

PINNACLE WEST CAPITAL CORP

FORM 8-K (Current report filing)

Filed 01/28/02 for the Period Ending 12/14/01

Address	400 NORTH FIFTH STREET MS8695 PHOENIX, AZ 85004
Telephone	602 250 1000
CIK	0000764622
Symbol	PNW
SIC Code	4911 - Electric Services
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

PINNACLE WEST CAPITAL CORP

FORM 8-K (Unscheduled Material Events)

Filed 1/28/2002 For Period Ending 12/14/2001

Address	400 NORTH FIFTH STREET . PHOENIX, Arizona 85004
Telephone	602-379-2500
CIK	0000764622
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 14, 2001

PINNACLE WEST CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Arizona
(State or other jurisdiction
of incorporation)

1-8962
(Commission File Number)

86-0512431
(IRS Employer
Identification Number)

400 North Fifth Street, P.O. Box 53999, Phoenix, Arizona
(Address of principal executive offices)

85072-3999
(Zip Code)

(602) 250-1000
(Registrant's telephone number, including area code)

NONE
(Former name or former address, if changed since last report)

Item 5. Other Events

Arizona Supreme Court Review of Settlement Agreement

As previously disclosed, Arizona Public Service Company ("APS"), a wholly-owned subsidiary of Pinnacle West Capital Corporation (the "Company"), entered into a comprehensive Settlement Agreement on May 14, 1999 (the "Settlement Agreement") with various parties relating to the implementation of retail electric competition. On September 23, 1999, the Arizona Corporation Commission (the "ACC") approved the Settlement Agreement with some modifications. On December 13, 1999, two parties filed lawsuits challenging the ACC's approval of the Settlement Agreement. The Arizona Court of Appeals affirmed the ACC's approval of the Settlement Agreement in both of these lawsuits. One of these decisions was not appealed and has become final. The other decision, however, was appealed to the Arizona Supreme Court. On October 5, 2001, the Arizona Supreme Court agreed to hear the appeal on the singular issue of whether the ACC could itself become a party to the Settlement Agreement by virtue of its approval of the Settlement Agreement. See "Arizona Supreme Court Review of Settlement Agreement" in Item 5 of the Company's Report on Form 8-K dated October 18, 2001 (the "October 8-K").

On December 14, 2001, the Arizona Supreme Court vacated its own October 5, 2001 order accepting jurisdiction and decided to dismiss the appeal. As a result, the judicial challenges to the Settlement Agreement have terminated. Consistent with its obligations under the Settlement Agreement, on January 7, 2002, APS and the ACC filed in Maricopa County Superior Court a stipulation to dismiss all of APS' litigation pending against the ACC. On January 15, 2002, a Maricopa County Superior Court judge issued an order dismissing such litigation.

Arizona Electric Industry Restructuring

As previously disclosed, in a filing with the ACC on October 18, 2001, APS requested the ACC to (a) grant APS a partial variance from an ACC rule that would obligate APS to acquire all of its customers' "standard offer" generation requirements from the competitive market (with at least 50% of that coming from a "competitive bidding" process) starting in 2003 and (b) approve as just and reasonable a long-term purchase power agreement ("PPA") between APS and the Company. See "ACC Filing Regarding Rule Waiver and Purchase Power Agreement" in Item 5 of the October 8-K.

By letter dated January 14, 2002, the Chairman of the ACC stated that "the [ACC's] Electric Competition Rules, along with the Settlement Agreements approved for APS and [Tucson Electric Power Company], establish the framework for a transition to a retail generation competitive market." The ACC Chairman then recommended that the ACC establish a new "generic" docket to "determine if changed circumstances require the [ACC] to take another look at electric restructuring in Arizona." Matters that would be addressed by the ACC in the new docket would include:

- Whether the ACC should continue implementation of the retail electric competition rules adopted by the ACC in 1999 in their current form or with modifications;
- Whether the ACC should "slow the pace of the implementation of the [rules] to provide an opportunity to consider the extent to which [rule] modification and variance is in the public interest, including changing the direction to retail electric competition"; and
- Whether the ACC should "step back from electric industry restructuring until the [ACC] is convinced that there exists a viable competitive wholesale electric market to support retail electric competition in Arizona."

On January 22, 2002 the ACC's Chief Administrative Law Judge issued a procedural order by which a generic docket was opened. The order also indicated that any decision on whether to consolidate the generic docket with the APS request, as suggested in Chairman Mundell's letter, will be made at a later time.

APS is required to transfer its generation assets and competitive services to one or more corporate affiliates on or before December 31, 2002. Consistent with that requirement, APS has been addressing the legal and regulatory requirements necessary to complete the transfer of its generation assets to Pinnacle West Energy Corporation, another wholly-owned subsidiary of the Company, on or before that date. In anticipation of APS' transfer of generation assets, Pinnacle West Energy has completed, and is in the process of developing and planning, various generation expansion projects so that APS can reliably meet the energy requirements of its Arizona customers. A modification to the competition rules as a result of the generic docket could, among other things, adversely affect APS' ability to transfer its generation assets to Pinnacle West Energy by December 31, 2002. The Company cannot predict the outcome of the generic docket or its effect on APS' October 18, 2001 filing, the existing Arizona electric competition rules, or the Settlement Agreement, or what responsive actions APS may take.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(c) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Pinnacle West Capital Corporation quarterly consolidated statistical summary for the periods ended December 31, 2001 and 2000.
99.2	Pinnacle West Capital Corporation consolidated statistics by quarter for 2001.
99.3	Pinnacle West Capital Corporation consolidated statistics by quarter for 2000.
99.4	Pinnacle West Capital Corporation earnings variance explanations for the periods ended December 31, 2001 and 2000 and condensed consolidated statements of income for the three months and twelve months ended December 31, 2001 and 2000.
99.5	Glossary of Terms.

Item 9. Regulation FD Disclosure

The Company is providing quarterly consolidated statistical summaries, earnings variance explanations, and a glossary of relevant terms ("Information") to help interested parties better understand its business. 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 the 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.

SIGNATURES

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

PINNACLE WEST CAPITAL CORPORATION

(Registrant)

Dated: January 25, 2002

By: Barbara M. Gomez
Barbara M. Gomez
Treasurer

PINNACLE WEST CAPITAL CORPORATION Exhibit Index to Current Report on Form 8-K

- 99.1 Pinnacle West Capital Corporation quarterly consolidated statistical summary for the periods ended December 31, 2001 and 2000.
- 99.2 Pinnacle West Capital Corporation consolidated statistics by quarter for 2001.
- 99.3 Pinnacle West Capital Corporation consolidated statistics by quarter for 2000.
- 99.4 Pinnacle West Capital Corporation earnings variance explanations for the periods ended December 31, 2001 and 2000 and condensed consolidated statements of income for the three months and twelve months ended December 31, 2001 and 2000.
- 99.5 Glossary of Terms.

