  | 1,214 |  |
| 82 |  | Marketing and trading |  |  | 5,506 |  |  |  | 7,167 |  |  |  | 9,301 |  |  |  | 8,218 |  |  |  | 30,192 |  |  |  | 2,442 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 83 |  | Total purchased power |  |  | 6,207 |  |  |  | 8,699 |  |  |  | 10,369 |  |  |  | 9,242 |  |  |  | 34,517 |  |  |  | 3,656 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 84 |  | Total energy sources |  |  | 11,609 |  |  |  | 14,933 |  |  |  | 18,697 |  |  |  | 15,455 |  |  |  | 60,694 |  |  |  | 4,060 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **POWER PLANT PERFORMANCE** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Capacity Factors** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 85 |  | Nuclear |  |  | 88 | % |  |  | 76 | % |  |  | 96 | % |  |  | 74 | % |  |  | 84 | % |  |  | (3 | )% |
| 86 |  | Coal |  |  | 77 | % |  |  | 81 | % |  |  | 90 | % |  |  | 88 | % |  |  | 84 | % |  |  | 8 | % |
| 87 |  | Gas, oil and other |  |  | 5 | % |  |  | 20 | % |  |  | 38 | % |  |  | 17 | % |  |  | 19 | % |  |  | (8 | )% |
| 88 |  | System average |  |  | 44 | % |  |  | 49 | % |  |  | 64 | % |  |  | 48 | % |  |  | 51 | % |  |  | (3 | )% |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Generation Capacity Out of Service and Replaced for Native Load (average MW/day) (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 89 |  | Nuclear |  |  | 132 |  |  |  | 231 |  |  |  | 13 |  |  |  | 261 |  |  |  | 159 |  |  |  | 28 |  |
| 90 |  | Coal |  |  | 237 |  |  |  | 153 |  |  |  | 63 |  |  |  | 61 |  |  |  | 128 |  |  |  | (140 | ) |
| 91 |  | Gas |  |  | 71 |  |  |  | 46 |  |  |  | 39 |  |  |  | 34 |  |  |  | 48 |  |  |  | (160 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 92 |  | Total |  |  | 440 |  |  |  | 430 |  |  |  | 115 |  |  |  | 356 |  |  |  | 334 |  |  |  | (272 | ) |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

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| --- | --- | --- |
|  |  |  |
| (a) |  | Includes planned and unplanned outages |

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| See Glossary of Terms. |  | Page 30 of 31 |

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|  |  | Last Updated |  | 7/26/2007 |

**Pinnacle West Capital Corporation**

**Consolidated Statistics By Quarter**

**2004**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Increase** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Decrease)** | |  |
| Line |  |  |  | **1st Qtr** | |  |  | **2nd Qtr** | |  |  | **3rd Qtr** | |  |  | **4th Qtr** | |  |  | **Year-To-Date** | |  |  | **vs Prior YTD** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ENERGY MARKET INDICATORS (a)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Electricity Average Daily Spot Prices ($/MWh)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **On-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 93 |  | Palo Verde |  | $ | 43.73 |  |  | $ | 50.36 |  |  | $ | 51.86 |  |  | $ | 51.23 |  |  | $ | 49.30 |  |  | $ | 0.70 |  |
| 94 |  | SP15 |  | $ | 48.37 |  |  | $ | 54.73 |  |  | $ | 57.09 |  |  | $ | 60.62 |  |  | $ | 55.20 |  |  | $ | 3.82 |  |
|  |  | **Off-Peak** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 95 |  | Palo Verde |  | $ | 33.66 |  |  | $ | 33.74 |  |  | $ | 33.37 |  |  | $ | 38.21 |  |  | $ | 34.75 |  |  | $ | 2.72 |  |
| 96 |  | SP15 |  | $ | 36.90 |  |  | $ | 37.32 |  |  | $ | 37.18 |  |  | $ | 43.07 |  |  | $ | 38.62 |  |  | $ | 3.96 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **WEATHER INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Actual** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 97 |  | Cooling degree-days |  |  | 273 |  |  |  | 1,598 |  |  |  | 2,471 |  |  |  | 352 |  |  |  | 4,694 |  |  |  | (205 | ) |
| 98 |  | Heating degree-days |  |  | 552 |  |  |  | 11 |  |  |  |  |  |  |  | 422 |  |  |  | 985 |  |  |  | 249 |  |
| 99 |  | Average humidity |  |  | 39 | % |  |  | 19 | % |  |  | 26 | % |  |  | 45 | % |  |  | 32 | % |  |  | 1 | % |
|  |  | **10-Year Averages** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 100 |  | Cooling degree-days |  |  | 97 |  |  |  | 1,557 |  |  |  | 2,544 |  |  |  | 441 |  |  |  | 4,640 |  |  |  |  |  |
| 101 |  | Heating degree-days |  |  | 513 |  |  |  | 31 |  |  |  |  |  |  |  | 296 |  |  |  | 840 |  |  |  |  |  |
| 102 |  | Average humidity |  |  | 42 | % |  |  | 22 | % |  |  | 32 | % |  |  | 38 | % |  |  | 33 | % |  |  | 0 | % |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **ECONOMIC INDICATORS** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Building Permits  Metro Phoenix (b)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 103 |  | Single-family |  |  | 10,045 |  |  |  | 13,636 |  |  |  | 14,111 |  |  |  | 10,325 |  |  |  | 48,117 |  |  |  | 8,466 |  |
| 104 |  | Multi-family |  |  | 1,757 |  |  |  | 1,324 |  |  |  | 2,149 |  |  |  | 2,356 |  |  |  | 7,586 |  |  |  | 859 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| 105 |  | Total |  |  | 11,802 |  |  |  | 14,960 |  |  |  | 16,260 |  |  |  | 12,681 |  |  |  | 55,703 |  |  |  | 9,325 |  |
|  |  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Arizona Job Growth (c)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 106 |  | Payroll job growth (% over prior year) |  |  | 2.6 | % |  |  | 3.4 | % |  |  | 4.0 | % |  |  | 4.6 | % |  |  | 3.7 | % |  |  | 2.3 | % |
| 107 |  | Unemployment rate (%, seasonally adjusted) |  |  | 5.2 | % |  |  | 5.0 | % |  |  | 4.9 | % |  |  | 4.6 | % |  |  | 4.9 | % |  |  | (0.8 | )% |

