

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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):**

May 4, 2022

Commission File Number	Exact Name of Each Registrant as specified in its charter; State of Incorporation; Address; and Telephone Number	IRS Employer Identification No.
1-8962	<b>PINNACLE WEST CAPITAL CORPORATION</b> (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix Arizona 85072-3999 (602) 250-1000	86-0512431
1-4473	<b>ARIZONA PUBLIC SERVICE COMPANY</b> (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix Arizona 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:

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	PNW	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

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

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

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

The following information is furnished pursuant to Item 2.02.

On May 4, 2022, Pinnacle West Capital Corporation (“Pinnacle West”) issued a press release regarding its financial results for the fiscal quarter ended March 31, 2022. A copy of the press release is attached hereto as Exhibit 99.1.

**Item 7.01. Regulation FD Disclosure.**

The following information is furnished pursuant to Item 7.01.

Pinnacle West is providing a copy of the slide presentation made in connection with the quarterly earnings conference call on May 4, 2022. This information contains Pinnacle West operating results for the fiscal quarter ended March 31, 2022, earnings outlook for 2022 and a quarterly consolidated statistical summary. The slide presentation is attached hereto as Exhibit 99.2 and is concurrently being posted to Pinnacle West’s website at [www.pinnaclewest.com](http://www.pinnaclewest.com).

**Item 9.01. Financial Statements and Exhibits.****(d) Exhibits**

<b>Exhibit No.</b>	<b>Registrant(s)</b>	<b>Description</b>
99.1	Pinnacle West Arizona Public Service Company	<a href="#">Earnings News Release issued on May 4, 2022</a>
99.2	Pinnacle West Arizona Public Service Company	<a href="#">Pinnacle West Capital Corporation First Quarter 2022 Results slide presentation accompanying May 4, 2022 conference call</a>

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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: May 4, 2022

By: /s/ Theodore N. Geisler

Theodore N. Geisler  
Senior Vice President and  
Chief Financial Officer

ARIZONA PUBLIC SERVICE COMPANY  
(Registrant)

Dated: May 4, 2022

By: /s/ Theodore N. Geisler

Theodore N. Geisler  
Senior Vice President and  
Chief Financial Officer

FOR IMMEDIATE RELEASE

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pinnaclewest.com

May 4, 2022

PINNACLE WEST REPORTS 2022 FIRST-QUARTER RESULTS

- *Lower quarterly results in line with company's expectations following "financial reset" from recent rate case decision*
- *Robust sales and customer growth underscore Arizona's economic strength*
- *APS employees focus on summer preparedness and reliability using advanced robotic technology*

PHOENIX – Pinnacle West Capital Corp. (NYSE: PNW) today reported consolidated net income attributable to common shareholders of \$17.0 million, or \$0.15 per diluted share of common stock, for the quarter ended March 31, 2022. This result compares with \$35.6 million, or \$0.32 per diluted share, for the same period in 2021.

The lower first-quarter results reflect the adverse outcome of the company's recent general rate case. Implemented on Dec. 1, 2021, the unfavorable rate case decision was the primary driver for the lower quarter-over-quarter results. The largest contributing factor was discontinuation of the Four Corners and Ocotillo cost deferrals. Other major factors negatively affecting the 2022 first-quarter results were higher depreciation and amortization expense due to increased plant assets and higher income taxes. These negative effects were partially offset by higher customer usage and customer growth, increased transmission revenue and lower operations and maintenance expense.

"Despite the impact the rate decision had on our first-quarter revenue, 2022 has started off in line with our expectations during what we've previously expressed as a 'financial reset year,'" said Pinnacle West Chairman, President and Chief Executive Officer Jeff Guldner. "Our employees contributed to strong operational performance, and we continue to serve one of the fastest-growing service territories in the nation. Our quarterly customer growth was a robust 2.2%, and we experienced stronger-than-projected sales growth of 4.4%."

"Though this growth is positive, it still does not make up for the negative impacts of the rate case outcome," Guldner stated. "In fact, the tremendous growth we are experiencing accentuates the need for substantial capital investment in order to maintain the reliability and safety of our system, and it emphasizes the need for reasonable and timely recovery of those investments."

**Employees prepare for summer reliability**

Guldner said as more families and companies choose Arizona to live and do business, "our employees are laser-focused on the critical preparations necessary to continue delivering

reliable power throughout our peak summer season – especially as energy supplies tighten in the western region.”

In addition to building new infrastructure to meet growth, maintaining new infrastructure to ensure reliability, and procuring additional energy to meet summer demand, APS employees are nearing completion of a scheduled maintenance and refueling outage at Palo Verde Generation Station Unit 1. As the largest source of carbon-free energy in the U.S., the three-unit nuclear plant is critical to meeting summer demand across the desert southwest.

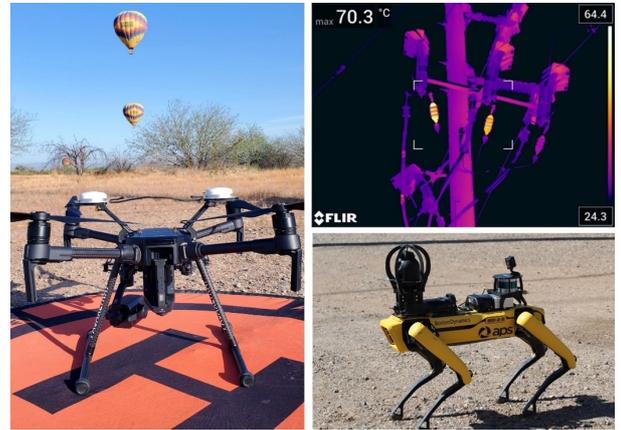
APS employees also are conducting fire-mitigation line patrols and emergency operations drills; managing supply-chain constraints to acquire critical spare equipment; and performing preventative maintenance – all part of the company’s longstanding seasonal preparation activities.