Exhibit 99.1

Pinnacle West Capital Corporation

Quarterly Consolidated Statistical Summary
Periods Ended December 31, 2001 and 2000

List of Contents

2001 Year-End and 4th Quarter Summary

2001 by Quarter

2000 by Quarter

Please see the Glossary of Terms on this website for definitions of terms used in this summary.

Pinnacle West Capital Corporation

**Quarterly Consolidated Statistical Summary
Periods Ended December 31, 2001 and 2000**

Line		3 Mo. Ended December 31		
		2001	2000	Incr (D)
EARNINGS CONTRIBUTION BY SUBSIDIARY (DOLLARS IN MILLIONS)				
1	Arizona Public Service	\$ 39	\$ 54	\$ (
2	Pinnacle West Energy	3	(1)	
3	APS Energy Services	--	(9)	
4	SunCor	1	3	
5	El Dorado	--	(5)	
6	Parent Company	(7)	--	
7	Income Before Accounting Change	36	42	
8	Cumulative Effect of a Change in Accounting - Net of Tax	--	--	
9	Net Income	\$ 36	\$ 42	\$
EARNINGS PER SHARE BY SUBSIDIARY - DILUTED				
10	Arizona Public Service	\$ 0.46	\$ 0.64	\$ (0.
11	Pinnacle West Energy	0.04	(0.01)	0.
12	APS Energy Services	--	(0.11)	0.
13	SunCor	0.01	0.04	(0.
14	El Dorado	--	(0.06)	0.
15	Parent Company	(0.09)	--	(0.
16	Income Before Accounting Change	0.42	0.50	(0.
17	Cumulative Effect of a Change in Accounting - Net of Tax	--	--	
18	Net Income	\$ 0.42	\$ 0.50	\$ (0.
19	BOOK VALUE PER SHARE	\$ 29.41	\$ 28.09	\$ 1.
COMMON SHARES OUTSTANDING - DILUTED				
20	Average	84,824	85,015	(1
21	End of Period	84,724	84,715	

See Glossary of Terms.

Pinnacle West Capital Corporation

Quarterly Consolidated Statistical Summary
 Periods Ended December 31, 2001 and 2000

Line	3 Mo. Ended December 31		
	2001	2000	Incr
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)			
Retail			
22	\$ 180	\$ 172	\$
23	219	211	
24	399	383	
Wholesale revenue on delivered electricity			
25	2	16	
26	27	46	
Marketing and trading -- delivered			
27	6	80	
28	297	276	
29	303	356	
30	332	418	
Other marketing and trading			
31			
32			
33			
34	(56)	(14)	
35	8	4	
36	1	7	
37	\$ 684	\$ 798	\$
ELECTRIC SALES (GWH)			
Retail sales			
38	2,149	2,028	
39	3,071	2,964	
40	5,220	4,992	
Wholesale electricity delivered			
41	83	351	
42	382	702	
Marketing and trading -- delivered			
43	256	720	
44	4,473	2,735	1
45	4,729	3,455	1
46	5,194	4,508	
47	10,414	9,500	

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 37 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not revenue recognition. The arithmetic opposites of amounts included in line 32 are included in lines 28 and 31. For example, line 32 shows that a prior-period mark-to-market gain of \$1 million was transferred to "realized" for the total year 2001. Lines 28 and 31 include amounts totaling \$1 million of realized revenues for the year 2001.

See Glossary of Terms.

Pinnacle West Capital Corporation

**Quarterly Consolidated Statistical Summary
Periods Ended December 31, 2001 and 2000**

Line	3 Mo. Ended December 31			
	2001	2000	Incr (De)	
MARKETING AND TRADING PRETAX GROSS MARGIN ANALYSIS (DOLLARS IN MILLIONS) GROSS MARGIN BY COMMODITY - PRETAX				
48	Electricity	\$ 15	\$ 32	\$ (1)
49	Natural gas	(3)	3	(
50	Coal	(6)	--	(
51	Emission allowances	(2)	(5)	
52	Other	--	--	-
53	Total	\$ 4	\$ 30	\$ (2)
GROSS MARGIN COMPONENTS - PRETAX				
Current Period Effects				
Realized margin on delivered commodities				
Electricity				
54	Generation other than native load	\$ 2	\$ 39	\$ (3)
55	Other electricity marketing and trading (a)	58	5	5
56	Total electricity	60	44	1
57	Other commodities (a)	4	(1)	
58	Total realized margin	64	43	2
Prior-period mark-to-market (gains) losses transferred to "realized" upon delivery of commodities				
59	Electricity (a)	(43)	(2)	(4)
60	Other commodities (a)	(8)	--	(
61	Subtotal	(51)	(2)	(4)
62	Total current period effects	13	41	(2)
Change in mark-to-market gains (losses) for future period deliveries				
63	Electricity	(2)	(10)	
64	Other commodities	(7)	(1)	(
65	Subtotal	(9)	(11)	
66	Total gross margin	\$ 4	\$ 30	\$ (2)

FUTURE MARKETING AND TRADING MARK-TO-MARKET REALIZATION

As of December 31, 2001, Pinnacle West had accumulated mark-to-market net gains of \$138.0 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: 2002, \$43.0 million; 2003, \$22.6 million; 2004, \$23.6 million; 2005 and thereafter, \$48.8 million.

- (a) The net effect on pretax gross margin from realization of prior-period mark-to-market included in line 62 and in line 66 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 59 are included in line 55. The opposites of amounts included in line 60 are included in line 57. For example, line 59 shows that a prior-period mark-to-market gain of \$15 million was transferred to "realized" for the total year 2001. A \$15 million realized gain is included in the \$119 million on line 55 for the total year 2001.

See Glossary of Terms.

Pinnacle West Capital Corporation

**Quarterly Consolidated Statistical Summary
Periods Ended December 31, 2001 and 2000**

Line	3 Mo. Ended December 31			--	
	2001	2000	Incr (Decr)		
AVERAGE ELECTRIC CUSTOMERS					
Retail customers					
67	Residential	786,382	761,386	24,996	77
68	Business	98,631	96,024	2,607	9
69	Total	885,013	857,410	27,603	87
70	Wholesale customers	66	67	(1)	--
71	Total customers	885,079	857,477	27,602	87
72	Customer Growth (% over prior year)	3.2%	4.2%	(1.0)%	--
RETAIL ELECTRIC SALES (GWH) - WEATHER NORMALIZED					
73	Residential	2,103	1,920	183	--
74	Business	3,019	3,004	15	1
75	Total	5,122	4,924	198	2
RETAIL ELECTRICITY USAGE (KWH/AVERAGE CUSTOMER)					
76	Residential	2,733	2,664	69	1
77	Business	31,139	30,867	272	13
RETAIL ELECTRICITY USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)					
78	Residential	2,674	2,522	152	1
79	Business	30,616	31,284	(668)	13