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Sources: | | |
|  |  | |
| (a) |  | Average of daily prices obtained and used with permission from Dow Jones & Company, Inc. |
|  |  | |
| (b) |  | Arizona Real Estate Center, Arizona State University W.P. Carey College of Business |
|  |  | |
| (c) |  | Arizona Department of Economic Security |

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| See Glossary of Terms. |  | Page 31 of 31 |

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Exhibit 99.7

LAST UPDATED  
7/26/07

**Pinnacle West Capital Corporation**

**Earnings Variance Explanations**

**For the Three-Month and Six-Month Periods Ended June 30, 2007 and 2006**

     This discussion explains the changes in our consolidated net income for the three-month and six-month periods ended June 30, 2007 and 2006. Unaudited Condensed Consolidated Statements of Income for the three months and six months ended June 30, 2007 and 2006 follow this discussion. We will file our Quarterly Report on Form 10-Q for the fiscal period ended June 30, 2007 on or before August 9, 2007. We suggest that this discussion be read in connection with the Pinnacle West Capital Corporation (Pinnacle West) Annual Report on Form 10-K for the fiscal year ended December 31, 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. |

     The following table summarizes income from continuing operations by segment for the three months and six months ended June 30, 2007 and 2006 and reconciles net income in total (dollars in millions):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Three Months Ended | | | | | |  |  | Six Months Ended | | | | | |  |
|  |  | June 30, | | | | | |  |  | June 30, | | | | | |  |
|  |  | 2007 | |  |  | 2006 | |  |  | 2007 | |  |  | 2006 | |  |
| Regulated electricity |  | $ | 71 |  |  | $ | 95 |  |  | $ | 74 |  |  | $ | 82 |  |
| Real estate |  |  |  |  |  |  | 8 |  |  |  | 8 |  |  |  | 30 |  |
| Other (a) |  |  | 8 |  |  |  | 8 |  |  |  | 12 |  |  |  | 10 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Income from continuing operations |  |  | 79 |  |  |  | 111 |  |  |  | 94 |  |  |  | 122 |  |
| Discontinued operations  net of tax (b) |  |  |  |  |  |  | 1 |  |  |  | 2 |  |  |  | 3 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Net income |  | $ | 79 |  |  | $ | 112 |  |  | $ | 96 |  |  | $ | 125 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

|  |  |  |
| --- | --- | --- |
|  |  |  |
| (a) |  | Primarily marketing and trading activity. |
|  |  | |
| (b) |  | Primarily relates to sales of commercial properties. |

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**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, 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. 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 its June 28, 2007 general rate case order, the ACC modified the PSA in various respects, effective July 1, 2007. In accordance with the modified PSA, APS continues to defer 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, excluding certain costs. APS recovers PSA deferrals from its customers through the PSA, which is adjusted annually. See APS General Rate Case and Power Supply Adjustor in Item 8.01 of the Pinnacle West/APS Report on Form 8-K filed with the Securities and Exchange Commission on June 20, 2007 for additional information about the ACC order and the PSA modifications.

     The balance of APS PSA accumulated unrecovered deferrals at June 30, 2007 was approximately $137 million. APS expects to recover these deferrals through a combination of the PSA adjustor that took effect on February 1, 2007 and the temporary PSA surcharge discussed in the following paragraph. The recovery of PSA deferrals recorded as revenue is offset dollar-for-dollar by the amortization of those deferred expenses recorded as fuel and purchased power.

     APS recorded PSA deferrals of (a) $45 million related to replacement power costs in 2005 associated with Palo Verde outages (the 2005 Deferrals) and (b) $79 million related to replacement power costs in 2006 associated with outages or reduced power operations at Palo Verde (the 2006 Deferrals). In its June 28, 2007 order, the ACC (a) disallowed approximately $14 million, including accrued interest ($8 million after income taxes), of the 2005 Deferrals and (b) approved APS recovery of the balance of the 2005 Deferrals (approximately $34 million, including accrued interest) through a temporary PSA surcharge over a twelve-month period effective July 1, 2007. The ACCs prudence review of 2006 Palo Verde outage costs has not yet been completed. APS believes the 2006 Deferrals were prudently incurred and, therefore, are recoverable.