**Advanced technology keeps employees safe while ensuring customer reliability**

As part of its proactive system upkeep, the company’s Predictive Maintenance (PDM) inspection team uses advanced technology to conduct safe and efficient facility assessments. With infrared cameras, three active drones and two robots, the company can perform safer inspections of hard-to-reach and dangerous areas such as transmission towers, power lines and manholes.

The latest addition to the PDM team is a Boston Dynamics-built robot named Spot the Dog. APS employees can remotely operate Spot to examine confined spaces, conduct night inspections and perform security work using a built-in infrared camera – all without an employee having to step foot in an unsafe or restricted area.

“APS has always been dedicated to technology and innovation, and Spot the Dog is just the next evolution in our reliability journey,” said Guldner. “This robot and other high-tech tools help our employees stay safe, while also improving efficiency and system reliability for our customers.”



The company's focus on technology also is allowing it to deliver a superior customer experience. Enhancements to the APS website, interactive outage map, and alerts by text and email have enhanced customers' digital experience, grown transaction engagement and improved overall customer satisfaction.

#### **Financial Outlook**

For 2022, the company continues to expect its consolidated earnings guidance will be in the range of \$3.90 to \$4.10 per diluted share on a weather-normalized basis. Key factors and assumptions underlying the 2022 outlook can be found in the first-quarter 2022 earnings presentation slides at [pinnaclewest.com/investors](http://pinnaclewest.com/investors).

#### **Conference Call and Webcast**

Pinnacle West invites interested parties to listen to the live webcast of management's conference call to discuss the company's 2022 first-quarter results, as well as recent developments, at noon ET (9 a.m. Arizona time) today, May 4. Join the live webcast at [www.pinnaclewest.com/presentations](http://www.pinnaclewest.com/presentations) for audio of the call and slides, or dial (888) 506-0062 or (973) 528-0011 for international callers and enter participant access code 560292. A replay of the webcast can be accessed for 30 days at [pinnaclewest.com/presentations](http://pinnaclewest.com/presentations). A replay of the call also will be available until 11:59 p.m. ET, Wednesday, May 11, 2022, by calling (877) 481-4010 in the U.S. and Canada or (919) 882-2331 internationally and entering replay passcode 45138.

#### **General Information**

Pinnacle West Capital Corp., an energy holding company based in Phoenix, has consolidated assets of approximately \$22 billion, about 6,300 megawatts of generating capacity and nearly 5,900 employees in Arizona and New Mexico. Through its principal subsidiary, Arizona Public Service, the company provides retail electricity service to more than 1.3 million Arizona homes and businesses. For more information about Pinnacle West, visit the company's website at [pinnaclewest.com](http://pinnaclewest.com).

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

#### **FORWARD-LOOKING STATEMENTS**

This press release contains forward-looking statements based on current expectations. These forward-looking statements are often identified by words such as "estimate," "predict," "may," "believe," "plan," "expect," "require," "intend," "assume," "project," "anticipate," "goal," "seek," "strategy," "likely," "should," "will," "could," and similar words. Because actual results may differ materially from expectations, we caution readers not to place undue reliance on these statements. Several factors could cause future results to differ materially from historical results, or from outcomes currently expected or sought by Pinnacle West or APS. These factors include, but are not limited to:

- the potential effects of the continued COVID-19 pandemic, including, but not limited to, demand for energy, economic growth, our employees and contractors, vaccine mandates, supply chain, expenses, inflation, capital markets, capital projects, operations and maintenance activities, uncollectable accounts, liquidity, cash flows or other unpredictable events;

- our ability to manage capital expenditures and operations and maintenance costs while maintaining reliability and customer service levels;
- variations in demand for electricity, including those due to weather, seasonality (including large increases in ambient temperatures), the general economy or social conditions, customers and sales growth (or decline), the effects of energy conservation measures and distributed generation, and technological advancements;
- the potential effects of climate change on our electric system, including as a result of weather extremes such as prolonged drought and high temperature variations in the area where APS conducts its business;
- power plant and transmission system performance and outages;
- competition in retail and wholesale power markets;
- regulatory and judicial decisions, developments and proceedings;
- new legislation, ballot initiatives and regulation or interpretations of existing legislation or regulations, including those relating to environmental requirements, regulatory and energy policy, nuclear plant operations and potential deregulation of retail electric markets;
- fuel and water supply availability;
- our ability to achieve timely and adequate rate recovery of our costs through our rates and adjustor recovery mechanisms, including returns on and of debt and equity capital investment;
- our ability to meet renewable energy and energy efficiency mandates and recover related costs;
- the ability of APS to achieve its clean energy goals (including a goal by 2050 of 100% clean, carbon-free electricity) and, if these goals are achieved, the impact of such achievement on APS, its customers, and its business, financial condition and results of operations;
- risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainty;
- current and future economic conditions in Arizona, including in real estate markets;
- the direct or indirect effect on our facilities or business from cybersecurity threats or intrusions, data security breaches, terrorist attack, war, acts of war, international sanctions, physical attack, severe storms, or other catastrophic events, such as fires, explosions, pandemic health events, or similar occurrences;
- the development of new technologies which may affect electric sales or delivery;
- the cost of debt and equity capital and the ability to access capital markets when required;
- general economic conditions, including inflation rates, monetary fluctuations, and supply chain constraints;
- environmental, economic and other concerns surrounding coal-fired generation, including regulation of greenhouse gas emissions;
- volatile fuel and purchased power costs;
- the investment performance of the assets of our nuclear decommissioning trust, pension, and other postretirement benefit plans and the resulting impact on future funding requirements;
- the liquidity of wholesale power markets and the use of derivative contracts in our business;
- potential shortfalls in insurance coverage;
- new accounting requirements or new interpretations of existing requirements;
- generation, transmission and distribution facility and system conditions and operating costs;
- the ability to meet the anticipated future need for additional generation and associated transmission facilities in our region;