ELECTRICITY DEMAND (MW)

80	System peak demand	3,898	4,331	(433)
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See Glossary of Terms.

Pinnacle West Capital Corporation

**Quarterly Consolidated Statistical Summary
Periods Ended December 31, 2001 and 2000**

		3 Mo. Ended December 31		
		2001	2000	Incr (Decr)
		-----	-----	-----
ENERGY SOURCES (GWH)				
Generation production				
81	Nuclear	1,818	2,078	(260)
82	Coal	3,203	3,175	28
83	Gas, oil and other	583	889	(306)
		-----	-----	-----
84	Total	5,604	6,142	(538)
		-----	-----	-----
Purchased power				
85	Firm load	570	455	115
86	Marketing and trading	4,854	3,642	1,212
		-----	-----	-----
87	Total	5,424	4,097	1,327
		-----	-----	-----
88	Total energy sources	11,028	10,239	789
		=====	=====	=====

POWER PLANT PERFORMANCE

Capacity Factors				
89	Nuclear	76%	87%	(11)%
90	Coal	85%	84%	1%
91	Gas, oil and other	20%	34%	(14)%
92	System average	62%	70%	(8)%
Generation Capacity Out of Service (average MW/day)				
93	Nuclear	246	143	103
94	Coal	90	187	(97)
95	Gas	16	20	(4)
96	Total	352	350	2
97	Generation Fuel Cost (\$/MWh)	\$ 12.51	\$ 16.28	\$ (3.77)

See Glossary of Terms.

Pinnacle West Capital Corporation

**Quarterly Consolidated Statistical Summary
Periods Ended December 31, 2001 and 2000**

		3 Mo. Ended December 31		
		2001	2000	Incr (Decr)
		-----	-----	-----
Line		2001	2000	Incr (Decr)
		-----	-----	-----
		200		

ENERGY MARKET INDICATORS (A)					
Electricity Average Daily Spot Prices (\$/MWh)					
On-Peak					
98	Palo Verde	\$ 26.89	\$154.33	\$(127.44)	\$118
99	SP15	\$ 28.38	\$162.59	\$(134.21)	\$119
Off-Peak					
100	Palo Verde	\$ 18.33	\$ 95.72	\$ (77.39)	\$ 61
101	SP15	\$ 20.41	\$119.72	\$ (99.31)	\$ 73
WEATHER INDICATORS					
Actual					
102	Cooling degree-days	620	253	367	5,
103	Heating degree-days	460	500	(40)	1,
104	Average humidity	39%	46%	(7)%	
10-Year Averages					
105	Cooling degree-days	387	387	--	4,
106	Heating degree-days	449	449	--	1,
107	Average humidity	39%	39%	0%	
ECONOMIC INDICATORS					
Building Permits -- Metro Phoenix (b)					
108	Single-family	6,240	6,410	(170)	32,
109	Multi-family	717	1,952	(1,235)	8,
110	Total	6,957	8,362	(1,405)	41,
Arizona Job Growth (c)					
111	Payroll job growth (% over prior year)	(1.0)%	3.4%	(4.4)%	
112	Unemployment rate (% , seasonally adjusted)	5.4%	3.7%	1.7%	

Sources:

- (a) This price is an average of daily prices obtained and used with permission from Dow Jones & Company, Inc.
- (b) Arizona Real Estate Center, Arizona State University College of Business
- (c) Arizona Department of Economic Security

See Glossary of Terms.

Exhibit 99.2

Pinnacle West Capital Corporation

**Consolidated Statistics By Quarter
2001**

Line		1st Qtr	2nd Qtr	3rd Qtr
EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ MILLIONS)				
1	Arizona Public Service	\$ 65	\$ 70	\$ 107
2	Pinnacle West Energy	--	1	14
3	APS Energy Services	(8)	--	(2)
4	SunCor	--	--	2
5	El Dorado	--	--	--
6	Parent Company	5	(4)	41

7	Income Before Accounting Change	62	67	162
8	Cumulative Effect of a Change in Accounting - Net of Tax	(3)	--	(12)
		-----	-----	-----
9	Net Income	\$ 59	\$ 67	\$ 150
		=====	=====	=====
EARNINGS PER SHARE BY SUBSIDIARY - DILUTED				
10	Arizona Public Service	\$ 0.77	\$ 0.82	\$ 1.26
11	Pinnacle West Energy	--	0.02	0.15
12	APS Energy Services	(0.10)	--	(0.02)
13	SunCor	--	--	0.03
14	El Dorado	--	--	--
15	Parent Company	0.06	(0.05)	0.49
		-----	-----	-----
16	Income Before Accounting Change	0.73	0.79	1.91
17	Cumulative Effect of a Change in Accounting - Net of Tax	(0.03)	--	(0.14)
		-----	-----	-----
18	Net Income	\$ 0.70	\$ 0.79	\$ 1.77
		=====	=====	=====
19	BOOK VALUE PER SHARE	\$ 28.83	\$ 28.17	\$ 29.37
COMMON SHARES OUTSTANDING - DILUTED				
20	Average	84,966	85,042	84,909
21	End of Period	84,718	84,713	84,663

See Glossary of Terms.

Pinnacle West Capital Corporation

**Consolidated Statistics By Quarter
2001**

Line		1st Qtr	2nd Qtr	3rd Q
		-----	-----	-----
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)				
Retail				
22	Residential	\$ 173	\$ 234	\$
23	Business	199	258	
		-----	-----	-----
24	Total retail	372	492	
		-----	-----	-----
Wholesale revenue on delivered electricity				
25	Traditional contracts	26	55	
26	Retail load hedge management	5	182	
Marketing and trading -- delivered				
27	Generation other than native load	87	51	
28	Other delivered electricity marketing and trading (a)	359	443	
		-----	-----	-----
28	Total delivered marketing and trading	446	494	
		-----	-----	-----

30	Total delivered wholesale electricity	477	731	
	Other marketing and trading			
31	Realized margins on delivered commodities other than electricity (a)	(5)	(12)	
32	Prior period mark-to-market (gains) losses realized upon delivery of commodities (a)	6	5	
33	Change in mark-to-market for future-period deliveries	47	35	
34	Total other marketing and trading	48	28	
35	Transmission for others	4	5	
36	Miscellaneous services	5	5	
37	Net electric operating revenues	\$ 906	\$ 1,261	\$ 1,
	ELECTRIC SALES (GWH)			
	Retail sales			
38	Residential	2,122	2,468	3,
39	Business	2,823	3,446	3,
40	Total retail	4,945	5,914	7,
	Wholesale electricity delivered			
41	Traditional contracts	569	598	
42	Retail load hedge management	75	736	1,
	Marketing and trading -- delivered			
43	Generation other than native load	623	436	
44	Other delivered electricity marketing and trading	2,853	3,072	3,
45	Total delivered marketing and trading	3,476	3,508	3,
46	Total delivered wholesale electricity	4,120	4,842	5,
47	Total electric sales	9,065	10,756	12,

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 37 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not revenue recognition. The arithmetic opposites of amounts included in line 32 are included in lines 28 and 31. For example, line 32 shows that a prior-period mark-to-market gain of \$1 million was transferred to "realized" for the total year 2001. Lines 28 and 31 include amounts totaling \$1 million of realized revenues for the year 2001.