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**Operating Results  Three-month period ended June 30, 2007 compared with three-month period ended June 30, 2006**

     Our consolidated net income for the three months ended June 30, 2007 was $79 million compared with $112 million for the comparable prior-year period. Net income decreased $33 million in the period-to-period comparison, reflecting the following changes in earnings by segment:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **** |  | Regulated Electricity Segment  Net income decreased approximately $24 million primarily due to income tax credits related to prior years resolved in 2006; a regulatory disallowance (see Deferred Fuel and Purchased Power Costs above); higher operations and maintenance expense related to fossil generation costs; the effects of weather on retail sales; and higher interest expense, net of capitalized financing costs, due to higher debt balances and rates. These negative factors were partially offset by higher retail sales primarily due to customer growth. In addition, higher fuel and purchased power costs were partially offset by the deferral of such costs in accordance with the PSA. See Deferred Fuel and Purchased Power Costs above. |
|  |  | | |
|  | **** |  | Real Estate Segment  Net income decreased approximately $9 million primarily due to lower sales of residential property due to a slowdown in the western United States residential real estate markets. |

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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 due to increased prices |  | $ | (27 | ) |  | $ | (16 | ) |
| Increased deferred fuel and purchased power costs |  |  | 26 |  |  |  | 16 |  |
| Regulatory disallowance (see Deferred Fuel and Purchased Power Costs above) |  |  | (14 | ) |  |  | (8 | ) |
| Effects of weather on retail sales |  |  | (7 | ) |  |  | (4 | ) |
| Higher retail sales primarily due to customer growth and usage patterns, excluding weather effects |  |  | 10 |  |  |  | 6 |  |
| Miscellaneous items, net |  |  | 4 |  |  |  | 1 |  |
|  |  |  | |  |  |  | |  |
| Net decrease in regulated electricity segment gross margin |  |  | (8 | ) |  |  | (5 | ) |
| Lower real estate segment contribution primarily due to decreased sales of residential property |  |  | (15 | ) |  |  | (9 | ) |
| Operations and maintenance increases primarily due to: |  |  |  |  |  |  |  |  |
| Generation costs, including greater fossil power plant maintenance outages |  |  | (8 | ) |  |  | (5 | ) |
| Miscellaneous items, net |  |  | (1 | ) |  |  | (1 | ) |
| Higher depreciation and amortization primarily due to increased plant balances |  |  | (4 | ) |  |  | (2 | ) |
| Lower other income, net of expense, primarily due to miscellaneous asset sales in the prior-year period |  |  | (4 | ) |  |  | (2 | ) |
| Higher interest expense, net of capitalized financing costs, primarily due to higher debt balances and rates |  |  | (5 | ) |  |  | (3 | ) |
| Income tax credits related to prior years resolved in 2006 |  |  |  |  |  |  | (10 | ) |
| Other miscellaneous items, net |  |  | 2 |  |  |  | 4 |  |
|  |  |  | |  |  |  | |  |
| Net decrease in net income |  | $ | (43 | ) |  | $ | (33 | ) |
|  |  |  | |  |  |  | |  |

**Regulated Electricity Segment Revenues**

     Regulated electricity segment revenues were $1 million lower for the three months ended June 30, 2007 compared with the prior-year period primarily as a result of:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **** |  | a $12 million decrease in Off-System Sales due to lower prices; |
|  |  | | |
|  | **** |  | a $9 million decrease in retail revenues due to weather; |
|  |  | | |
|  | **** |  | a $13 million increase in retail revenues primarily related to customer growth and usage patterns, excluding weather effects; and |
|  |  | | |
|  | **** |  | a $7 million increase due to miscellaneous factors. |

**Real Estate Segment Revenues**

     Real estate segment revenues were $64 million lower for the three months ended June 30, 2007 compared with the prior-year period primarily as a result of:

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|  |  |  |  |
| --- | --- | --- | --- |
|  | **** |  | a $56 million decrease in residential property sales due to a slowdown in the western United States residential real estate markets; |
|  |  | | |
|  | **** |  | a $4 million decrease in revenue primarily due to the timing of land parcel sales; and |
|  |  | | |
|  | **** |  | a $4 million decrease due to miscellaneous factors. |

**Operating Results  Six-month period ended June 30, 2007 compared with six-month period ended June 30, 2006**

     Our consolidated net income for the six months ended June 30, 2007 was $96 million compared with $125 million for the comparable prior-year period. Net income decreased $29 million in the period-to-period comparison, primarily reflecting the following changes in earnings by segment:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **** |  | Regulated Electricity Segment  Net income decreased approximately $8 million primarily due to income tax credits related to prior years resolved in 2006; a regulatory disallowance (see Deferred Fuel and Purchased Power Costs above); higher interest expense, net of capitalized financing costs, due to higher debt balances; lower other income, net of expense, primarily due to miscellaneous asset sales in the prior-year period and decreased interest income; and higher depreciation and amortization expense primarily due to increased plant asset balances. The negative factors were partially offset by higher retail sales primarily due to customer growth and the effects of weather on retail sales. In addition, higher fuel and purchased power costs were partially offset by the deferral of such costs in accordance with the PSA. See Deferred Fuel and Purchased Power Costs above. |
|  |  | | |
|  | **** |  | Real Estate Segment  Net income decreased approximately $22 million primarily due to lower sales of residential property due to a slowdown in the western United States residential real estate markets and the timing of land parcel sales. |