- the willingness or ability of our counterparties, power plant participants and power plant landowners to meet contractual or other obligations or extend the rights for continued power plant operations; and
- restrictions on dividends or other provisions in our credit agreements and Arizona Corporation Commission orders.

These and other factors are discussed in Risk Factors described in Part 1, Item 1A of the Pinnacle West/APS Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2021, and in Part II, Item 1A in of the Pinnacle West/APS Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, which readers should review carefully before placing any reliance on our financial statements or disclosures. Neither Pinnacle West nor APS assumes any obligation to update these statements, even if our internal estimates change, except as required by law.

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

	THREE MONTHS ENDED MARCH 31,	
	2022	2021
<b>Operating Revenues</b>	\$ 783,531	\$ 696,475
<b>Operating Expenses</b>		
Fuel and purchased power	265,269	198,227
Operations and maintenance	218,342	230,055
Depreciation and amortization	186,605	157,820
Taxes other than income taxes	57,998	59,483
Other expenses	825	3,356
Total	<u>729,039</u>	<u>648,941</u>
<b>Operating Income</b>	<u>54,492</u>	<u>47,534</u>
<b>Other Income (Deductions)</b>		
Allowance for equity funds used during construction	9,747	9,207
Pension and other postretirement non-service credits - net	23,809	27,791
Other income	1,704	12,429
Other expense	(3,422)	(3,853)
Total	<u>31,838</u>	<u>45,574</u>
<b>Interest Expense</b>		
Interest charges	65,389	61,938
Allowance for borrowed funds used during construction	(4,482)	(4,994)
Total	<u>60,907</u>	<u>56,944</u>
<b>Income Before Income Taxes</b>	25,423	36,164
<b>Income Taxes</b>	<u>4,161</u>	<u>(4,350)</u>
<b>Net Income</b>	21,262	40,514
Less: Net income attributable to noncontrolling interests	4,306	4,873
<b>Net Income Attributable To Common Shareholders</b>	<u>\$ 16,956</u>	<u>\$ 35,641</u>
<b>Weighted-Average Common Shares Outstanding - Basic</b>	113,102	112,829
<b>Weighted-Average Common Shares Outstanding - Diluted</b>	113,295	113,093
<b>Earnings Per Weighted-Average Common Share Outstanding</b>		
Net income attributable to common shareholders - basic	\$ 0.15	\$ 0.32
Net income attributable to common shareholders - diluted	\$ 0.15	\$ 0.32

PINNACLE WEST  
CAPITAL CORPORATION

POWERING GROWTH  
DELIVERING VALUE

First Quarter 2022 Results  
May 4, 2022

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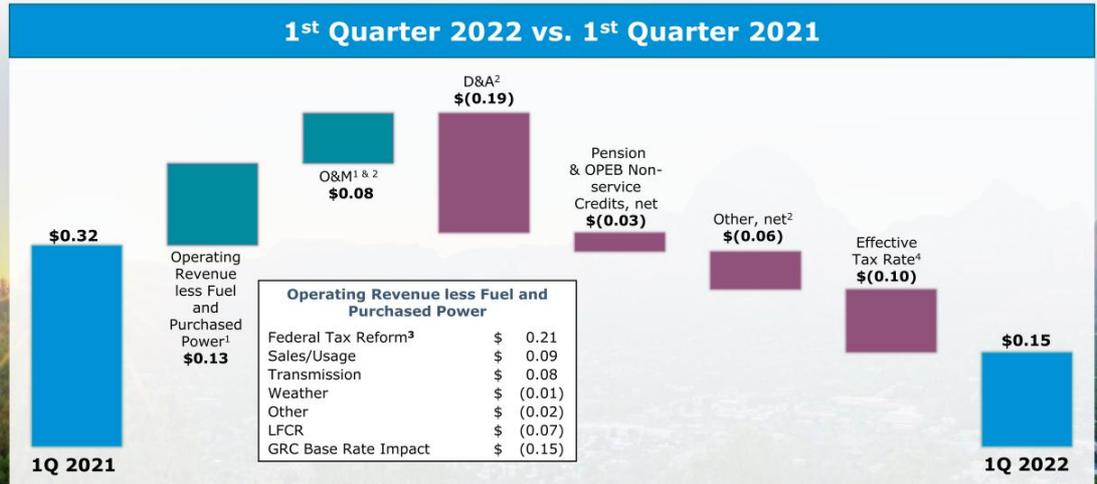
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## Forward Looking Statements