See Glossary of Terms.

Pinnacle West Capital Corporation

**Consolidated Statistics By Quarter
2001**

Line	1st Qtr	2nd Qtr	3rd Qtr
	-----	-----	-----
MARKETING AND TRADING PRETAX GROSS MARGIN ANALYSIS			
(Dollars in Millions)			
Gross Margin by Commodity - Pretax			

48	Electricity	\$ 98	\$ 111	\$ 105
49	Natural gas	(3)	(13)	9
50	Coal	14	2	(2)
51	Emission allowances	(2)	(2)	(4)
52	Other	--	--	--
		-----	-----	-----
53	Total	\$ 107	\$ 98	\$ 108
		=====	=====	=====
Gross Margin Components - Pretax				
Current Period Effects				
Realized margin on delivered commodities				
Electricity				
54	Generation other than native load	\$ 48	\$ 26	\$ 3
55	Other electricity marketing and trading (a)	4	43	14
		-----	-----	-----
56	Total electricity	52	69	17
57	Other commodities (a)	(5)	(12)	(1)
		-----	-----	-----
58	Total realized margin	47	57	16
Prior-period mark-to-market (gains) losses transferred to "realized" upon delivery of commodities (b)				
59	Electricity (a)	1	--	(38)
60	Other commodities (a)	12	5	1
		-----	-----	-----
61	Subtotal	13	5	(37)
		-----	-----	-----
62	Total current period effects (b)	60	62	(21)
		-----	-----	-----
Change in mark-to-market gains (losses) for future period deliveries (b)				
63	Electricity	45	42	126
64	Other commodities	2	(6)	3
		-----	-----	-----
65	Subtotal	47	36	129
		-----	-----	-----
66	Total gross margin	\$ 107	\$ 98	\$ 108
		=====	=====	=====

FUTURE MARKETING AND TRADING MARK-TO-MARKET REALIZATION

As of December 31, 2001, Pinnacle West had accumulated mark-to-market net gains of \$138.0 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: 2002, \$43.0 million; 2003, \$22.6 million; 2004, \$23.6 million; 2005 and thereafter, \$48.8 million.

- (a) The net effect on pretax gross margin from realization of prior-period mark-to-market included in line 62 and in line 66 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 59 are included in line 55. The opposites of amounts included in line 60 are included in line 57. For example, line 59 shows that a prior-period mark-to-market gain of \$15 million was transferred to "realized" for the total year 2001. A \$15 million realized gain is included in the \$119 million on line 55 for the total year 2001.
- (b) Quarterly amounts do not total to the annual amounts because of intrayear mark-to-market eliminations.

See Glossary of Terms.

Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2001

Line		1st Qtr	2nd Qtr	3rd Qtr
		-----	-----	-----
	AVERAGE ELECTRIC CUSTOMERS			
	Retail customers			
67	Residential	775,317	770,335	773,321
68	Business	97,222	98,065	98,874
		-----	-----	-----
69	Total	872,539	868,400	872,195
70	Wholesale customers	68	66	66
		-----	-----	-----
71	Total customers	872,607	868,466	872,261
		=====	=====	=====
72	Customer Growth (% over prior year)	4.0%	3.9%	3.7%
	RETAIL ELECTRIC SALES (GWH) - WEATHER NORMALIZED			
73	Residential	2,039	2,324	3,443
74	Business	2,826	3,315	3,619
		-----	-----	-----
75	Total	4,865	5,639	7,062
		=====	=====	=====
	RETAIL ELECTRICITY USAGE (KWH/AVERAGE CUSTOMER)			
76	Residential	2,737	3,205	4,652
77	Business	29,036	35,135	37,669
	RETAIL ELECTRICITY USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)			
78	Residential	2,630	3,017	4,452
79	Business	29,067	33,796	36,607
	ELECTRICITY DEMAND (MW)			
80	System peak demand	3,661	5,358	5,687

See Glossary of Terms.

Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2001

Line		1st Qtr	2nd Qtr	3rd Qtr
		-----	-----	-----
	ENERGY SOURCES (GWH)			
	Generation production			
81	Nuclear	2,261	1,985	2,320
82	Coal	2,901	3,245	3,223

83	Gas, oil and other	1,007	1,256	1,157
		-----	-----	-----
84	Total	6,169	6,486	6,700
		-----	-----	-----
	Purchased power			
85	Firm load	381	635	1,579
86	Marketing and trading	3,232	4,018	5,504
		-----	-----	-----
87	Total	3,613	4,653	7,083
		-----	-----	-----
88	Total energy sources	9,782	11,139	13,783
		=====	=====	=====

POWER PLANT PERFORMANCE

	Capacity Factors			
89	Nuclear	96%	84%	97%
90	Coal	78%	87%	85%
91	Gas, oil and other	39%	46%	38%
92	System average	71%	73%	73%
	Generation Capacity Out of Service (average MW/day)			
93	Nuclear	57	180	26
94	Coal	284	166	129
95	Gas	36	52	24
96	Total	376	398	179
97	Generation Fuel Cost (\$/MWh)	\$ 19.64	\$ 19.28	\$ 13.21

See Glossary of Terms.

Pinnacle West Capital Corporation

**Consolidated Statistics By Quarter
2001**

Line		1st Qtr	2nd Qtr	3rd Qtr	4
		-----	-----	-----	-
	ENERGY MARKET INDICATORS (a)				
	Electricity Average Daily Spot Prices (\$/MWh)				
	On-Peak				
98	Palo Verde	\$ 214.21	\$ 182.71	\$ 49.80	\$
99	SP15	\$ 219.66	\$ 186.30	\$ 45.61	\$
	Off-Peak				
100	Palo Verde	\$ 130.40	\$ 70.32	\$ 27.22	\$
101	SP15	\$ 159.80	\$ 84.78	\$ 28.92	\$
	WEATHER INDICATORS				
	Actual				
102	Cooling degree-days	106	1,733	2,663	
103	Heating degree-days	657	43	--	
104	Average humidity	50%	25%	31%	
	10-Year Averages				
105	Cooling degree-days	73	1,405	2,425	
106	Heating degree-days	549	33	--	
107	Average humidity	44%	24%	34%	

ECONOMIC INDICATORS

	Building Permits -- Metro Phoenix (b)				
108	Single-family	8,681	9,270	8,264	
109	Multi-family	3,918	1,820	2,514	
		-----	-----	-----	-
110	Total	12,599	11,090	10,778	
		=====	=====	=====	=
	Arizona Job Growth (c)				
111	Payroll job growth (% over prior year)	2.8%	1.4%	0.2%	
112	Unemployment rate (% , seasonally adjusted)	4.1%	4.3%	4.3%	

Sources:

- (a) This price is an average of daily prices obtained and used with permission from Dow Jones & Company, Inc.
(b) Arizona Real Estate Center, Arizona State University College of Business
(c) Arizona Department of Economic Security

See Glossary of Terms.