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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 due to increased prices |  | $ | (42 | ) |  | $ | (26 | ) |
| Increased deferred fuel and purchased power costs |  |  | 38 |  |  |  | 23 |  |
| Regulatory disallowance (see Deferred Fuel and Purchased Power Costs above) |  |  | (14 | ) |  |  | (8 | ) |
| Effects of weather on retail sales |  |  | 6 |  |  |  | 4 |  |
| Higher retail sales primarily due to customer growth and usage patterns, excluding weather effects |  |  | 20 |  |  |  | 12 |  |
| Miscellaneous items, net |  |  | 8 |  |  |  | 5 |  |
|  |  |  | |  |  |  | |  |
| Net increase in regulated electricity segment gross margin |  |  | 16 |  |  |  | 10 |  |
| Lower real estate segment contribution primarily due to decreased sales of residential property and land parcels |  |  | (36 | ) |  |  | (22 | ) |
| Higher depreciation and amortization primarily due to increased plant asset balances |  |  | (6 | ) |  |  | (4 | ) |
| Lower other income, net of expense, primarily due to miscellaneous asset sales in the prior-year period and decreased interest income |  |  | (6 | ) |  |  | (4 | ) |
| Higher interest expense, net of capitalized financing costs, primarily due to higher debt balances and rates |  |  | (7 | ) |  |  | (4 | ) |
| Income tax credits related to prior years resolved in 2006 |  |  |  |  |  |  | (10 | ) |
| Other miscellaneous items, net |  |  | 2 |  |  |  | 5 |  |
|  |  |  | |  |  |  | |  |
| Net decrease in net income |  | $ | (37 | ) |  | $ | (29 | ) |
|  |  |  | |  |  |  | |  |

**Regulated Electricity Segment Revenues**

     Regulated electricity segment revenues were $68 million higher for the six months ended June 30, 2007 compared with the prior-year period primarily as a result of:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **** |  | a $48 million increase in retail 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 $26 million increase in retail revenues primarily related to customer growth and usage patterns, excluding weather effects; |
|  |  | | |
|  | **** |  | a $9 million increase in retail revenues due to weather; |
|  |  | | |
|  | **** |  | a $17 million decrease in Off-System Sales due to lower prices; and |
|  |  | | |
|  | **** |  | a $2 million increase due to miscellaneous factors. |

6

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**Real Estate Segment Revenues**

     Real estate segment revenues were $95 million lower for the six months ended June 30, 2007 compared with the prior-year period primarily as a result of:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **** |  | a $76 million decrease in residential property sales due to a slowdown in the western United States residential real estate markets; and |
|  |  | | |
|  | **** |  | a $19 million decrease in revenue primarily due to the timing of land parcel sales. |

**Other Revenues**

     Marketing and trading revenues were $10 million lower for the six months ended June 30, 2007 compared with the prior-year period primarily as a result of:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **** |  | a $12 million decrease from lower competitive retail sales volumes in California; and |
|  |  | | |
|  | **** |  | a $2 million increase due to miscellaneous factors. |