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These factors include, but are not limited to: the potential effects of the continued COVID-19 pandemic, including, but not limited to, demand for energy, economic growth, our employees and contractors, vaccine mandates, supply chain, expenses, inflation, capital markets, capital projects, operations and maintenance activities, uncollectable accounts, liquidity, cash flows, or other unpredictable events; our ability to manage capital expenditures and operations and maintenance costs while maintaining reliability and customer service levels; variations in demand for electricity, including those due to weather, seasonality (including large increases in ambient temperatures), the general economy or social conditions, customer and sales growth (or decline), the effects of energy conservation measures and distributed generation, and technological advancements; the potential effects of climate change on our electric system, including as a result of weather extremes such as prolonged drought and high temperature variations in the area where APS conducts its business; power plant and transmission system performance and outages; competition in retail and wholesale power markets; regulatory and judicial decisions, developments and proceedings; new legislation, ballot initiatives and regulation or interpretations of existing legislation or regulations, including those relating to environmental requirements, regulatory and energy policy, nuclear plant operations and potential deregulation of retail electric markets; fuel and water supply availability; our ability to achieve timely and adequate rate recovery of our costs through our rates and adjustor recovery mechanisms, including returns on and of debt and equity capital investments; our ability to meet renewable energy and energy efficiency mandates and recover related costs; the ability of APS to achieve its clean energy goals (including a goal by 2050 of 100% clean, carbon-free electricity) and, if these goals are achieved, the impact of such achievement on APS, its customers, and its business, financial condition and results of operations; risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainty; current and future economic conditions in Arizona, including in real estate markets; the direct or indirect effect on our facilities or business from cybersecurity threats or intrusions, data security breaches, war, acts of war, international sanctions, terrorist attack, physical attack, severe storms, or other catastrophic events, such as fires, explosions, pandemic health events, or similar occurrences; the development of new technologies which may affect electric sales or delivery; the cost of debt and equity capital and the ability to access capital markets when required; general economic conditions, including inflation rates, monetary fluctuations and supply chain constraints; environmental, economic and other concerns surrounding coal-fired generation, including regulation of greenhouse gas emissions; volatile fuel and purchased power costs; the investment performance of the assets of our nuclear decommissioning trust, pension, and other postretirement benefit plans and the resulting impact on future funding requirements; the liquidity of wholesale power markets and the use of derivative contracts in our business; potential shortfalls in insurance coverage; new accounting requirements or new interpretations of existing requirements; generation, transmission and distribution facility and system conditions and operating costs; the ability to meet the anticipated future need for additional generation and associated transmission facilities in our region; the willingness or ability of our counterparties, power plant participants and power plant land-owners to meet contractual or other obligations or extend the rights for continued power plant operations; and restrictions on dividends or other provisions in our credit agreements and ACC orders. These and other factors are discussed in Risk Factors described in Part I, Item 1A of the Pinnacle West/APS Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and in Part II, Item 1A of the Pinnacle West/APS Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, which you should review carefully before placing any reliance on our financial statements, disclosures or earnings outlook. Neither Pinnacle West nor APS assumes any obligation to update these statements, even if our internal estimates change, except as required by law.

In this presentation, references to net income and earnings per share (EPS) refer to amounts attributable to common shareholders.

# 1<sup>st</sup> Quarter results negatively impacted by rate case despite higher usage



<sup>1</sup> Includes costs and offsetting operating revenues associated with renewable energy and demand side management programs, see slide 19 for more information.

<sup>2</sup> Includes the impacts from the absence of the Four Corners Selective Catalytic Reduction (SCR) equipment and Ocotillo Modernization Project (OMP) deferrals.

<sup>3</sup> TEAM adjuster was transferred into Base Rates upon the conclusion of APS's most recent rate case.

<sup>4</sup> The Q1 2022 effective tax rate is impacted by a change in the timing of recognition for excess deferred taxes related to the 2017 Tax Cuts and Jobs Act. This timing difference is expected to resolve by year end.

## Key drivers for EPS guidance<sup>1</sup>

### 2022 key drivers

- Retail customer growth 1.5%-2.5%
- Weather-normalized retail electricity sales growth of 1.5%-2.5%
- Transmission revenues
- Operations and maintenance savings
- Depreciation and amortization
- Property Tax
- Interest on new debt
- AFUDC
- Pension and OPEB

### Long-term guidance and key drivers

- 2022 EPS guidance \$3.90-\$4.10
- Long-term EPS growth target of 5-7%<sup>2</sup>
- Retail customer growth 1.5%-2.5%<sup>3</sup>
- Weather-normalized retail electricity sales growth of 3.5-4.5%<sup>3</sup>



<sup>1</sup> As of May 4, 2022.

<sup>2</sup> Long-term EPS growth rate based on the Company's current 5-year compound annual growth rate projections from 2022-2026

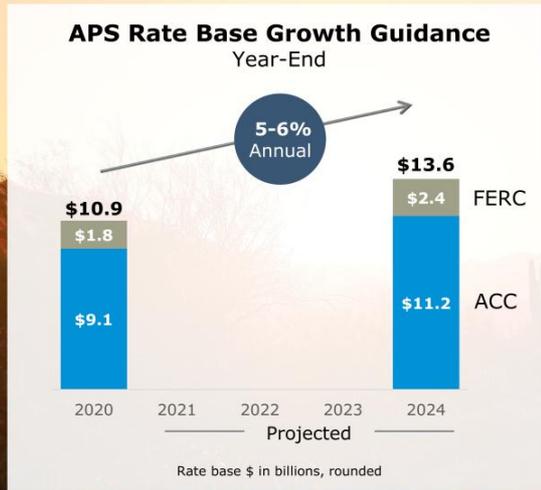
<sup>3</sup> Forecasted guidance range from 2022-2024

# Managed capital plan to support customer growth, reliability, and clean transition



2022-2024 as disclosed in the First Quarter 2022 Form 10-Q.