Exhibit 99.3

Pinnacle West Capital Corporation

**Consolidated Statistics By Quarter
2000**

Line		1st Qtr	2nd Qtr	3rd Qtr
		-----	-----	-----
	EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ MILLIONS)			
1	Arizona Public Service	\$ 33	\$ 96	\$ 124
2	Pinnacle West Energy	--	(1)	--
3	APS Energy Services	(2)	(2)	--
4	SunCor	5	1	2
5	El Dorado	19	(3)	(9)
6	Parent Company	(1)	(1)	(1)
		-----	-----	-----
7	Income Before Accounting Change	54	90	116
8	Cumulative Effect of a Change in Accounting - Net of Tax	--	--	--
		-----	-----	-----
9	Net Income	\$ 54	\$ 90	\$ 116
		=====	=====	=====
	EARNINGS PER SHARE BY SUBSIDIARY - DILUTED			
10	Arizona Public Service	\$ 0.39	\$ 1.13	\$ 1.45
11	Pinnacle West Energy	--	(0.01)	--
12	APS Energy Services	(0.02)	(0.02)	--
13	SunCor	0.06	0.01	0.02
14	El Dorado	0.22	(0.04)	(0.10)
15	Parent Company	(0.01)	(0.01)	(0.01)
		-----	-----	-----
16	Income Before Accounting Change	0.64	1.06	1.36
17	Cumulative Effect of a Change in Accounting - Net of Tax	--	--	--
		-----	-----	-----

18	Net Income	\$ 0.64 =====	\$ 1.06 =====	\$ 1.36 =====
19	BOOK VALUE PER SHARE	\$ 26.29	\$ 27.00	\$ 28.01
	COMMON SHARES OUTSTANDING - DILUTED			
20	Average	84,834	84,891	85,012
21	End of Period	84,723	84,727	84,779

See Glossary of Terms.

Pinnacle West Capital Corporation

**Consolidated Statistics By Quarter
2000**

Line		1st Qtr	2nd Qtr	3
		-----	-----	-
	ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)			
	Retail			
22	Residential	\$ 157	\$ 228	\$
23	Business	196	253	
		-----	-----	-
24	Total retail	353	481	
		-----	-----	-
	Wholesale revenue on delivered electricity			
25	Traditional contracts	12	18	
26	Retail load hedge management	7	36	
	Marketing and trading -- delivered			
27	Generation other than native load	9	13	
28	Other delivered electricity marketing and trading (a)	56	134	
		-----	-----	-
29	Total delivered marketing and trading	65	147	
		-----	-----	-
30	Total delivered wholesale electricity	84	201	
		-----	-----	-
	Other marketing and trading			
31	Realized margins on delivered commodities other than electricity (a)	(5)	1	
32	Prior period mark-to-market (gains) losses realized upon delivery of commodities (a)	--	--	
33	Change in mark-to-market for future-period deliveries	7	25	
		-----	-----	-
34	Total other marketing and trading	2	26	
		-----	-----	-
35	Transmission for others	3	4	
36	Miscellaneous services	4	8	
		-----	-----	-
37	Net electric operating revenues	\$ 446 =====	\$ 720 =====	\$ =
	ELECTRIC SALES (GWH)			
	Retail sales			
38	Residential	1,876	2,371	
39	Business	2,737	3,379	
		-----	-----	-
40	Total retail	4,613	5,750	
		-----	-----	-
	Wholesale electricity delivered			

41	Traditional contracts	331	391	
42	Retail load hedge management	232	585	
	Marketing and trading -- delivered			
43	Generation other than native load	396	215	
44	Other delivered electricity marketing and trading	1,995	2,717	
		-----	-----	-
45	Total delivered marketing and trading	2,391	2,932	
		-----	-----	-
46	Total delivered wholesale electricity	2,954	3,908	
		-----	-----	-
47	Total electric sales	7,567	9,658	
		=====	=====	=

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 37 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not revenue recognition. The arithmetic opposites of amounts included in line 32 are included in lines 28 and 31. For example, line 32 shows that a prior-period mark-to-market gain of \$2 million was transferred to "realized" for the total year 2000. Lines 28 and 31 include amounts totaling \$2 million of realized revenues for the year 2000.

See Glossary of Terms.

Pinnacle West Capital Corporation

Consolidated Statistics By Quarter 2000

Line		1st Qtr	2nd Qtr	3rd Q
		-----	-----	-----
	MARKETING AND TRADING PRETAX GROSS MARGIN ANALYSIS			
	(DOLLARS IN MILLIONS)			
	GROSS MARGIN BY COMMODITY - PRETAX			
48	Electricity	\$ 7	\$ 61	\$
49	Natural gas	--	(1)	
50	Coal	--	--	
51	Emission allowances	--	--	
52	Other	--	--	
		-----	-----	-----
53	Total	\$ 7	\$ 60	\$
		=====	=====	=====
	GROSS MARGIN COMPONENTS - PRETAX			
	Current Period Effects			
	Realized margin on delivered commodities			
	Electricity			
54	Generation other than native load	\$ 2	\$ 6	\$
55	Other electricity marketing and trading (a)	3	28	
		-----	-----	-----
56	Total electricity	5	34	
57	Other commodities (a)	(5)	1	
		-----	-----	-----
58	Total realized margin	--	35	
	Prior-period mark-to-market (gains) losses transferred			
	to "realized" upon delivery of commodities (b)			
59	Electricity (a)	--	--	(
60	Other commodities (a)	--	--	
		-----	-----	-----
61	Subtotal	--	--	(

62	Total current period effects (b)	---	35	---
	Change in mark-to-market gains (losses) for future period deliveries (b)			
63	Electricity	2	27	
64	Other commodities	5	(2)	
65	Subtotal	7	25	
66	Total gross margin	\$ 7	\$ 60	\$

(a) The net effect on pretax gross margin from realization of prior-period mark-to-market included in line 62 and in line 66 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 59 are included in line 55. The opposites of amounts included in line 60 are included in line 57. For example, line 59 shows that a prior-period mark-to-market gain of \$2 million was transferred to "realized" for the total year 2000. A \$2 million realized gain is included in the \$69 million on line 55 for the total year 2000.

(b) Quarterly amounts do not total to the annual amounts because of intrayear mark-to-market eliminations.

See Glossary of Terms.

Pinnacle West Capital Corporation

Consolidated Statistics By Quarter 2000

Line	1st Qtr	2nd Qtr	3rd Qtr	4t	
AVERAGE ELECTRIC CUSTOMERS					
Retail customers					
67	Residential	746,528	742,485	746,742	76
68	Business	92,667	93,343	94,479	9
69	Total	839,195	835,828	841,221	85
70	Wholesale customers	67	67	67	
71	Total customers	839,262	835,895	841,288	85
72	Customer Growth (% over prior year)	4.0%	4.1%	4.1%	
RETAIL ELECTRIC SALES (GWH) - WEATHER NORMALIZED					
73	Residential	1,986	2,253	3,358	
74	Business	2,741	3,320	3,620	
75	Total	4,727	5,573	6,978	
RETAIL ELECTRICITY USAGE (KWH/AVERAGE CUSTOMER)					
76	Residential	2,513	3,193	4,695	
77	Business	29,536	36,200	38,887	3

RETAIL ELECTRICITY USAGE - WEATHER NORMALIZED
(KWH/AVERAGE CUSTOMER)

78	Residential	2,660	3,034	4,497	
79	Business	29,579	35,568	38,315	3
ELECTRICITY DEMAND (MW)					
80	System peak demand	3,315	5,095	5,478	

See Glossary of Terms.

Pinnacle West Capital Corporation

**Consolidated Statistics By Quarter
2000**

Line		1st Qtr	2nd Qtr	3rd Qtr
		-----	-----	-----
ENERGY SOURCES (GWH)				
Generation production				
81	Nuclear	2,325	2,090	2,348
82	Coal	2,828	3,163	3,343
83	Gas, oil and other	323	526	1,046
84	Total	5,476	5,779	6,737
Purchased power				
85	Firm load	263	819	1,549
86	Marketing and trading	2,206	3,184	9,860
87	Total	2,469	4,003	11,409
88	Total energy sources	7,945	9,782	18,146
POWER PLANT PERFORMANCE				
Capacity Factors				
89	Nuclear	98%	88%	98%
90	Coal	76%	85%	88%
91	Gas, oil and other	13%	21%	40%
92	System average	63%	67%	77%
Generation Capacity Out of Service (average MW/day)				
93	Nuclear	27	129	21
94	Coal	223	124	85
95	Gas	8	43	16
96	Total	258	296	122
97	Generation Fuel Cost (\$/MWh)	\$ 10.65	\$ 12.69	\$ 14.77

See Glossary of Terms.

Pinnacle West Capital Corporation

Consolidated Statistics By Quarter

2000

Line		1st Qtr	2nd Qtr	3rd Qtr	4th Q
		-----	-----	-----	-----
	ENERGY MARKET INDICATORS (a)				
	Electricity Average Daily Spot Prices (\$/MWh)				
	On-Peak				
98	Palo Verde	\$ 30.52	\$ 90.49	\$170.40	\$154.
99	SP15	\$ 31.40	\$ 82.67	\$152.74	\$162.
	Off-Peak				
100	Palo Verde	\$ 22.97	\$ 31.91	\$ 61.48	\$ 95.
101	SP15	\$ 24.52	\$ 32.45	\$ 66.28	\$119.
	WEATHER INDICATORS				
	Actual				
102	Cooling degree-days	71	1,712	2,547	2
103	Heating degree-days	459	9	--	5
104	Average humidity	37%	23%	29%	
	10-Year Averages				
105	Cooling degree-days	73	1,405	2,425	3
106	Heating degree-days	549	33	--	4
107	Average humidity	44%	24%	34%	
	ECONOMIC INDICATORS				
	Building Permits -- Metro Phoenix (b)				
108	Single-family	8,163	9,605	8,331	6,4
109	Multi-family	3,208	2,651	2,417	1,9
		-----	-----	-----	-----
110	Total	11,371	12,256	10,748	8,3
		-----	-----	-----	-----
	Arizona Job Growth (c)				
111	Payroll job growth (% over prior year)	4.4%	4.0%	3.9%	3
112	Unemployment rate (% , seasonally adjusted)	4.1%	3.9%	3.8%	3

Sources:

- (a) This price is an average of daily prices obtained and used with permission from Dow Jones & Company, Inc.
- (b) Arizona Real Estate Center, Arizona State University College of Business
- (c) Arizona Department of Economic Security

See Glossary of Terms.

Exhibit 99.4

Pinnacle West Capital Corporation

**Earnings Variance Explanations
For Periods Ended December 31, 2001 and 2000**

This discussion explains the changes in our earnings for the three and twelve months ended December 31, 2001 and 2000. We suggest this section be read along with the Pinnacle West Quarterly Reports on Form 10-Q for the fiscal quarters ended September 30, 2001, June 30, 2001 and March 31, 2001, and the Pinnacle West Annual Report on Form 10-K for the fiscal year ended December 31, 2000. Consolidated income statements for the three and twelve months ended December 31, 2001 and 2000 follow this discussion. Additional operating and financial statistics and a definition of terms are available on the Company's website.

Operating Results

The following table summarizes net income for the three and twelve months ended December 31, 2001 and the comparable prior year periods for Pinnacle West and each of its subsidiaries (dollars in millions):

	3 Months Ended December 31,		12 Months Ended December 31,	
	2001	2000	2001	2000
Arizona Public Service (APS)	\$ 39	\$ 54	\$ 281	\$ 307
Pinnacle West Energy	3	(1)	18	(2)
APS Energy Services	--	(9)	(10)	(13)
SunCor	1	3	3	11
El Dorado	--	(5)	--	2
Parent Company (a)	(7)	--	35	(3)
Income before accounting change	36	42	327	302
Cumulative effect of a change in accounting - net of income taxes	--	--	(15)	--
Net income	\$ 36	\$ 42	\$ 312	\$ 302
	=====	=====	=====	=====

(a) The 2001 amount primarily includes trading activities.

Operating Results - Three-month period ended December 31, 2001 compared with three-month period ended December 31, 2000

Our consolidated net income for the three months ended December 31, 2001 was \$36 million compared with \$42 million for the same period in the prior year. The quarter-to-quarter decrease reflects charges related to Enron and its affiliates; lower market prices and lower volumes for wholesale generation sales; and a retail electricity price decrease. The sum of these items more than offset the effects of increased electricity trading, lower replacement power costs for plant outages, the absence of investment losses at El Dorado and a credit reserve in the prior-year fourth quarter related to the California energy situation. The major factors that increased (decreased) consolidated net income were as follows (dollars in millions):

	Increase/(Decrease -----
Increases(decreases) in electric revenues, net of purchased power and fuel expense due to:	
Marketing and trading activities:	
Decrease from generation sales other than native load due to lower market prices and lower sales volumes	\$ (37)
Increase in other realized marketing and trading in current period primarily due to more transactions with higher margins	58
Change in prior period mark-to-market value for gains transferred to realized margin in current period	(41)(a)
Change in prior period mark-to-market value transferred to realized margin related to trading with Enron and its affiliates	(8)(b)
Increase in mark-to-market value related to future periods	2 (a)

Net decrease in marketing and trading gross margin	(26)
Charges related to purchased power contracts with Enron and its affiliates	(13)(b)
Retail price reductions effective July 1, 2001	(6)

Higher retail sales primarily related to customer growth	9
Lower replacement power costs for plant outages due to lower market prices	24
Miscellaneous revenues	(2)

Total decrease in revenues, net of purchased power and fuel expense	(14)
Lower other net expense	8
Miscellaneous items, net	(2)

Decrease in income before income taxes	(8)
Lower income taxes primarily due to lower income	2

Decrease in net income	\$ (6)
	=====

- (a) Essentially all of our marketing and trading activities are structured activities, meaning our portfolio of forward sales positions is hedged with a portfolio of forward purchases that protects the economic value of the sales transactions.
- (b) We recorded charges totaling \$21 million for exposure to Enron and its affiliates in the fourth quarter of 2001.

Electric operating revenues decreased approximately \$114 million primarily because of:

- * changes in marketing and trading revenues (\$95 million, net decrease):
 - decreased revenues related to generation sales other than native load due to lower market prices and lower sales volumes (\$74 million);
 - increased realized revenues related to other realized marketing and trading in current period primarily due to more transactions (\$26 million);
 - decreased prior period mark-to-market value transferred to realized margin related to trading with Enron and its affiliates (\$8 million);
 - decreased prior period mark-to-market value for gains transferred to realized margin in current period (\$41 million);
 - increased mark-to-market value for future periods (\$2 million);
- * decreased revenues related to other wholesale sales and miscellaneous revenues primarily as a result of lower sales volumes (\$35 million);
- * increased retail revenues primarily related to higher sales volumes due to customer growth and higher average usage per customer (\$22 million) and;
- * decreased retail revenues related to a reduction in retail electricity prices (\$6 million).

Purchased power and fuel expenses decreased approximately \$100 million primarily because of:

- * changes in marketing and trading purchased power and fuel costs (\$69 million, net decrease) due to:
 - decreased fuel costs related to generation sales other than native load primarily as a result of lower fuel prices and sales volumes (\$37 million);
 - decreased purchased power costs related to other realized marketing and trading in current period primarily due to lower market prices (\$32 million);
- * decreased costs related to other wholesale sales as a result of lower sales volumes (\$33 million);
- * charges related to purchased power contracts with Enron and its affiliates (\$13 million);
- * decreased plant outage replacement power costs due to lower market prices (\$24 million);
- * increased costs primarily related to higher retail sales volumes due to customer growth and higher average usage per customer (\$13 million).

The increase in operations and maintenance expenses of \$3 million primarily related to increased employee benefit and other costs (\$8 million) partially

offset by a provision for credit exposure related to the California energy situation (\$5 million) which was recorded in the fourth quarter of 2000.

Net other expense decreased \$8 million primarily because of a change in the market value of El Dorado's investment in a technology-related venture capital partnership in the prior-year period and a decrease in environmental remediation costs, partially offset with other non-operating costs.

Operating Results - Twelve-month period ended December 31, 2001 compared with twelve-month period ended December 31, 2000

Our consolidated net income for the twelve months ended December 31, 2001 was \$312 million compared with \$302 million for the same period in the prior year. In 2001, we recognized a \$15 million after-tax loss in net income as a cumulative effect of a change in accounting for derivatives, as required by SFAS No.133.

Income before accounting change for the twelve months ended December 31, 2001 was \$327 million compared with \$302 million for the same period in the prior year. The year-to-year comparison benefited from strong power marketing results including significant benefits in the 2001 third quarter from structured trading activities, and retail customer growth. These factors were partially offset by higher purchased power and fuel costs, due in part to increased power plant maintenance; generation reliability measures; continuing retail electricity price decreases; and a charge related to Enron and its affiliates. The major factors that increased (decreased) income before accounting change were as follows (dollars in millions):

	Increase/(Decrease -----
Increases(decreases) in electric revenues, net of purchased power and fuel expense due to:	
Marketing and trading activities:	
Increase from generation sales other than native load due to higher market prices	\$ 25
Increase in other realized marketing and trading in current period primarily due to more transactions	45
Change in prior period mark-to-market value for gains transferred to realized margin in current period	16 (a)
Change in prior period mark-to-market value for losses transferred to realized margin related to trading with Enron and its affiliates	(8)(b)
Increase in mark-to-market value related to future periods	113 (a)

Net increase in marketing and trading	191
Higher replacement power costs for plant outages related to higher market prices	(70)
Retail price reductions effective July 1, 2001	(27)
Charges related to purchased power contracts with Enron and its affiliates	(13)(b)
Higher retail sales primarily related to customer growth	35
Miscellaneous revenues	3

Total increase in revenues, net of purchased power and fuel expense	119
Higher operations and maintenance expense related to 2001 generation reliability program	(42)
Higher operations and maintenance expense related primarily to employee benefit, plant outage and maintenance and other costs	(38)
Lower net interest expense primarily due to higher capitalized interest	17
Higher other net expense	(5)
Miscellaneous items, net	(7)

Net increase in income before income taxes	44
Higher income taxes primarily due to higher income	(19)

- (a) Essentially all of our marketing and trading activities are structured activities, meaning our portfolio of forward sales positions is hedged with a portfolio of forward purchases that protects the economic value of the sales transactions.
- (b) We recorded charges totaling \$21 million for exposure to Enron and its affiliates in the fourth quarter of 2001.

Electric operating revenues increased approximately \$850 million because of:

- * changes in marketing and trading revenues (\$827 million, net increase):
 - increased revenues related to generation sales other than native load as a result of higher average market prices (\$32 million);
 - increased realized revenues related to other marketing and trading in current period primarily due to more transactions (\$681 million);
 - decreased prior period mark-to-market value transferred to realized margin related to trading with Enron and its affiliates (\$8 million);
 - increased prior period mark-to-market value for losses transferred to realized margin in current period (\$9 million);
 - increased mark-to-market value for future periods primarily as a result of more forward sales volume (\$113 million);
- * decreased revenues related to other wholesale sales and miscellaneous revenues as a result of sales volumes (\$28 million);
- * increased retail revenues primarily related to higher sales volumes primarily due to customer growth (\$78 million) and;
- * decreased retail revenues related to reductions in retail electricity prices (\$27 million).

Purchased power and fuel expenses increased approximately \$731 million primarily because of:

- * changes in marketing and trading purchased power and fuel costs (\$636 million, net increase) due to:
 - increased fuel costs related to generation sales other than native load as a result of higher fuel prices (\$7 million);
 - increased fuel and purchased power costs related to other realized marketing and trading in current period primarily due to more transactions (\$636 million);
 - decreased mark-to-market fuel costs related to SFAS No. 133 (\$7 million);
- * decreased costs related to other wholesale sales as a result of lower volumes (\$31 million);
- * higher replacement power costs primarily from higher market prices and increased plant outages (\$70 million), including costs of \$12 million related to the Palo Verde outage extension to replace fuel control element assemblies;
- * higher costs related to retail sales volumes due to customer growth (\$43 million) and;
- * charges related to purchased power contracts with Enron and its affiliates (\$13 million).

The increase in operations and maintenance expenses of \$80 million primarily related to the 2001 generation summer reliability programs (the addition of generating capability to enhance reliability for the summer of 2001 (\$42 million)) and increased employee benefit, plant outage and maintenance, and other costs (\$38 million). The comparison reflects the Company's \$10 million provision for the credit exposure related to the California energy situation, \$5 million of which was recorded in the fourth quarter of 2000 and \$5 million of which was recorded in the first quarter of 2001.

Net other expense increased \$5 million primarily because of a change in the market value of El Dorado's investment in a technology-related venture capital

partnership in the prior year period and other non-operating costs partially offset by an insurance recovery of environmental remediation costs.

Interest expense decreased by \$17 million primarily because of increased capitalized interest resulting from our generation expansion plan partially offset with higher interest expense due to higher debt balances.

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(dollars in thousands, except per share amounts)

	Three Months Ended December 31,	
	2001	2000
Operating Revenues		
Electric	\$ 683,608	\$ 797,448
Real estate	61,095	40,706
Total	744,703	838,154
Operating Expenses		
Purchased power and fuel	339,601	439,256
Operations and maintenance	121,790	118,901
Real estate operations	52,214	33,048
Depreciation and amortization	109,061	105,836
Taxes other than income taxes	20,967	23,137
Total	643,633	720,178
Operating Income	101,070	117,976
Other Income (Expense)	(6,334)	(14,032)
Income Before Interest and Income Taxes	94,736	103,944
Interest Expense		
Interest charges	46,719	43,162
Capitalized interest	(12,458)	(7,763)
Total	34,261	35,399
Income Before Income Taxes	60,475	68,545
Income Taxes	24,669	26,233
Net Income	\$ 35,806	\$ 42,312
Average Common Shares Outstanding - Basic	84,679	84,728
Average Common Shares Outstanding - Diluted	84,824	85,015
Earnings Per Average Common Share Outstanding		
Net Income - Basic	\$ 0.42	\$ 0.50
Net Income - Diluted	0.42	0.50

Certain prior year amounts have been restated to conform with the 2001 presentation.

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(dollars in thousands, except per share amounts)

	Twelve Months Ended December 31,	
	2001	2000
Operating Revenues		
Electric	\$ 4,382,465	\$ 3,531,810
Real estate	168,908	158,365
Total	4,551,373	3,690,175
Operating Expenses		
Purchased power and fuel	2,664,218	1,932,792
Operations and maintenance	530,095	450,205
Real estate operations	153,462	134,422
Depreciation and amortization	427,903	431,229
Taxes other than income taxes	101,068	99,780
Total	3,876,746	3,048,428
Operating Income	674,627	641,747
Other Income (Expense)	(5,765)	(406)
Income Before Interest and Income Taxes	668,862	641,341
Interest Expense		
Interest charges	175,822	166,447
Capitalized interest	(47,862)	(21,638)
Total	127,960	144,809
Income Before Income Taxes	540,902	496,532
Income Taxes	213,535	194,200
Income Before Accounting Change	327,367	302,332
Cumulative Effect of a Change in Accounting for Derivatives - Net of Income Tax Benefit of \$9,892	(15,201)	--
Net Income	\$ 312,166	\$ 302,332
Average Common Shares Outstanding - Basic	84,718	84,733
Average Common Shares Outstanding - Diluted	84,930	84,935
Earnings Per Average Common Share Outstanding		
Income Before Accounting Change - Basic	\$ 3.86	\$ 3.57
Net Income - Basic	3.68	3.57
Income Before Accounting Change - Diluted	3.85	3.56

Certain prior year amounts have been restated to conform with the 2001 presentation.

Exhibit 99.5

Pinnacle West Capital Corporation
Quarterly Consolidated Statistical Summary
Glossary of Terms

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 For Future-Period Deliveries	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.
Current Period Effects	The net effect of the total revenue or gross margins realized on delivery of commodities in the period being measured, and the amount of prior-period mark-to-market (gains) losses transferred to realized upon delivery of the related commodities in the period. The net effect of transferring prior-period mark-to-market to realized does not affect total revenues, gross margin or earnings.
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(degree)F for the month. Average temperatures less than the base temperature are ignored.
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(degree)F for the month. Average temperatures greater than the base temperature are ignored.

Electricity Marketing and Trading - Delivered	All wholesale sales of electricity not accounted for in sales under traditional contracts, retail load hedge management or sales of generation other than native load. These sales are served by electricity purchased from the wholesale market and are made to other electric companies, power marketers, or public entities for the purpose of resale. Measured in gigawatt-hours.
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	Total capacity required and economic yet unavailable due to scheduled or unscheduled outages. Measured in megawatts per day.
Generation Other Than Native Load	Sales of electricity from generation owned by the company that is over and above the amount required to serve retail customers and traditional wholesale contracts.
Generation Production -- Coal	Amount of net energy produced by coal-fueled generators. Measured in gigawatt-hours.
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.
Marketing and Trading Gross Margin by Commodity - Pretax	Marketing and trading gross margin, before income taxes, for sales of generation other than native load and for sales and purchases of electricity and other commodities by the company in the wholesale market, summarized by the underlying commodities.
Marketing and Trading Gross Margin Components - Pretax	Marketing and trading gross margin, before income taxes, for sales of generation other than native load and for sales and purchase 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.
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.
Megawatt (MW)	One million watts.
Megawatt-hour (MWh)	A unit of energy equivalent to 1,000 kilowatt-hours.
Prior Period Mark-To-Market (Gains) Losses Realized Upon Delivery of Commodities	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.
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

Realized Margin on Delivered Commodities	by company-owned generation. Measured in gigawatt-hours.
Retail Customer Growth	Marketing and trading gross margin related to electricity and other commodities that were delivered in the then-current period.
Retail Electricity Usage	Percentage growth over the prior year in the number of retail customers.
Retail Load Hedge Management	Total retail sales for a period divided by the average retail customers for the same period. Measured in kilowatt-hours per average customer.
Retail Sales	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.
System Peak Demand	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.
Traditional Contracts	The demand for electricity during the one hour of highest use each month. Measured in megawatts.
Weather Normalized	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.
	Adjusted to exclude the effects of abnormal weather patterns.

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