7

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**PINNACLE WEST CAPITAL CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(unaudited)  
(in thousands, except per share amounts)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | THREE MONTHS ENDED | | | | | |  |  |  | | | | | |  |  |  |
|  |  | JUNE 30, | | | | | |  |  | Increase (Decrease) | | | | | |  |  |  |
|  |  | 2007 | |  |  | 2006 | |  |  | Amount | |  |  | Percent | |  |  |  |
| **Operating Revenues** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Regulated electricity segment |  | $ | 711,293 |  |  | $ | 712,718 |  |  | $ | (1,425 | ) |  |  | 0.2 | % |  | W |
| Real estate segment |  |  | 48,352 |  |  |  | 112,603 |  |  |  | (64,251 | ) |  |  | 57.1 | % |  | W |
| Marketing and trading |  |  | 92,637 |  |  |  | 89,925 |  |  |  | 2,712 |  |  |  | 3.0 | % |  | B |
| Other revenues |  |  | 11,153 |  |  |  | 9,782 |  |  |  | 1,371 |  |  |  | 14.0 | % |  | B |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
| Total |  |  | 863,435 |  |  |  | 925,028 |  |  |  | (61,593 | ) |  |  | 6.7 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Expenses** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Regulated electricity segment fuel and purchased power |  |  | 270,337 |  |  |  | 263,944 |  |  |  | 6,393 |  |  |  | 2.4 | % |  | W |
| Real estate segment operations |  |  | 46,174 |  |  |  | 98,412 |  |  |  | (52,238 | ) |  |  | 53.1 | % |  | B |
| Marketing and trading fuel and purchased power |  |  | 74,533 |  |  |  | 72,716 |  |  |  | 1,817 |  |  |  | 2.5 | % |  | W |
| Operations and maintenance |  |  | 177,310 |  |  |  | 168,332 |  |  |  | 8,978 |  |  |  | 5.3 | % |  | W |
| Depreciation and amortization |  |  | 92,835 |  |  |  | 89,297 |  |  |  | 3,538 |  |  |  | 4.0 | % |  | W |
| Taxes other than income taxes |  |  | 34,757 |  |  |  | 32,700 |  |  |  | 2,057 |  |  |  | 6.3 | % |  | W |
| Other expenses |  |  | 8,803 |  |  |  | 8,430 |  |  |  | 373 |  |  |  | 4.4 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
| Total |  |  | 704,749 |  |  |  | 733,831 |  |  |  | (29,082 | ) |  |  | 4.0 | % |  | B |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Income** |  |  | 158,686 |  |  |  | 191,197 |  |  |  | (32,511 | ) |  |  | 17.0 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Other** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Allowance for equity funds used during construction |  |  | 5,195 |  |  |  | 3,633 |  |  |  | 1,562 |  |  |  | 43.0 | % |  | B |
| Other income |  |  | 5,869 |  |  |  | 12,022 |  |  |  | (6,153 | ) |  |  | 51.2 | % |  | W |
| Other expense |  |  | (3,269 | ) |  |  | (5,815 | ) |  |  | 2,546 |  |  |  | 43.8 | % |  | B |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
| Total |  |  | 7,795 |  |  |  | 9,840 |  |  |  | (2,045 | ) |  |  | 20.8 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Interest Expense** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest charges |  |  | 52,967 |  |  |  | 45,882 |  |  |  | 7,085 |  |  |  | 15.4 | % |  | W |
| Capitalized interest |  |  | (5,213 | ) |  |  | (4,959 | ) |  |  | (254 | ) |  |  | 5.1 | % |  | B |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
| Total |  |  | 47,754 |  |  |  | 40,923 |  |  |  | 6,831 |  |  |  | 16.7 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Continuing Operations Before Income Taxes** |  |  | 118,727 |  |  |  | 160,114 |  |  |  | (41,387 | ) |  |  | 25.8 | % |  | W |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income Taxes** |  |  | 40,231 |  |  |  | 49,271 |  |  |  | (9,040 | ) |  |  | 18.3 | % |  | B |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Continuing Operations** |  |  | 78,496 |  |  |  | 110,843 |  |  |  | (32,347 | ) |  |  | 29.2 | % |  | W |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Discontinued Operations Net of Income Taxes** |  |  | 498 |  |  |  | 1,311 |  |  |  | (813 | ) |  |  | 62.0 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net Income** |  | $ | 78,994 |  |  | $ | 112,154 |  |  | $ | (33,160 | ) |  |  | 29.6 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Weighted-Average Common Shares Outstanding  Basic** |  |  | 100,229 |  |  |  | 99,221 |  |  |  | 1,008 |  |  |  | 1.0 | % |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Weighted-Average Common Shares Outstanding  Diluted** |  |  | 100,779 |  |  |  | 99,640 |  |  |  | 1,139 |  |  |  | 1.1 | % |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Earnings Per Weighted-Average Common Share Outstanding** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income from continuing operations  basic |  | $ | 0.78 |  |  | $ | 1.12 |  |  | $ | (0.34 | ) |  |  | 30.4 | % |  | W |
| Net income  basic |  | $ | 0.79 |  |  | $ | 1.13 |  |  | $ | (0.34 | ) |  |  | 30.1 | % |  | W |
| Income from continuing operations  diluted |  | $ | 0.78 |  |  | $ | 1.11 |  |  | $ | (0.33 | ) |  |  | 29.7 | % |  | W |
| Net income  diluted |  | $ | 0.78 |  |  | $ | 1.13 |  |  | $ | (0.35 | ) |  |  | 31.0 | % |  | W |