## Steady rate base growth



**Total Approved Rate Base**

	ACC	FERC
<b>Rate Effective Date</b>	12/01/2021	6/1/2021
<b>Test Year Ended</b>	06/30/2019 <sup>1</sup>	12/31/2020
<b>Rate Base</b>	\$8.6B	\$1.8B
<b>Equity Layer</b>	54.7%	51.6%
<b>Allowed ROE</b>	8.7%	10.75%

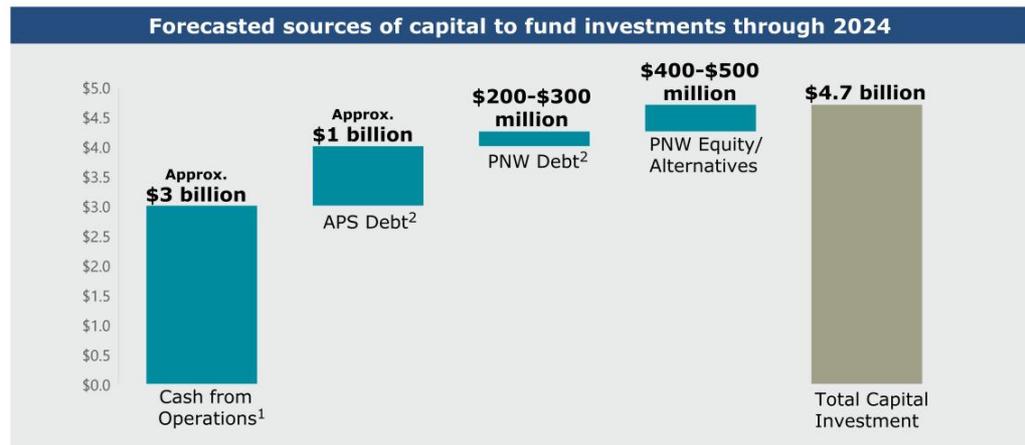
<sup>1</sup> Adjusted to include post test-year plant in service through 06/30/2020

Our goal is flat total O&M and declining O&M per MWh



<sup>1</sup>Total O&M amounts exclude RES/DSM, and include planned outage amounts of \$54M in 2021 and \$40M-\$50M in 2022.

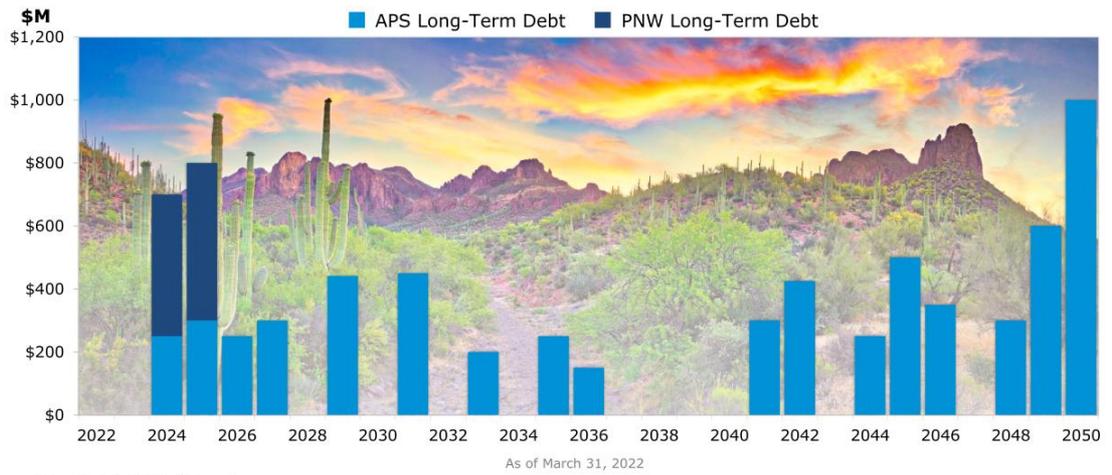
## No plans to issue equity before end of next rate case



<sup>1</sup> Cash from operations is net of shareholder dividends.

<sup>2</sup> APS and PNW debt issuance is net of maturities.

## Strong balance sheet with attractive long-term debt maturity profile<sup>1</sup>



<sup>1</sup> Does not include debt at Bright Canyon Energy.

## We continue to make progress towards key deliverables

- **File appeal of last rate case**
  - ✓ Filed notice of appeal on December 17
  - ✓ Filed opening brief on April 27
- **Make progress on financing plan**
  - ✓ Deferring equity issuance until after next rate case
- **File new rate case to recover grid investments and reduce regulatory lag**
- **Work with stakeholders on common issues**
  - ✓ Received approval of Customer Education and Outreach Plan
- **Flat total O&M and declining O&M per MWh**
- **Continued progress towards Clean Energy Commitment**
- **Continued support in attracting high tech growth and economic development**

PINNACLE WEST  
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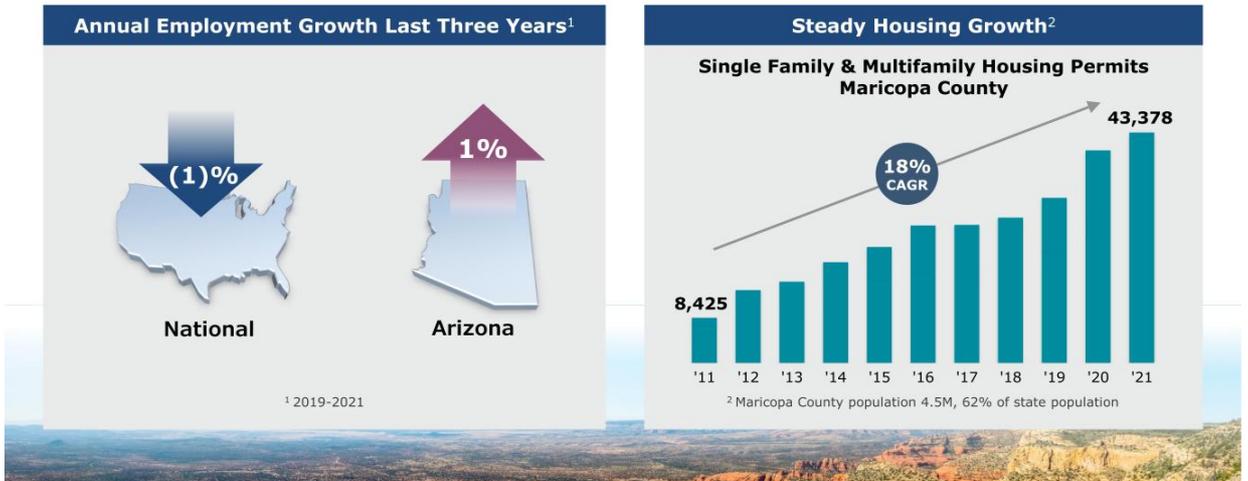
**APPENDIX**



## 2022 EPS guidance

Key Factors and Assumptions as of February 25, 2022	2022
<b>Adjusted gross margin</b> (operating revenues, net of fuel and purchased power expenses, x/RES,DSM,CCT)	\$2.52 – \$2.55 billion
<ul style="list-style-type: none"> <li>• Retail customer growth about 1.5-2.5%</li> <li>• Weather-normalized retail electricity sales volume 1.5-2.5% higher compared to prior year                             <ul style="list-style-type: none"> <li>◦ Includes 0.5-1.5% contribution to sales growth of new large manufacturing facilities and several large data centers</li> </ul> </li> <li>• Assumes normal weather for full-year forecast</li> </ul>	
<b>Adjusted operating and maintenance</b> (O&M x/RES,DSM,CCT)	\$820 – \$840 million
<b>Other operating expenses</b> (depreciation and amortization, and taxes other than income taxes)	\$987 – \$998 million
<b>Other income</b> (pension and other post-retirement non-service credits, other income and other expense)	\$62 – \$66 million
<b>Interest expense</b> , net of allowance for borrowed and equity funds used during construction (Total AFUDC ~\$64 million)	\$214 – \$232 million
<b>Net income attributable to noncontrolling interests</b>	\$17 million
<b>Effective tax rate</b>	13.5%
<b>Average diluted common shares outstanding</b>	113.5 million
<b>EPS Guidance</b>	\$3.90 – \$4.10

Arizona remains among the fastest growing states in the U.S.



# Best-in-class service territory supports high tech growth and economic development

## Our Approach: Focus on Four Main Areas

- Business attraction and expansion
- Community development
- Entrepreneurial support
- Infrastructure support



## Supports Influx of Manufacturing and Data Centers – Examples

- **Taiwan Semiconductor**  
Began building \$12B factory
- **Chang Chun Petrochemical**  
Building 250k sq ft facility
- **Williams-Sonoma**  
Leased 1.2M sq ft facility
- **Nestle USA**  
Building 625k sq ft facility
- **KORE Power**  
Building 1M sq facility
- **Kohler Co.**  
Building 1M sq ft facility



Data centers are projected to create up to 640 MW of capacity needs by 2035

## A clear plan for clean energy transition

### Progress Towards Meeting Clean Energy Commitment<sup>1</sup>

- ➔ Announced seasonal operations of Four Corners beginning 2023
- ➔ Contracted for nearly 1600 MW of clean energy and storage to be in service for APS customers by end of 2024
- ➔ Charted course for healthy mix of APS-owned and third party-owned assets, to be continued through future planned RFPs



### Pathway



## Clean Energy Commitment – ~1,600MW in development since 2020

### Robust, Diverse Procurement Activity

#### Energy Storage

- 201 MW APS-owned resources to retrofit entire fleet of AZ Sun facilities
- 300 MW under two long-term PPAs
- All resources to be in service between 2022 and 2024

#### Solar

- 150 MW owned by APS and sited near Redhawk generating facility
- 160 MW under two long-term PPAs
- All resources to be in service in 2023

#### Solar + Storage

- 275 MW under single long-term innovative tolling PPA
- Resources to be in service in 2023 and 2024

#### Wind

- 438 MW under two long-term PPAs
- Resources to be in service by 2023

#### Demand Response

- 75 MW under 5-year load management agreement; service began in 2021
- APS can call up to 18 load reduction events between June and September annually