B  Better  
W  Worse

##### 

**PINNACLE WEST CAPITAL CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(unaudited)  
(in thousands, except per share amounts)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | SIX MONTHS ENDED | | | | | |  |  |  | | | | | |  |  |  |
|  |  | JUNE 30, | | | | | |  |  | Increase (Decrease) | | | | | |  |  |  |
|  |  | 2007 | |  |  | 2006 | |  |  | Amount | |  |  | Percent | |  |  |  |
| **Operating Revenues** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Regulated electricity segment |  | $ | 1,247,344 |  |  | $ | 1,178,844 |  |  | $ | 68,500 |  |  |  | 5.8 | % |  | B |
| Real estate segment |  |  | 125,602 |  |  |  | 220,457 |  |  |  | (94,855 | ) |  |  | 43.0 | % |  | W |
| Marketing and trading |  |  | 165,108 |  |  |  | 174,927 |  |  |  | (9,819 | ) |  |  | 5.6 | % |  | W |
| Other revenues |  |  | 20,516 |  |  |  | 21,006 |  |  |  | (490 | ) |  |  | 2.3 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
| Total |  |  | 1,558,570 |  |  |  | 1,595,234 |  |  |  | (36,664 | ) |  |  | 2.3 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Expenses** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Regulated electricity segment fuel and purchased power |  |  | 473,690 |  |  |  | 421,339 |  |  |  | 52,351 |  |  |  | 12.4 | % |  | W |
| Real estate segment operations |  |  | 107,617 |  |  |  | 169,742 |  |  |  | (62,125 | ) |  |  | 36.6 | % |  | B |
| Marketing and trading fuel and purchased power |  |  | 132,477 |  |  |  | 146,891 |  |  |  | (14,414 | ) |  |  | 9.8 | % |  | B |
| Operations and maintenance |  |  | 348,888 |  |  |  | 346,759 |  |  |  | 2,129 |  |  |  | 0.6 | % |  | W |
| Depreciation and amortization |  |  | 182,456 |  |  |  | 176,918 |  |  |  | 5,538 |  |  |  | 3.1 | % |  | W |
| Taxes other than income taxes |  |  | 69,476 |  |  |  | 68,273 |  |  |  | 1,203 |  |  |  | 1.8 | % |  | W |
| Other expenses |  |  | 17,291 |  |  |  | 16,952 |  |  |  | 339 |  |  |  | 2.0 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
| Total |  |  | 1,331,895 |  |  |  | 1,346,874 |  |  |  | (14,979 | ) |  |  | 1.1 | % |  | B |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Income** |  |  | 226,675 |  |  |  | 248,360 |  |  |  | (21,685 | ) |  |  | 8.7 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Other** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Allowance for equity funds used during construction |  |  | 9,639 |  |  |  | 7,434 |  |  |  | 2,205 |  |  |  | 29.7 | % |  | B |
| Other income |  |  | 8,642 |  |  |  | 17,489 |  |  |  | (8,847 | ) |  |  | 50.6 | % |  | W |
| Other expense |  |  | (7,883 | ) |  |  | (10,356 | ) |  |  | 2,473 |  |  |  | 23.9 | % |  | B |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
| Total |  |  | 10,398 |  |  |  | 14,567 |  |  |  | (4,169 | ) |  |  | 28.6 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Interest Expense** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest charges |  |  | 103,959 |  |  |  | 93,408 |  |  |  | 10,551 |  |  |  | 11.3 | % |  | W |
| Capitalized interest |  |  | (10,020 | ) |  |  | (8,983 | ) |  |  | (1,037 | ) |  |  | 11.5 | % |  | B |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
| Total |  |  | 93,939 |  |  |  | 84,425 |  |  |  | 9,514 |  |  |  | 11.3 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Continuing Operations Before Income Taxes** |  |  | 143,134 |  |  |  | 178,502 |  |  |  | (35,368 | ) |  |  | 19.8 | % |  | W |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income Taxes** |  |  | 48,840 |  |  |  | 56,064 |  |  |  | (7,224 | ) |  |  | 12.9 | % |  | B |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Continuing Operations** |  |  | 94,294 |  |  |  | 122,438 |  |  |  | (28,144 | ) |  |  | 23.0 | % |  | W |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Discontinued Operations Net of Income Taxes** |  |  | 1,230 |  |  |  | 2,171 |  |  |  | (941 | ) |  |  | 43.3 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net Income** |  | $ | 95,524 |  |  | $ | 124,609 |  |  | $ | (29,085 | ) |  |  | 23.3 | % |  | W |
|  |  |  | |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Weighted-Average Common Shares Outstanding  Basic** |  |  | 100,138 |  |  |  | 99,168 |  |  |  | 970 |  |  |  | 1.0 | % |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Weighted-Average Common Shares Outstanding  Diluted** |  |  | 100,718 |  |  |  | 99,562 |  |  |  | 1,156 |  |  |  | 1.2 | % |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Earnings Per Weighted-Average Common Share Outstanding** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income from continuing operations  basic |  | $ | 0.94 |  |  | $ | 1.23 |  |  | $ | (0.29 | ) |  |  | 23.6 | % |  | W |
| Net income  basic |  | $ | 0.95 |  |  | $ | 1.26 |  |  | $ | (0.31 | ) |  |  | 24.6 | % |  | W |
| Income from continuing operations  diluted |  | $ | 0.94 |  |  | $ | 1.23 |  |  | $ | (0.29 | ) |  |  | 23.6 | % |  | W |
| Net income  diluted |  | $ | 0.95 |  |  | $ | 1.25 |  |  | $ | (0.30 | ) |  |  | 24.0 | % |  | W |

B  Better  
W  Worse

##### 

Exhibit 99.8

Last Updated 7/26/07

**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. |

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|  |  |  |
| --- | --- | --- |
|  |  |  |
| Degree-Days  Heating |  | 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. |
|  |  |  |
| Electricity and Other Commodity Sales, Realized |  | Marketing and trading gross margin related to electricity and other commodities that were delivered in the then-current period. |
|  |  |  |
| Electricity Spot Prices Palo Verde  Off-Peak |  | 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 Spot Prices  Palo Verde  On-Peak |  | 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 Spot Prices  SP15  Off-Peak |  | 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 Spot Prices  SP15  On-Peak |  | 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. |
|  |  |  |
| Generation Capacity Out of Service and Replaced for Native Load |  | 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. |
|  |  |  |
| Generation Production  Coal |  | Amount of net energy produced by coal-fueled generators. Measured in gigawatt-hours. |

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|  |  |  |
| --- | --- | --- |
|  |  |  |
| 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. |

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|  |  |  |
| --- | --- | --- |
|  |  |  |
| 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. |

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Exhibit 99.9



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| **FOR IMMEDIATE RELEASE** | | |  | **July 26, 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 SECOND QUARTER RESULTS**

PHOENIX  Pinnacle West Capital Corporation (NYSE: PNW) today reported lower consolidated net income for the quarter ended June 30, 2007, of $79.0 million, or $0.78 per diluted share of common stock. This result compares with net income of $112.2 million, or $1.13 per diluted share, for the same quarter a year ago.

The lower quarterly results were principally driven by lower earnings at Arizona Public Service (APS) as a result of an $8 million after-tax regulatory disallowance, milder weather, and the absence of $7 million of income tax credits recorded in 2006.