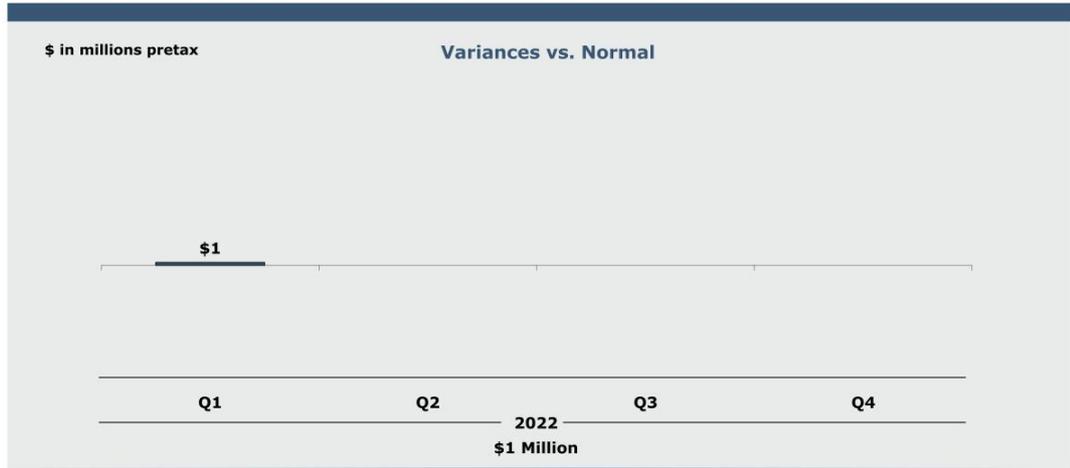
## 2022 Planned Outage schedule

### Coal, Nuclear and Large Gas Planned Outages

Q1			Q2			Q4		
Plant	Unit	Estimated Duration in Days	Plant	Unit	Estimated Duration in Days	Plant	Unit	Estimated Duration in Days
N/A	N/A	N/A	Palo Verde	1	30	Palo Verde	3	30

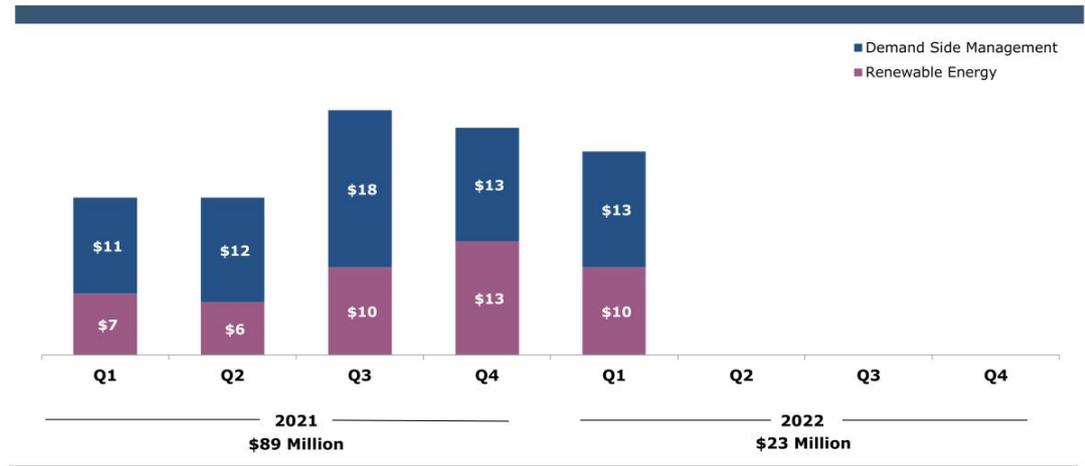


## Gross margin effects of weather



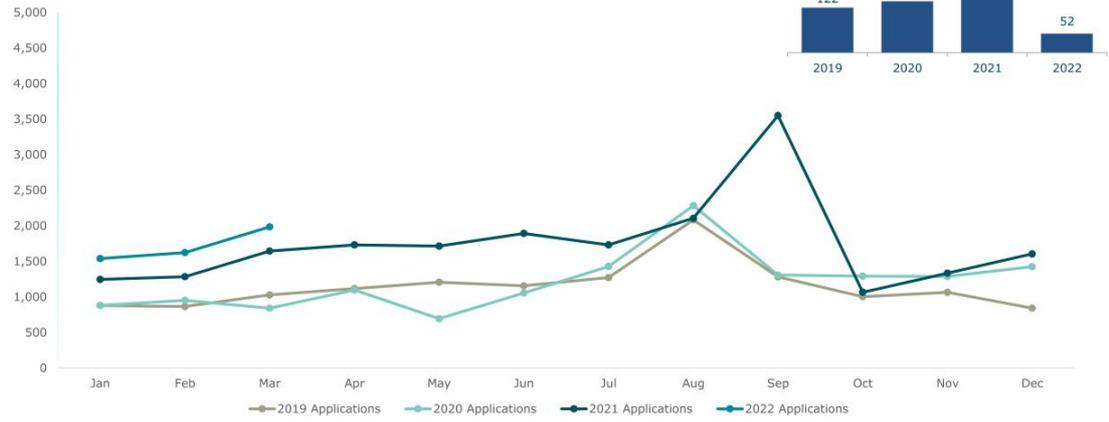
All periods recalculated to current 10-year rolling average (2011 – 2020). Numbers may not foot due to rounding.

## Renewable Energy & Demand Side Management expenses<sup>1</sup>



<sup>1</sup> Renewable energy and demand side management expenses are offset by adjustment mechanisms.

# Residential PV applications<sup>1</sup>



<sup>1</sup>Monthly data equals applications received minus cancelled applications. As of March 31, 2022 approximately 140,433 residential grid-tied solar photovoltaic (PV) systems have been installed in APS's service territory, totaling approximately 1,191 MWdc of installed capacity. Excludes APS Solar Partner Program residential PV systems.

**Note:** [www.arizonagoessolar.org](http://www.arizonagoessolar.org) logs total residential application volume, including cancellations. Solar water heaters can also be found on the site but are not included in the chart above

## Our credit ratings support growth opportunities

	Corporate Ratings	Senior Unsecured Ratings	Short-Term Ratings	Outlook
<b>APS<sup>1</sup></b>				
Moody's	A3	A3	P-2	Negative
S&P	BBB+	BBB+	A-2	Negative
Fitch	BBB+	A-	F2	Negative
<b>Pinnacle West<sup>1</sup></b>				
Moody's	Baa1	Baa1	P-2	Negative
S&P	BBB+	BBB	A-2	Negative
Fitch	BBB+	BBB+	F2	Negative

### Balance Sheet Targets

- Strong investment grade credit ratings
- APS equity layer >50%
- FFO/Debt range of 16%-18%



<sup>1</sup> We are disclosing credit ratings to enhance understanding of our sources of liquidity and the effects of our ratings on our costs of funds. Ratings are as of May 4, 2022.

## Regulatory 2022 key dates

ACC Key Dates / Docket #	Q1	Q2	Q3	Q4
Power Supply Adjustor (PSA): <b>E-01345A-19-0236</b>	Effective Feb 1			
Lost Fixed Cost Recovery: <b>E-01345A-22-0042</b>	Filed Feb 15			
Transmission Cost Adjustor: <b>E-01345A-19-0236</b>		To Be Filed: May 15; Effective Jun 1		
2022 DSM/EE Implementation Plan: <b>E-01345A-21-0087</b>				
2022 RES Implementation Plan: <b>E-01345A-21-0240</b>				
2019 Rate Case: <b>E-01345A-19-0236</b>	Petition for Special Action Denied; Court of Appeals in process		New TOU Hours to be implemented: Sept 1	
Resource Planning and Procurement: <b>E-00000V-19-0034</b>	IRP Acknowledged on February 10			
Resource Comparison Proxy (RCP): <b>E-01345A-22-0105</b>		Filed April 29		
Rulemaking Requiring All-Source RFPs: <b>RE-00000A-22-0029</b>				
Proposed Termination of Service Rule Modifications: <b>RU-00000A-19-0132</b>		Effective Apr 18		
Fuel and Purchased Power Audit: <b>E-01345A-21-0056</b>		Staff Report Apr 1		

## Consolidated statistics<sup>1</sup>

	3 Months Ended March 31,				3 Months Ended March 31,		
	2022	2021	Incr (Decr)		2022	2021	Incr (Decr)
<b>TOTAL OPERATING REVENUES (Dollars in Millions)</b>							
Retail							
Residential	\$ 367	\$ 341	27				
Business	360	315	45				
Total Retail	727	656	71				
Sales for Resale (Wholesale)	29	18	11				
Transmission for Others	26	19	6				
Other Miscellaneous Services	2	4	(2)				
Total Operating Revenues	\$ 784	\$ 696	87				
<b>ELECTRIC SALES (GWH)</b>							
Retail							
Residential	2,649	2,581	68				
Business	3,304	3,143	161				
Total Retail	5,954	5,725	229				
Sales for Resale (Wholesale)	686	634	52				
Total Electric Sales	6,640	6,359	281				
<b>RETAIL SALES (GWH) - WEATHER NORMALIZED</b>							
Residential	2,643	2,553	90				
Business	3,315	3,154	161				
Total Retail Sales	5,958	5,707	251				
Retail sales (GWH) (% over prior year)	4.4%	0.2%	4.2%				
<b>AVERAGE ELECTRIC CUSTOMERS</b>							
Retail Customers							
Residential	1,197,775	1,170,332	27,443				
Business	140,830	139,500	1,330				
Total Retail	1,338,604	1,309,832	28,773				
Wholesale Customers	53	40	14				
Total Customers	1,338,658	1,309,871	28,786				
Total Customer Growth (% over prior year)	2.2%	2.1%	0.1%				
<b>RETAIL USAGE - WEATHER NORMALIZED (KWh/Average Customer)</b>							
Residential	2,207	2,182	25				
Business	23,537	22,608	929				

<sup>1</sup> Retail electricity sales in kWh, adjusted to exclude the effects of weather variations, for the year ended December 31, 2021 compared with the prior-year period increased 4.2%, which reflects a correction to 2020 commercial and industrial customer sales volumes of 111 GWh.

## Consolidated statistics

	3 Months Ended March 31,				3 Months Ended March 31,		
	2022	2021	Incr (Decr)		2022	2021	Incr (Decr)
<b>ENERGY SOURCES (GWH)</b>				<b>WEATHER INDICATORS - RESIDENTIAL</b>			
Generation Production				<b>Actual</b>			
Nuclear	2,397	2,459	(62)	Cooling Degree-Days	-	-	-
Coal	1,830	1,334	496	Heating Degree-Days	451	506	(55)
Gas, Oil and Other	1,539	1,927	(388)	Average Humidity	0%	0%	0%
Renewables	116	137	(21)	<b>10-Year Averages (2011 - 2020)</b>			
Total Generation Production	5,882	5,857	25	Cooling Degree-Days	-	-	-
Purchased Power				Heating Degree-Days	443	443	
Conventional	509	364	146	Average Humidity	0%	0%	-
Resales	4	5	(1)				
Renewables	634	541	93				
Total Purchased Power	1,147	909	238				
Total Energy Sources	7,030	6,766	263				
<b>POWER PLANT PERFORMANCE</b>							
Capacity Factors - Owned							
Nuclear	97%	99%	(3)%				
Coal	62%	46%	17%				
Gas, Oil and Other	20%	25%	(5)%				
Solar	24%	28%	(4)%				
System Average	43%	43%	0%				