The exceptional population growth in our service territory drives an ever-increasing demand for electricity, said Pinnacle West Chairman Bill Post. Going forward, we need to continue making substantial investments in infrastructure and long-term resources, while working with regulators to achieve timely and constructive regulatory treatment.

For the second quarter of 2007, APS reported lower net income of $75.1 million, compared with net income of $93.8 million for the same period a year ago. Operationally, the 2007 quarter reflected significantly improved performance at the Palo Verde Nuclear Generating Station, which increased its output by 54 percent compared with the same quarter a year ago.

SunCor Development Co., Pinnacle Wests real estate subsidiary, reported net income of $0.3 million, compared with $9.6 million in the 2006 second quarter, primarily due to decreased sales of residential property.

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 2007 second quarter earnings and recent developments at 12 noon (ET), today, Thursday, July 26, 2007. 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 Conference ID Number 7372981. A replay of the call also will be available

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| --- | --- | --- |
|  |  |  |
| **PINNACLE WEST SECOND QUARTER EARNINGS** |  | **July 26, 2007** |
|  |  | **Page 2 of 2** |

until 11:55 p.m. (ET), Thursday, August 2, 2007, by calling (800) 642-1687 in the U.S. and Canada or (706) 645-9291 internationally and entering the same ID number as above.

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  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(unaudited)  
( in thousands, except per share amounts)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | THREE MONTHS ENDED | | | | | |  |  | SIX MONTHS ENDED | | | | | |  |
|  |  | JUNE 30, | | | | | |  |  | JUNE 30, | | | | | |  |
|  |  | 2007 | |  |  | 2006 | |  |  | 2007 | |  |  | 2006 | |  |
| **Operating Revenues** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Regulated electricity segment |  | $ | 711,293 |  |  | $ | 712,718 |  |  | $ | 1,247,344 |  |  | $ | 1,178,844 |  |
| Real estate segment |  |  | 48,352 |  |  |  | 112,603 |  |  |  | 125,602 |  |  |  | 220,457 |  |
| Marketing and trading |  |  | 92,637 |  |  |  | 89,925 |  |  |  | 165,108 |  |  |  | 174,927 |  |
| Other revenues |  |  | 11,153 |  |  |  | 9,782 |  |  |  | 20,516 |  |  |  | 21,006 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Total |  |  | 863,435 |  |  |  | 925,028 |  |  |  | 1,558,570 |  |  |  | 1,595,234 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Expenses** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Regulated electricity segment fuel and purchased power |  |  | 270,337 |  |  |  | 263,944 |  |  |  | 473,690 |  |  |  | 421,339 |  |
| Real estate segment operations |  |  | 46,174 |  |  |  | 98,412 |  |  |  | 107,617 |  |  |  | 169,742 |  |
| Marketing and trading fuel and purchased power |  |  | 74,533 |  |  |  | 72,716 |  |  |  | 132,477 |  |  |  | 146,891 |  |
| Operations and maintenance |  |  | 177,310 |  |  |  | 168,332 |  |  |  | 348,888 |  |  |  | 346,759 |  |
| Depreciation and amortization |  |  | 92,835 |  |  |  | 89,297 |  |  |  | 182,456 |  |  |  | 176,918 |  |
| Taxes other than income taxes |  |  | 34,757 |  |  |  | 32,700 |  |  |  | 69,476 |  |  |  | 68,273 |  |
| Other expenses |  |  | 8,803 |  |  |  | 8,430 |  |  |  | 17,291 |  |  |  | 16,952 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Total |  |  | 704,749 |  |  |  | 733,831 |  |  |  | 1,331,895 |  |  |  | 1,346,874 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Operating Income** |  |  | 158,686 |  |  |  | 191,197 |  |  |  | 226,675 |  |  |  | 248,360 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Other** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Allowance for equity funds used during construction |  |  | 5,195 |  |  |  | 3,633 |  |  |  | 9,639 |  |  |  | 7,434 |  |
| Other income |  |  | 5,869 |  |  |  | 12,022 |  |  |  | 8,642 |  |  |  | 17,489 |  |
| Other expense |  |  | (3,269 | ) |  |  | (5,815 | ) |  |  | (7,883 | ) |  |  | (10,356 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Total |  |  | 7,795 |  |  |  | 9,840 |  |  |  | 10,398 |  |  |  | 14,567 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Interest Expense** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest charges |  |  | 52,967 |  |  |  | 45,882 |  |  |  | 103,959 |  |  |  | 93,408 |  |
| Capitalized interest |  |  | (5,213 | ) |  |  | (4,959 | ) |  |  | (10,020 | ) |  |  | (8,983 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Total |  |  | 47,754 |  |  |  | 40,923 |  |  |  | 93,939 |  |  |  | 84,425 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Continuing Operations Before Income Taxes** |  |  | 118,727 |  |  |  | 160,114 |  |  |  | 143,134 |  |  |  | 178,502 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income Taxes** |  |  | 40,231 |  |  |  | 49,271 |  |  |  | 48,840 |  |  |  | 56,064 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Continuing Operations** |  |  | 78,496 |  |  |  | 110,843 |  |  |  | 94,294 |  |  |  | 122,438 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Income From Discontinued Operations** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net of Income Taxes** |  |  | 498 |  |  |  | 1,311 |  |  |  | 1,230 |  |  |  | 2,171 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net Income** |  | $ | 78,994 |  |  | $ | 112,154 |  |  | $ | 95,524 |  |  | $ | 124,609 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Weighted-Average Common Shares Outstanding  Basic** |  |  | 100,229 |  |  |  | 99,221 |  |  |  | 100,138 |  |  |  | 99,168 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | . |  |
| **Weighted-Average Common Shares Outstanding  Diluted** |  |  | 100,779 |  |  |  | 99,640 |  |  |  | 100,718 |  |  |  | 99,562 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Earnings Per Weighted-Average Common Share Outstanding** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income from continuing operations  basic |  | $ | 0.78 |  |  | $ | 1.12 |  |  | $ | 0.94 |  |  | $ | 1.23 |  |
| Net income  basic |  | $ | 0.79 |  |  | $ | 1.13 |  |  | $ | 0.95 |  |  | $ | 1.26 |  |
| Income from continuing operations  diluted |  | $ | 0.78 |  |  | $ | 1.11 |  |  | $ | 0.94 |  |  | $ | 1.23 |  |
| Net income  diluted |  | $ | 0.78 |  |  | $ | 1.13 |  |  | $ | 0.95 |  |  | $ | 1.25 |  |

##### 

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 | | | | | |  |  |  | | | | | |  |
|  |  | JUNE 30, | | | | | |  |  | Increase (Decrease) | | | | | |  |
|  |  | 2007 | |  |  | 2006 | |  |  | Pretax | |  |  | After Tax | |  |
| **RECONCILIATION OF REGULATED ELECTRICITY SEGMENT GROSS MARGIN** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating income (closest GAAP measure) |  | $ | 158,686 |  |  | $ | 191,197 |  |  | $ | (32,511 | ) |  | $ | (19,815 | ) |
| Plus: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operations and maintenance |  |  | 177,310 |  |  |  | 168,332 |  |  |  | 8,978 |  |  |  | 5,472 |  |
| Real estate segment operations |  |  | 46,174 |  |  |  | 98,412 |  |  |  | (52,238 | ) |  |  | (31,839 | ) |
| Depreciation and amortization |  |  | 92,835 |  |  |  | 89,297 |  |  |  | 3,538 |  |  |  | 2,156 |  |
| Taxes other than income taxes |  |  | 34,757 |  |  |  | 32,700 |  |  |  | 2,057 |  |  |  | 1,254 |  |
| Other expenses |  |  | 8,803 |  |  |  | 8,430 |  |  |  | 373 |  |  |  | 227 |  |
| Marketing and trading fuel and purchased power |  |  | 74,533 |  |  |  | 72,716 |  |  |  | 1,817 |  |  |  | 1,107 |  |
| Less: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Real estate segment revenues |  |  | 48,352 |  |  |  | 112,603 |  |  |  | (64,251 | ) |  |  | (39,161 | ) |
| Other revenues |  |  | 11,153 |  |  |  | 9,782 |  |  |  | 1,371 |  |  |  | 836 |  |
| Marketing and trading revenues |  |  | 92,637 |  |  |  | 89,925 |  |  |  | 2,712 |  |  |  | 1,653 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Regulated electricity segment gross margin** |  | $ | 440,956 |  |  | $ | 448,774 |  |  | $ | (7,818 | ) |  | $ | (4,766 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | SIX MONTHS ENDED | | | | | |  |  |  | | | | | |  |
|  |  | JUNE 30, | | | | | |  |  | Increase (Decrease) | | | | | |  |
|  |  | 2007 | |  |  | 2006 | |  |  | Pretax | |  |  | After Tax | |  |
| **RECONCILIATION OF REGULATED ELECTRICITY SEGMENT GROSS MARGIN** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating income (closest GAAP measure) |  | $ | 226,675 |  |  | $ | 248,360 |  |  | $ | (21,685 | ) |  | $ | (13,217 | ) |
| Plus: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operations and maintenance |  |  | 348,888 |  |  |  | 346,759 |  |  |  | 2,129 |  |  |  | 1,298 |  |
| Real estate segment operations |  |  | 107,617 |  |  |  | 169,742 |  |  |  | (62,125 | ) |  |  | (37,865 | ) |
| Depreciation and amortization |  |  | 182,456 |  |  |  | 176,918 |  |  |  | 5,538 |  |  |  | 3,375 |  |
| Taxes other than income taxes |  |  | 69,476 |  |  |  | 68,273 |  |  |  | 1,203 |  |  |  | 733 |  |
| Other expenses |  |  | 17,291 |  |  |  | 16,952 |  |  |  | 339 |  |  |  | 207 |  |
| Marketing and trading fuel and purchased power |  |  | 132,477 |  |  |  | 146,891 |  |  |  | (14,414 | ) |  |  | (8,785 | ) |
| Less: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Real estate segment revenues |  |  | 125,602 |  |  |  | 220,457 |  |  |  | (94,855 | ) |  |  | (57,814 | ) |
| Other revenues |  |  | 20,516 |  |  |  | 21,006 |  |  |  | (490 | ) |  |  | (299 | ) |
| Marketing and trading revenues |  |  | 165,108 |  |  |  | 174,927 |  |  |  | (9,819 | ) |  |  | (5,985 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Regulated electricity segment gross margin** |  | $ | 773,654 |  |  | $ | 757,505 |  |  | $ | 16,149 |  |  | $ | 9,844 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |