

PINNACLE WEST CAPITAL CORP

FORM 8-K (Current report filing)

Filed 05/02/03 for the Period Ending 03/31/03

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

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): March 31, 2003

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 85072-3999
(Address of principal executive offices) (Zip Code)

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

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

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) EXHIBITS.

EXHIBIT NO. -----	DESCRIPTION -----
99.1	Pinnacle West Capital Corporation quarterly consolidated statistical summary (cover page and list of contents).
99.2	Pinnacle West Capital Corporation quarterly consolidated statistical summary for the periods ended March 31, 2003 and 2002.
99.3	Pinnacle West Capital Corporation consolidated statistics by quarter for 2003.
99.4	Pinnacle West Capital Corporation consolidated statistics by quarter for 2002.
99.5	Pinnacle West Capital Corporation consolidated statistics by quarter for 2001.
99.6	Pinnacle West Capital Corporation consolidated statistics by quarter for 2000.
99.7	Pinnacle West Capital Corporation consolidated statistics by quarter for 1999.
99.8	Pinnacle West Capital Corporation earnings variance explanations for the periods ended March 31, 2003 and 2002 and condensed consolidated statements of income for the three and twelve months ended March 31, 2003 and 2002.
99.9	Glossary of Terms.
99.10	Earnings News Release.

ITEM 9. REGULATION FD DISCLOSURE

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

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: May 1, 2003 By: Barbara M. Gomez Barbara M. Gomez Treasurer

Pinnacle West Capital Corporation

Quarterly Consolidated Statistical Summary Periods Ended March 31, 2003 and 2002

List of Contents

2003 FIRST-QUARTER SUMMARY

2003 YEAR-TO-DATE

2002 YEAR-TO-DATE

2001 BY QUARTER

2000 BY QUARTER

1999 BY QUARTER

See the Glossary of Terms on this website for definitions of terms used in this summary. Quarters may not sum to totals due to rounding.

Last Updated 5/2/03

Pinnacle West Capital Corporation

Quarterly Consolidated Statistical Summary Periods Ended March 31, 2003 and 2002

Line	3 MO. ENDED MARCH 31			12 MO. ENDED MARCH 31			
	2003	2002	INCR (DECR)	2003	2002	INCR (DECR)	
EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ MILLIONS)							
1	Arizona Public Service	\$ 16	\$ 32	\$ (16)	\$ 183	\$ 248	\$ (65)
2	Pinnacle West Energy	5	1	4	(14)	19	(33)
3	APS Energy Services	8	2	6	34	--	34
4	SunCor	1	1	--	9	4	5
5	El Dorado	3	--	3	(52)	--	(52)
6	Parent Company	(13)	17	(30)	13	46	(33)
7	Income From Continuing Operations	20	53	(33)	173	317	(144)
8a	Income From Discontinued Operations - Net of Tax	5	1	4	14	1	13
8b	Cumulative Effect of Change in Accounting - Net of Tax	--	--	--	(66)	(12)	(54)
9	Net Income	\$ 25	\$ 54	\$ (29)	\$ 121	\$ 306	\$ (185)
EARNINGS PER SHARE BY SUBSIDIARY - DILUTED							
10	Arizona Public Service	\$ 0.17	\$ 0.37	\$ (0.20)	\$ 2.12	\$ 2.92	\$ (0.80)
11	Pinnacle West Energy	0.06	0.01	0.05	(0.17)	0.22	(0.39)
12	APS Energy Services	0.08	0.03	0.05	0.39	--	0.39
13	SunCor	0.01	0.02	(0.01)	0.11	0.05	0.06
14	El Dorado	0.03	--	0.03	(0.60)	--	(0.60)
15	Parent Company	(0.13)	0.20	(0.33)	0.15	0.56	(0.41)
16	Income From Continuing Operations	0.22	0.63	(0.41)	2.00	3.75	(1.75)
17a	Income From Discontinued Operations - Net of Tax	0.06	--	0.06	0.16	--	0.16
17b	Cumulative Effect of Change in Accounting - Net of Tax	--	--	--	(0.76)	(0.14)	(0.62)
18	Net Income	\$ 0.28	\$ 0.63	\$ (0.35)	\$ 1.40	\$ 3.61	\$ (2.21)
19	BOOK VALUE PER SHARE	\$ 29.39	\$ 30.06	\$ (0.67)	\$ 29.39	\$ 30.06	\$ (0.67)
COMMON SHARES OUTSTANDING - DILUTED (THOUSANDS)							
20	Average	91,359	84,884	6,475	86,627	84,910	1,717
21	End of Period	91,257	84,789	6,468	91,257	84,789	6,468

See Glossary of Terms.

Pinnacle West Capital Corporation

Quarterly Consolidated Statistical Summary Periods Ended March 31, 2003 and 2002

Line	3 MO. ENDED MARCH 31			12 MO. ENDED MARCH 31		
	2003	2002	INCR (DECR)	2003	2002	INCR (DECR)
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)						
REGULATED ELECTRICITY SEGMENT						
Retail						
22	\$ 168	\$ 171	\$ (3)	\$ 903	\$ 913	\$ (10)
23	196	195	1	929	948	(19)
24	364	366	(2)	1,832	1,861	(29)
Wholesale revenue on delivered electricity						
25	3	2	1	10	49	(39)
26	5	2	3	126	575	(449)
27	6	6	--	30	28	2
28	7	4	3	19	16	3
29	385	380	5	2,017	2,529	(512)
MARKETING AND TRADING SEGMENT						
Delivered marketing and trading						
30	44	8	36	86	69	17
31	5	27	(22)	27	77	(50)
32	122	34	88	295	252	43
33	171	69	102	408	398	10
OTHER MARKETING AND TRADING						
34	(2)	4	(6)	2	(5)	7
35	(3)	(22)	19	(15)	(43)	28
36	(3)	25	(28)	18	119	(101)
37	(8)	7	(15)	5	71	(66)
38	163	76	87	413	469	(56)
39	\$ 548	\$ 456	\$ 92	\$ 2,430	\$ 2,998	\$ (568)
ELECTRIC SALES (GWH)						
REGULATED ELECTRICITY SEGMENT						
Retail						
40	2,104	2,141	(37)	10,407	10,354	53
41	2,849	2,771	78	12,995	13,011	(16)
42	4,953	4,912	41	23,402	23,365	37
Wholesale electricity delivered						
43	130	71	59	533	715	(182)
44	109	158	(49)	2,593	3,123	(530)
45	5,192	5,141	51	26,528	27,203	(675)
MARKETING AND TRADING SEGMENT						
Delivered marketing and trading						
46	992	376	616	2,407	1,141	1,266
47	3,910	3,109	801	17,726	12,849	4,877
48	2,470	727	1,743	5,882	2,550	3,332
49	7,372	4,212	3,160	26,015	16,540	9,475
50	12,564	9,353	3,211	52,543	43,743	8,800

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 39 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 35 are included in lines 31 and 34. For example, line 35 shows that a prior-period mark-to-market gain of \$3 million was transferred to "realized" for the first quarter of 2003. Lines 31 and 34 include amounts totaling \$3 million of realized revenues for the first quarter of 2003.

See Glossary of Terms.

Last Updated 5/2/03

Pinnacle West Capital Corporation

Quarterly Consolidated Statistical Summary Periods Ended March 31, 2003 and 2002

Line	3 MO. ENDED MARCH 31			12 MO. ENDED MARCH 31		
	2003	2002	INCR (DECR)	2003	2002	INCR (DECR)
MARKETING AND TRADING SEGMENT PRETAX GROSS MARGIN ANALYSIS (DOLLARS IN MILLIONS)						
REALIZED AND MARK-TO-MARKET COMPONENTS						
Current Period Effects						
Realized margin on delivered commodities						
Electricity						
51	\$ 3	2	\$ 1	15	34	(19)
52	24	33	(9)	90	146	(56)
53	27	35	(8)	105	180	(75)
54	(2)	4	(6)	2	(5)	7
55	25	39	(14)	107	175	(68)
Prior-period mark-to-market (gains) losses on contracts delivered during current period						
56	(5)	(16)	11	(11)	(48)	37
57	2	(6)	8	(3)	10	(13)
58	--	--	--	--	(8)	8
59	(3)	(22)	19	(14)	(46)	32
60	22	17	5	93	129	(36)
Change in mark-to-market gains (losses) for future period deliveries (b)						
61	(6)	25	(31)	24	145	(121)
62	3	(2)	5	(6)	(24)	18
63	(3)	23	(26)	18	121	(103)
64	\$ 19	40	\$ (21)	\$ 111	\$ 250	\$ (139)

FUTURE MARKETING AND TRADING MARK-TO-MARKET REALIZATION

As of March 31, 2003, Pinnacle West had accumulated mark-to-market net gains of \$35 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: remainder of 2003, \$2 million; 2004, \$10 million; 2005, \$10 million; 2006 and thereafter, \$13 million.

(a) The net effect on pretax gross margin from realization of prior-period mark-to-market included in line 60 and in line 64 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 56 are included in line 52. The opposites of amounts included in line 57 are included in line 54. For example, line 56 shows that a prior-period mark-to-market gain of \$5 million was transferred to "realized" for the first quarter of 2003. A \$5 million realized gain is included in the \$24 million on line 52 for the first quarter of 2003.

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

See Glossary of Terms.

Last Updated 5/2/03

Pinnacle West Capital Corporation

Quarterly Consolidated Statistical Summary Periods Ended March 31, 2003 and 2002

Line	3 MO. ENDED MARCH 31			12 MO. ENDED MARCH 31			
	2003	2002	INCR (DECR)	2003	2002	INCR (DECR)	
MARKETING AND TRADING SEGMENT							
PRETAX GROSS MARGIN ANALYSIS (CONTINUED)							
(DOLLARS IN MILLIONS)							
BY COMMODITY SOLD OR TRADED							
65	Electricity	\$ 17	\$ 45	\$ (28)	\$ 119	\$ 276	\$ (157)
66	Natural gas	2	(5)	7	1	(11)	12
67	Coal	(1)	(1)	--	(2)	(7)	5
68	Emission allowances	--	1	(1)	(8)	(8)	--
69	Other	1	--	1	1	--	1
70	Total Gross Margin	\$ 19	\$ 40	\$ (21)	\$ 111	\$ 250	\$ (139)
BY PINNACLE WEST ENTITY							
Parent company marketing and trading division							
71	Generation sales other than native load	\$ (2)	\$ 1	\$ (3)	\$ 5	\$ 1	\$ 4
72	Other marketing and trading	4	34	(30)	52	105	(53)
APS							
73	Generation sales other than native load	6	1	5	7	32	(25)
74	Other marketing and trading	--	--	--	--	103	(103)
Pinnacle West Energy							
75	Generation sales other than native load	(1)	--	(1)	3	--	3
76	Other marketing and trading	--	--	--	--	--	--
APS ES							
77	Other marketing and trading	12	4	8	44	9	35
78	Total gross margin before income taxes	\$ 19	\$ 40	\$ (21)	\$ 111	\$ 250	\$ (139)

See Glossary of Terms.

Last Updated 5/2/03

Pinnacle West Capital Corporation

Quarterly Consolidated Statistical Summary Periods Ended March 31, 2003 and 2002

Line	3 MO. ENDED MARCH 31			12 MO. ENDED MARCH 31			
	2003	2002	INCR (DECR)	2003	2002	INCR (DECR)	
AVERAGE ELECTRIC CUSTOMERS							
Retail customers							
79	Residential	827,937	801,000	26,937	808,535	782,760	25,775
80	Business	101,999	99,335	2,664	100,897	98,723	2,174
81	Total	929,936	900,335	29,601	909,432	881,483	27,949
82	Wholesale customers	65	67	(2)	67	66	1
83	Total customers	930,001	900,402	29,599	909,499	881,549	27,950
84	Customer Growth (% over prior year)	3.3%	3.2%	0.1%	3.2%	3.5%	(0.3)%
RETAIL SALES (GWH) - WEATHER NORMALIZED							
85	Residential	2,235	2,162	73	10,455	9,892	563
86	Business	2,880	2,774	106	13,005	12,767	238
87	Total	5,115	4,936	179	23,460	22,659	801
RETAIL USAGE (KWH/AVERAGE CUSTOMER)							
88	Residential	2,541	2,673	(132)	12,871	13,228	(357)
89	Business	27,927	27,896	31	128,793	131,805	(3,012)
RETAIL USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)							
90	Residential	2,700	2,699	1	12,931	12,637	294
91	Business	28,236	27,928	308	128,893	129,322	(429)
ELECTRICITY DEMAND (MW)							
92	System peak demand	3,569	3,921	(352)	5,803	5,687	116

See Glossary of Terms.

Last Updated 5/2/03

Pinnacle West Capital Corporation

Quarterly Consolidated Statistical Summary Periods Ended March 31, 2003 and 2002

Line	3 MO. ENDED MARCH 31			12 MO. ENDED MARCH 31			
	2003	2002	INCR (DECR)	2003	2002	INCR (DECR)	
ENERGY SOURCES (GWH)							
Generation production							
93	Nuclear	2,306	2,257	49	9,030	8,381	649
94	Coal	2,770	2,890	(120)	11,936	12,561	(625)
95	Gas, oil and other	1,288	337	951	5,320	3,324	1,996
96	Total	6,364	5,484	880	26,286	24,266	2,020
Purchased power							
97	Firm load	(15)	70	(85)	1,533	2,861	(1,328)
98	Marketing and trading	6,489	3,993	2,496	26,199	18,520	7,679
99	Total	6,474	4,063	2,411	27,732	21,381	6,351
100	Total energy sources	12,838	9,547	3,291	54,018	45,647	8,371
POWER PLANT PERFORMANCE							
Capacity Factors							
101	Nuclear	98%	96%	2%	95%	88%	7%
102	Coal	75%	78%	(3)%	80%	84%	(4)%
103	Gas, oil and other	26%	12%	14%	29%	29%	0%
104	System average	58%	62%	(4)%	62%	68%	(6)%
Generation Capacity Out of Service and Replaced for Native Load (average MW/day)							
105	Nuclear	31	62	(31)	60	129	(69)
106	Coal	247	184	63	182	143	39
107	Gas	189	12	177	92	25	67
108	Total	467	258	209	334	297	37
109	Generation Fuel Cost (\$/MWh)	\$ 15.89	\$ 11.57	\$ 4.32	\$ 14.01	\$ 14.30	\$ (0.29)

See Glossary of Terms.

Last Updated 5/2/03

Pinnacle West Capital Corporation

Quarterly Consolidated Statistical Summary Periods Ended March 31, 2003 and 2002

Line	3 MO. ENDED MARCH 31			12 MO. ENDED MARCH 31			
	2003	2002	INCR (DECR)	2003	2002	INCR (DECR)	
ENERGY MARKET INDICATORS (a)							
110	Electricity Average Daily Spot Prices (\$/MWh)						
111	On-Peak						
	Palo Verde	\$ 49.66	\$ 26.86	\$ 22.80	\$ 37.98	\$ 71.57	\$ (33.59)
112	SP15	\$ 54.35	\$ 28.46	\$ 25.89	\$ 40.69	\$ 72.19	\$ (31.50)
113	Off-Peak						
	Palo Verde	\$ 36.09	\$ 22.17	\$ 13.92	\$ 23.37	\$ 34.51	\$ (11.14)
	SP15	\$ 39.70	\$ 22.76	\$ 16.94	\$ 25.93	\$ 39.22	\$ (13.29)
WEATHER INDICATORS							
114	Actual						
115	Cooling degree-days						
116		76	89	(13)	4,862	5,104	(242)
	Heating degree-days	349	472	(123)	677	975	(298)
117	Average humidity	44%	28%	16%	31%	31%	0%
118	10-Year Averages						
119	Cooling degree-days						
		77	77	--	4,439	4,439	--
	Heating degree-days	546	546	--	1,013	1,013	--
	Average humidity	45%	45%	0%	36%	36%	0%
ECONOMIC INDICATORS							
120	Building Permits -- Metro Phoenix (b) (d)						
121	Single-family	4,928	4,761	167	31,558	28,843	2,715
	Multi-family	226	681	(455)	6,051	5,760	291
122	Total	5,154	5,442	(288)	37,609	34,603	3,006
Arizona Job Growth (c) (d)							
123	Payroll job growth (% over prior year)	1.1%	(0.8)%	1.9%	0.4%	0.3%	0.1%
124	Unemployment rate (% , seasonally adjusted)	5.6%	6.2%	(0.6)%	6.1%	5.2%	0.9%

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
- (d) The economic indicators reflect three month and twelve month ended February 2002 and February 2003.

See Glossary of Terms.

Last Updated 5/2/03

Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2003

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO- DATE	INCREASE (DECREASE) VS PRIOR YTD
		-----	-----	-----	-----	-----	-----
	EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ MILLIONS)						
1	Arizona Public Service	\$ 16				\$ 16	\$ (16)
2	Pinnacle West Energy	5				5	4
3	APS Energy Services	8				8	6
4	SunCor	1				1	--
5	El Dorado	3				3	3
6	Parent Company	(13)				(13)	(30)
		-----	-----	-----	-----	-----	-----
7	Income From Continuing Operations	20				20	(33)
8	Income From Discontinued Operations - Net of Tax	5				5	4
		-----	-----	-----	-----	-----	-----
9	Net Income	\$ 25				\$ 25	\$ (29)
		=====	=====	=====	=====	=====	=====
	EARNINGS PER SHARE BY SUBSIDIARY - DILUTED						
10	Arizona Public Service	\$ 0.17				\$ 0.17	\$ (0.20)
11	Pinnacle West Energy	0.06				0.06	0.05
12	APS Energy Services	0.08				0.08	0.05
13	SunCor	0.01				0.01	(0.01)
14	El Dorado	0.03				0.03	0.03
15	Parent Company	(0.13)				(0.13)	(0.33)
		-----	-----	-----	-----	-----	-----
16	Income From Continuing Operations	0.22				0.22	(0.41)
17	Income From Discontinued Operations - Net of Tax	0.06				0.06	0.06
		-----	-----	-----	-----	-----	-----
18	Net Income	\$ 0.28				\$ 0.28	\$ (0.35)
		=====	=====	=====	=====	=====	=====
19	BOOK VALUE PER SHARE	\$ 29.39				\$ 29.39	(0.67)
	COMMON SHARES OUTSTANDING - DILUTED (THOUSANDS)						
20	Average	91,359				91,359	6,475
21	End of Period	91,257				91,257	6,468

See Glossary of Terms.

Last Updated 5/2/03

Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2003

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO- DATE	INCREASE (DECREASE) VS PRIOR YTD
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)						
REGULATED ELECTRICITY SEGMENT						
Retail						
22	Residential	\$ 168			\$ 168	(3)
23	Business	196			196	1
24	Total retail	364			364	(2)
Wholesale revenue on delivered electricity						
25	Traditional contracts	3			3	1
26	Retail load hedge management	5			5	3
27	Transmission for others	6			6	--
28	Other miscellaneous services	7			7	3
29	Total regulated electricity	385			385	5
MARKETING AND TRADING SEGMENT						
Delivered marketing and trading						
30	Generation sales other than native load	44			44	36
31	Realized margins on electricity trading	5			5	(22)
32	Other delivered electricity (a)	122			122	88
33	Total delivered marketing and trading	171			171	102
OTHER MARKETING AND TRADING						
Realized margins on delivered commodities other than electricity (a)						
34		(2)			(2)	(6)
Prior period mark-to-market (gains) losses on contracts delivered during current period (a)						
35		(3)			(3)	19
36	Change in mark-to-market for future-period deliveries	(3)			(3)	(28)
37	Total other marketing and trading	(8)			(8)	(15)
38	Total marketing and trading	163			163	87
39	Total electric operating revenues	\$ 548			\$ 548	\$ 92
ELECTRIC SALES (GWH)						
REGULATED ELECTRICITY SEGMENT						
Retail sales						
40	Residential	2,104			2,104	(37)
41	Business	2,849			2,849	78
42	Total retail	4,953			4,953	41
Wholesale electricity delivered						
43	Traditional contracts	130			130	59
44	Retail load hedge management	109			109	(49)
45	Total regulated electricity	5,192			5,192	51
MARKETING AND TRADING SEGMENT						
Delivered marketing and trading						
46	Generation sales other than native load	992			992	616
47	Electricity trading	3,910			3,910	801
48	Other delivered electricity	2,470			2,470	1,743
49	Total delivered marketing and trading	7,372			7,372	3,160
50	Total electric sales	12,564			12,564	3,211

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 39 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 35 are included in lines 31 and 34. For example, line 35 shows that a prior-period mark-to-market gain of \$3 million was transferred to "realized" for the first quarter of 2003. Lines 31 and 34 include amounts totaling \$3 million of realized revenues for the first quarter of 2003.

See Glossary of Terms.

Last Updated 5/2/03

Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2003

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
	-----	-----	-----	-----	-----	-----
MARKETING AND TRADING SEGMENT						
PRETAX GROSS MARGIN ANALYSIS						
(DOLLARS IN MILLIONS)						
REALIZED AND MARK-TO-MARKET COMPONENTS						
Current Period Effects						
Realized margin on delivered commodities						
Electricity						
51	Generation sales other than native load	\$ 3			\$ 3	\$ 1
52	Other electricity marketing and trading (a)	24			24	(9)
		-----	-----	-----	-----	-----
53	Total electricity	27			27	(8)
54	Other commodities (a)	(2)			(2)	(6)
		-----	-----	-----	-----	-----
55	Total realized margin	25			25	(14)
		-----	-----	-----	-----	-----
Prior-period mark-to-market (gains) losses on contracts delivered during current period						
56	Electricity (a)	(5)			(5)	11
57	Other commodities (a)	2			2	8
58	Charge related to trading activities with Enron and its affiliates	--			--	--
		-----	-----	-----	-----	-----
59	Subtotal	(3)			(3)	19
		-----	-----	-----	-----	-----
60	Total current period effects (b)	22			22	5
		-----	-----	-----	-----	-----
Change in mark-to-market gains (losses) for future period deliveries (b)						
61	Electricity	(6)			(6)	(31)
62	Other commodities	3			3	5
		-----	-----	-----	-----	-----
63	Total future period effects	(3)			(3)	(26)
		-----	-----	-----	-----	-----
64	Total gross margin	\$ 19			\$ 19	\$ (21)
		=====	=====	=====	=====	=====

FUTURE MARKETING AND TRADING MARK-TO-MARKET REALIZATION

As of March 31, 2003, Pinnacle West had accumulated mark-to-market net gains of \$35 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: remainder of 2003, \$2 million; 2004, \$10 million; 2005, \$10 million; 2006 and thereafter, \$13 million.

(a) The net effect on pretax gross margin from realization of prior-period mark-to-market included in line 60 and in line 64 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 56 are included in line 52. The opposites of amounts included in line 57 are included in line 54. For example, line 56 shows that a prior-period mark-to-market gain of \$5 million was transferred to "realized" for the first quarter of 2003. A \$5 million realized gain is included in the \$24 million on line 52 for the first quarter of 2003.

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

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2003

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO- DATE	INCREASE (DECREASE) VS PRIOR YTD
	-----	-----	-----	-----	-----	-----
MARKETING AND TRADING SEGMENT						
PRETAX GROSS MARGIN ANALYSIS (CONTINUED)						
(DOLLARS IN MILLIONS)						
BY COMMODITY SOLD OR TRADED						
65	Electricity	\$ 17			\$ 17	(28)
66	Natural gas	2			2	7
67	Coal	(1)			(1)	--
68	Emission allowances	--			--	(1)
69	Other	1			1	1
		-----	-----	-----	-----	-----
70	Total gross margin	\$ 19			\$ 19	\$ (21)
		=====	=====	=====	=====	=====
BY PINNACLE WEST ENTITY						
Parent company marketing and trading division						
71	Generation sales other than native load	\$ (2)			\$ (2)	(3)
72	Other marketing and trading	4			4	(30)
APS						
73	Generation sales other than native load	6			6	5
74	Other marketing and trading	--			--	--
Pinnacle West Energy						
75	Generation sales other than native load	(1)			(1)	(1)
76	Other marketing and trading	--			--	--
APS ES						
77	Other marketing and trading	12			12	8
		-----	-----	-----	-----	-----
78	Total gross margin before income taxes	\$ 19			\$ 19	\$ (21)
		=====	=====	=====	=====	=====

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2003

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
	-----	-----	-----	-----	-----	-----
AVERAGE ELECTRIC CUSTOMERS						
Retail customers						
79 Residential	827,937				827,937	26,937
80 Business	101,999				101,999	2,664
81 Total	929,936				929,936	29,601
82 Wholesale customers	65				65	(2)
83 Total customers	930,001				930,001	29,599
	=====	=====	=====	=====	=====	=====
84 Customer Growth (% over prior year)	3.3%					
RETAIL SALES (GWH) - WEATHER NORMALIZED						
85 Residential	2,235				2,235	73
86 Business	2,880				2,880	106
87 Total	5,115				5,115	179
	=====	=====	=====	=====	=====	=====
RETAIL USAGE (KWH/AVERAGE CUSTOMER)						
88 Residential	2,541				2,541	(132)
89 Business	27,927				27,927	31
RETAIL USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)						
90 Residential	2,700				2,700	1
91 Business	28,236				28,236	310
ELECTRICITY DEMAND (MW)						
92 System peak demand	3,569				3,569	(352)

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2003

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
	-----	-----	-----	-----	-----	-----
ENERGY SOURCES (GWH)						
Generation production						
93	Nuclear	2,306			2,306	49
94	Coal	2,770			2,770	(120)
95	Gas, oil and other	1,288			1,288	951
96	Total	6,364			6,364	880
Purchased power						
97	Firm load	(15)			(15)	(85)
98	Marketing and trading	6,489			6,489	2,496
99	Total	6,474			6,474	2,411
100	Total energy sources	12,838			12,838	3,291
		=====	=====	=====	=====	=====
POWER PLANT PERFORMANCE						
Capacity Factors						
101	Nuclear	98%			98%	2%
102	Coal	75%			75%	(3)%
103	Gas, oil and other	26%			26%	14%
104	System average	58%			58%	(4)%
Generation Capacity Out of Service and Replaced for Native Load (average MW/day)						
105	Nuclear	31			31	(31)
106	Coal	247			247	63
107	Gas	189			189	177
108	Total	467			467	209
109	Generation Fuel Cost (\$/MWh)	\$ 15.89			\$ 15.89	\$ 4.32

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2003

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO- DATE	INCREASE (DECREASE) VS PRIOR YTD
		-----	-----	-----	-----	-----	-----
ENERGY MARKET INDICATORS (a)							
Electricity Average Daily Spot Prices (\$/MWh)							
On-Peak							
110	Palo Verde	\$ 49.66				\$ 49.66	\$ 22.80
111	SP15	\$ 54.35				\$ 54.35	\$ 25.89
Off-Peak							
112	Palo Verde	\$ 36.09				\$ 36.09	\$ 13.92
113	SP15	\$ 39.70				\$ 39.70	\$ 16.94
WEATHER INDICATORS							
Actual							
114	Cooling degree-days	76				76	(13)
115	Heating degree-days	349				349	(123)
116	Average humidity	44%				44%	16%
10-Year Averages							
117	Cooling degree-days	77				77	--
118	Heating degree-days	546				546	--
119	Average humidity	45%				45%	0%
ECONOMIC INDICATORS							
Building Permits -- Metro Phoenix (b) (d)							
120	Single-family	4,928				4,928	167
121	Multi-family	226				226	(455)
122	Total	5,154				5,154	(288)
Arizona Job Growth (c) (d)							
123	Payroll job growth (% over prior year)	1.1%				1.1%	1.9%
124	Unemployment rate (% , seasonally adjusted)	5.6%				5.6%	(0.6)%

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

(d) The economic indicators reflect three month and twelve month ended February 2002 and February 2003.

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2002

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
		-----	-----	-----	-----	-----	-----
EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ MILLIONS)							
1	Arizona Public Service	\$ 32	\$ 64	\$ 87	\$ 16	\$ 199	\$ (82)
2	Pinnacle West Energy	1	1	10	(31)	(19)	(37)
3	APS Energy Services	2	11	7	8	28	38
4	SunCor	1	2	(1)	8	10	7
5	El Dorado	--	(3)	(15)	(37)	(55)	(55)
6	Parent Company	17	(6)	13	19	43	8
		-----	-----	-----	-----	-----	-----
7	Income From Continuing Operations	53	69	101	(17)	206	(121)
	Income From Discontinued Operations -						
8a	Net of Tax	1	6	--	2	9	9
8b	Cumulative Effect of Change in Accounting -						
	Net of Tax	--	--	--	(66)	(66)	(51)
		-----	-----	-----	-----	-----	-----
9	Net Income	\$ 54	\$ 75	\$ 101	\$ (81)	\$ 149	\$ (163)
		=====	=====	=====	=====	=====	=====
EARNINGS PER SHARE BY SUBSIDIARY - DILUTED							
10	Arizona Public Service	\$ 0.37	\$ 0.76	\$ 1.02	\$ 0.19	\$ 2.35	\$ (0.95)
11	Pinnacle West Energy	0.01	0.01	0.12	(0.37)	(0.23)	(0.44)
12	APS Energy Services	0.03	0.13	0.08	0.09	0.33	0.45
13	SunCor	0.02	0.02	(0.01)	0.09	0.11	0.07
14	El Dorado	--	(0.04)	(0.18)	(0.43)	(0.65)	(0.65)
15	Parent Company	0.20	(0.07)	0.16	0.24	0.51	0.09
		-----	-----	-----	-----	-----	-----
16	Income From Continuing Operations	0.63	0.81	1.19	(0.19)	2.42	(1.43)
	Income From Discontinued Operations -						
17a	Net of Tax	--	0.08	--	0.02	0.11	0.11
17b	Cumulative Effect of Change in Accounting -						
	Net of Tax	--	--	--	(0.78)	(0.77)	(0.60)
		-----	-----	-----	-----	-----	-----
18	Net Income	\$ 0.63	\$ 0.89	\$ 1.19	\$ (0.95)	\$ 1.76	\$ (1.92)
		=====	=====	=====	=====	=====	=====
19	BOOK VALUE PER SHARE	\$ 30.06	\$ 30.54	\$ 31.39	\$ 29.40	\$ 29.40	\$ (0.06)
COMMON SHARES OUTSTANDING - DILUTED (THOUSANDS)							
20	Average	84,884	84,926	84,797	85,302	84,964	34
21	End of Period	84,789	84,768	84,756	91,255	91,255	6,531

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Consolidated Statistics By Quarter
2002

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
	-----	-----	-----	-----	-----	-----
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)						
REGULATED ELECTRICITY SEGMENT						
Retail						
22	\$ 171	\$ 226	\$ 337	\$ 172	\$ 906	\$ (9)
23	195	251	270	212	928	(24)
24	366	477	607	384	1,834	(33)
Wholesale revenue on delivered electricity						
25	2	1	3	3	9	(64)
26	2	11	99	11	123	(455)
27	6	6	6	12	30	4
28	4	2	4	7	17	(1)
29	380	497	719	417	2,013	(549)
MARKETING AND TRADING SEGMENT						
Delivered marketing and trading						
30	8	2	8	32	50	(98)
31	27	14	5	3	49	(13)
32	34	39	53	81	207	(122)
33	69	55	65	116	306	(233)
OTHER MARKETING AND TRADING						
34	4	1	(3)	6	8	22
35	(22)	(8)	3	(8)	(40)	(39)
36	25	1	22	(1)	52	(75)
37	7	(6)	22	(3)	20	(92)
38	76	49	87	113	326	(325)
39	\$ 456	\$ 546	\$ 806	\$ 530	\$ 2,339	\$ (874)
ELECTRIC SALES (GWH)						
REGULATED ELECTRICITY SEGMENT						
Retail sales						
40	2,141	2,441	3,806	2,056	10,444	109
41	2,771	3,429	3,681	3,036	12,917	(147)
42	4,912	5,870	7,487	5,092	23,361	(38)
Wholesale electricity delivered						
43	71	121	142	140	474	(739)
44	158	230	1,958	296	2,642	(398)
45	5,141	6,221	9,587	5,528	26,477	(1,175)
MARKETING AND TRADING SEGMENT						
Delivered marketing and trading						
46	376	73	291	1,051	1,791	403
47	3,109	3,596	5,908	4,312	16,925	4,894
48	727	774	905	1,733	4,139	1,557
49	4,212	4,443	7,104	7,096	22,855	6,854
50	9,353	10,664	16,691	12,624	49,332	5,679

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 38 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 33 are included in lines 28 and 32. For example, line 33 shows that a prior-period mark-to-market gain of \$8 million was transferred to "realized" for the fourth quarter of 2002. Lines 28 and 32 include amounts totaling \$9 million of realized revenues for the fourth quarter of 2002.

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2002

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD	
	-----	-----	-----	-----	-----	-----	
MARKETING AND TRADING SEGMENT							
PRETAX GROSS MARGIN ANALYSIS							
(DOLLARS IN MILLIONS)							
REALIZED AND MARK-TO-MARKET COMPONENTS							
Current Period Effects							
Realized margin on delivered commodities							
Electricity							
51	Generation sales other than native load	\$ 2	\$ --	\$ 3	\$ 9	\$ 14	\$ (66)
52	Other electricity marketing and trading (a)	33	24	19	23	99	(18)
53	Total electricity	35	24	22	32	113	(84)
54	Other commodities (a)	4	1	(3)	6	8	22
55	Total realized margin	39	25	19	38	121	(62)
Prior-period mark-to-market (gains) losses on contracts delivered during current period							
56	Electricity (a)	(16)	(9)	(4)	(4)	(30)	(19)
57	Other commodities (a)	(6)	--	6	(4)	(11)	(36)
58	Charge related to trading activities with Enron and its affiliates	--	--	--	--	--	8
59	Subtotal	(22)	(9)	2	(8)	(41)	(47)
60	Total current period effects (b)	17	16	21	30	80	(109)
Change in mark-to-market gains (losses) for future period deliveries (b)							
61	Electricity	25	10	25	6	63	(83)
62	Other commodities	(2)	(7)	(2)	(7)	(11)	7
63	Total future period effects	23	3	23	(1)	52	(76)
64	Total gross margin	\$ 40	\$ 19	\$ 44	\$ 29	\$ 132	\$ (185)

FUTURE MARKETING AND TRADING MARK-TO-MARKET REALIZATION

As of December 31, 2002, Pinnacle West had accumulated mark-to-market net gains of \$41 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: 2003, \$4 million; 2004, \$10 million; 2005 and thereafter, \$27 million.

(a) The net effect on pretax gross margin from realization of prior-period mark-to-market included in line 59 and in line 64 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 55 are included in line 51. The opposites of amounts included in line 56 are included in line 53. For example, line 55 shows that a prior-period mark-to-market gain of \$4 million was transferred to "realized" for the fourth quarter of 2002. A \$4 million realized gain is included in the \$23 million on line 51 for the fourth quarter of 2002.

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

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Consolidated Statistics By Quarter
2002

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD	
	-----	-----	-----	-----	-----	-----	
MARKETING AND TRADING SEGMENT							
PRETAX GROSS MARGIN ANALYSIS (CONTINUED)							
(DOLLARS IN MILLIONS)							
BY COMMODITY SOLD OR TRADED							
65	Electricity	\$ 45	\$ 25	\$ 43	\$ 34	\$ 147	\$ (181)
66	Natural gas	(5)	1	3	(5)	(6)	2
67	Coal	(1)	(2)	1	--	(2)	(9)
68	Emission allowances	1	(5)	(3)	--	(7)	3
69	Other	--	--	--	--	--	--
70	Total gross margin	\$ 40	\$ 19	\$ 44	\$ 29	\$ 132	\$ (185)
		=====	=====	=====	=====	=====	=====
BY PINNACLE WEST ENTITY							
Parent company marketing and trading division							
71	Generation sales other than native load	\$ 1	\$ --	\$ 2	\$ 5	\$ 8	\$ 8
72	Other marketing and trading	34	9	30	9	82	4
APS							
73	Generation sales other than native load	1	--	1	--	2	(77)
74	Other marketing and trading	--	--	--	--	--	(156)
Pinnacle West Energy							
75	Generation sales other than native load	--	--	--	4	4	4
76	Other marketing and trading	--	--	--	--	--	--
APS ES							
77	Other marketing and trading	4	10	11	11	36	32
78	Total gross margin before income taxes	\$ 40	\$ 19	\$ 44	\$ 29	\$ 132	\$ (185)
		=====	=====	=====	=====	=====	=====

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2002

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
	-----	-----	-----	-----	-----	-----
AVERAGE ELECTRIC CUSTOMERS						
Retail customers						
79 Residential	801,000	795,681	798,590	811,930	801,801	25,462
80 Business	99,335	100,096	100,318	101,177	100,228	2,030
81 Total	900,335	895,777	898,908	913,107	902,029	27,492
82 Wholesale customers	67	67	67	67	67	1
83 Total customers	900,402	895,844	898,975	913,174	902,096	27,493
	=====	=====	=====	=====	=====	=====
84 Customer Growth (% over prior year)	3.2%	3.2%	3.1%	3.2%	3.1%	(0.5)%
RETAIL SALES (GWH) - WEATHER NORMALIZED						
85 Residential	2,162	2,443	3,647	2,130	10,382	615
86 Business	2,774	3,411	3,691	3,023	12,899	81
87 Total	4,936	5,854	7,338	5,153	23,281	696
	=====	=====	=====	=====	=====	=====
RETAIL USAGE (KWH/AVERAGE CUSTOMER)						
88 Residential	2,673	3,068	4,766	2,532	13,025	(287)
89 Business	27,896	34,258	36,691	30,011	128,885	(4,152)
RETAIL USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)						
90 Residential	2,699	3,071	4,566	2,623	12,947	366
91 Business	27,926	34,075	36,795	29,878	128,698	(1,834)
ELECTRICITY DEMAND (MW)						
92 System peak demand	3,921	5,425	5,803	3,828	5,803	116

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2002

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD	
	-----	-----	-----	-----	-----	-----	
ENERGY SOURCES (GWH)							
Generation production							
93	Nuclear	2,257	2,242	2,387	2,095	8,981	596
94	Coal	2,890	2,703	3,280	3,183	12,056	(516)
95	Gas, oil and other	337	659	1,918	1,455	4,369	375
96	Total	5,484	5,604	7,585	6,733	25,406	455
Purchased power							
97	Firm load	70	846	859	(157)	1,619	(1,342)
98	Marketing and trading	3,993	4,599	8,771	6,340	23,704	6,051
99	Total	4,063	5,445	9,630	6,183	25,323	4,709
100	Total energy sources	9,547	11,049	17,215	12,916	50,729	5,164
POWER PLANT PERFORMANCE							
Capacity Factors							
101	Nuclear	96%	95%	100%	87%	94%	6%
102	Coal	78%	72%	87%	84%	80%	(4)%
103	Gas, oil and other	12%	20%	38%	29%	27%	(10)%
104	System average	62%	62%	69%	60%	63%	(7)%
Generation Capacity Out of Service and Replaced for Native Load (average MW/day)							
105	Nuclear	62	66	12	129	67	(60)
106	Coal	184	279	88	116	167	--
107	Gas	12	18	106	54	48	16
108	Total	258	363	206	299	282	(44)
109	Generation Fuel Cost (\$/MWh)	\$ 11.57	\$ 11.89	\$ 14.84	\$ 13.05	\$ 13.01	\$ (3.21)

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Consolidated Statistics By Quarter
2002

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
		-----	-----	-----	-----	-----	-----
ENERGY MARKET INDICATORS (a)							
Electricity Average Daily Spot Prices (\$/MWh)							
On-Peak							
110	Palo Verde	\$ 26.86	\$ 30.65	\$ 35.45	\$ 36.18	\$ 32.28	\$ (86.13)
111	SP15	\$ 28.46	\$ 31.51	\$ 35.55	\$ 41.35	\$ 34.22	\$ (85.77)
Off-Peak							
112	Palo Verde	\$ 22.17	\$ 14.10	\$ 18.21	\$ 25.09	\$ 19.89	\$ (41.68)
113	SP15	\$ 22.76	\$ 15.95	\$ 19.54	\$ 28.52	\$ 21.69	\$ (51.79)
WEATHER INDICATORS							
Actual							
114	Cooling degree-days	89	1,741	2,647	398	4,875	(247)
115	Heating degree-days	472	--	--	328	800	(360)
116	Average humidity	28%	16%	27%	38%	27%	(9)%
10-Year Averages							
117	Cooling degree-days	77	1,478	2,489	395	4,439	--
118	Heating degree-days	546	34	--	433	1,013	--
119	Average humidity	45%	25%	34%	40%	36%	0%
ECONOMIC INDICATORS							
Building Permits -- Metro Phoenix (b)							
120	Single-family	7,682	9,666	8,689	8,275	34,312	1,447
121	Multi-family	1,249	2,005	2,662	1,158	7,074	(1,930)
122	Total	8,931	11,671	11,351	9,433	41,386	(483)
Arizona Job Growth (c)							
123	Payroll job growth (% over prior year)	(0.8)%	(0.2)%	0.1%	0.9%	0.0%	(1.0)%
124	Unemployment rate (% , seasonally adjusted)	6.2%	6.2%	6.2%	6.0%	6.2%	1.5%

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

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Consolidated Statistics By Quarter
2001

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	INCREASE (DECREASE) VS PRIOR YEAR
		-----	-----	-----	-----	-----	-----
EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ MILLIONS)							
1	Arizona Public Service	\$ 65	\$ 70	\$ 108	\$ 39	\$ 281	\$ (26)
2	Pinnacle West Energy	--	1	13	4	18	20
3	APS Energy Services	(8)	--	(3)	--	(10)	3
4	SunCor	--	--	2	--	3	(8)
5	El Dorado	1	--	--	--	--	(2)
6	Parent Company	4	(4)	42	(7)	35	38
		-----	-----	-----	-----	-----	-----
7	Income Before Accounting Change	62	67	162	36	327	25
8	Cumulative Effect of Change in Accounting - Net of Tax	(3)	--	(12)	--	(15)	(15)
		-----	-----	-----	-----	-----	-----
9	Net Income	\$ 59	\$ 67	\$ 150	\$ 36	\$ 312	\$ 10
		=====	=====	=====	=====	=====	=====
EARNINGS PER SHARE BY SUBSIDIARY - DILUTED							
10	Arizona Public Service	\$ 0.76	\$ 0.82	\$ 1.27	\$ 0.46	\$ 3.30	\$ (0.31)
11	Pinnacle West Energy	--	0.02	0.16	0.04	0.21	0.24
12	APS Energy Services	(0.10)	--	(0.03)	--	(0.12)	0.04
13	SunCor	0.01	--	0.03	0.01	0.04	(0.10)
14	El Dorado	0.01	--	--	--	--	(0.02)
15	Parent Company	0.05	(0.05)	0.49	(0.09)	0.42	0.44
		-----	-----	-----	-----	-----	-----
16	Income Before Accounting Change	0.73	0.79	1.92	0.42	3.85	0.29
17	Cumulative Effect of Change in Accounting - Net of Tax	(0.03)	--	(0.15)	--	(0.17)	(0.17)
		-----	-----	-----	-----	-----	-----
18	Net Income	\$ 0.70	\$ 0.79	\$ 1.77	\$ 0.42	\$ 3.68	\$ 0.12
		=====	=====	=====	=====	=====	=====
19	BOOK VALUE PER SHARE	\$ 28.83	\$ 28.17	\$ 29.37	\$ 29.46	\$ 29.46	\$ 1.37
COMMON SHARES OUTSTANDING - DILUTED (THOUSANDS)							
20	Average	84,966	85,042	84,909	84,824	84,930	(5)
21	End of Period	84,718	84,713	84,663	84,724	84,724	9

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2001

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	INCREASE (DECREASE) VS PRIOR YEAR	
	-----	-----	-----	-----	-----	-----	
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)							
REGULATED ELECTRICITY SEGMENT							
Retail							
22	Residential	\$ 173	\$ 234	\$ 328	\$ 180	\$ 915	\$ 34
23	Business	199	258	276	219	952	17
24	Total retail	372	492	604	399	1,867	51
Wholesale revenue on delivered electricity							
25	Traditional contracts	26	55	(10)	2	73	(48)
26	Retail load hedge management	5	182	364	27	578	17
27	Transmission for others	4	5	9	8	26	11
28	Other miscellaneous services	6	5	6	1	18	(9)
29	Total regulated electricity	413	739	973	437	2,562	22
MARKETING AND TRADING SEGMENT							
Delivered marketing and trading							
30	Generation sales other than native load	87	51	4	6	148	32
31	Realized margin on electricity trading	12	17	(5)	38	62	6
32	Other delivered electricity (a)	111	138	51	29	329	87
33	Total delivered marketing and trading	210	206	50	73	539	125
OTHER MARKETING AND TRADING							
34	Realized margins on delivered commodities other than electricity (a)	(5)	(12)	(1)	4	(14)	(5)
35	Prior period mark-to-market (gains) losses on contracts delivered during current period (a)	6	5	(37)	(51)	(1)	1
36	Change in mark-to-market for future-period deliveries	47	35	130	(9)	127	113
37	Total other marketing and trading	48	28	92	(56)	112	109
38	Total marketing and trading	258	234	142	17	651	234
39	Total electric operating revenues	\$ 671	\$ 973	\$ 1,115	\$ 454	\$ 3,213	\$ 256
ELECTRIC SALES (GWH)							
REGULATED ELECTRICITY SEGMENT							
Retail sales							
40	Residential	2,121	2,467	3,597	2,149	10,335	554
41	Business	2,824	3,445	3,724	3,071	13,064	310
42	Total retail	4,945	5,912	7,321	5,220	23,399	864
Wholesale electricity delivered							
43	Traditional contracts	569	598	(37)	83	1,213	(397)
44	Retail load hedge management	75	736	1,847	382	3,040	(3,634)
45	Total regulated electricity	5,589	7,246	9,131	5,685	27,652	(3,167)
MARKETING AND TRADING SEGMENT							
Delivered marketing and trading							
46	Generation sales other than native load	623	436	73	256	1,388	(106)
47	Electricity trading	2,291	2,359	3,553	3,828	12,031	2,772
48	Other delivered electricity	759	810	267	746	2,582	(378)
49	Total delivered marketing and trading	3,673	3,605	3,893	4,830	16,001	2,288
50	Total electric sales	9,263	10,851	13,024	10,515	43,653	(879)

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 38 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 33 are included in lines 29 and 32. For example, line 33 shows that a prior-period mark-to-market gain of \$1 million was transferred to "realized" for the total year 2001. Lines 29 and 32 include amounts totaling \$1 million of realized revenues for the year 2001.

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2001

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	INCREASE (DECREASE) VS PRIOR YEAR
	-----	-----	-----	-----	-----	-----
MARKETING AND TRADING SEGMENT						
PRETAX GROSS MARGIN ANALYSIS						
(DOLLARS IN MILLIONS)						
REALIZED AND MARK-TO-MARKET COMPONENTS						
Current Period Effects						
Realized margin on delivered commodities						
Electricity						
51	\$ 48	\$ 26	\$ 3	\$ 3	\$ 80	\$ 26
52	4	43	14	56	117	48
53	52	69	17	59	197	74
54	(5)	(12)	(1)	4	(14)	(5)
55	47	57	16	63	183	69
Prior-period mark-to-market (gains) losses on contracts delivered during current period						
Electricity (a)						
56	1	--	(38)	(38)	(11)	(9)
57	12	5	1	(4)	25	25
58	--	--	--	(8)	(8)	(8)
59	13	5	(37)	(50)	6	8
60	60	62	(21)	13	189	77
Change in mark-to-market gains (losses) for future period deliveries (b)						
Electricity						
61	45	42	126	(2)	146	139
62	2	(6)	3	(7)	(18)	(25)
63	47	36	129	(9)	128	114
64	\$ 107	\$ 98	\$ 108	\$ 4	\$ 317	\$ 191

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 59 and in line 63 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 55 are included in line 51. The opposites of amounts included in line 56 are included in line 53. For example, line 55 shows that a prior-period mark-to-market gain of \$11 million was transferred to "realized" for the total year 2001. A \$11 million realized gain is included in the \$117 million on line 51 for the total year 2001.

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

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2001

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	INCREASE (DECREASE) VS PRIOR YEAR	
	-----	-----	-----	-----	-----	-----	
MARKETING AND TRADING SEGMENT							
PRETAX GROSS MARGIN ANALYSIS (CONTINUED)							
(DOLLARS IN MILLIONS)							
BY COMMODITY SOLD OR TRADED							
65	Electricity	\$ 98	\$ 111	\$ 105	\$ 15	\$ 328	\$ 201
66	Natural gas	(3)	(12)	9	(3)	(8)	(15)
67	Coal	14	2	(2)	(6)	7	10
68	Emission allowances	(2)	(3)	(4)	(2)	(10)	(5)
69	Other	--	--	--	--	--	--
70	Total gross margin	\$ 107	\$ 98	\$ 108	\$ 4	\$ 317	\$ 191
		=====	=====	=====	=====	=====	=====
BY PINNACLE WEST ENTITY							
Parent company marketing and trading division							
71	Generation sales other than native load	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
72	Other marketing and trading	7	3	74	(6)	78	80
APS							
73	Generation sales other than native load	48	26	2	3	79	25
74	Other marketing and trading	53	68	32	3	156	82
Pinnacle West Energy							
75	Generation sales other than native load	--	--	--	--	--	--
76	Other marketing and trading	--	--	--	--	--	--
APS ES							
77	Other marketing and trading	(1)	1	--	4	4	4
78	Total gross margin before income taxes	\$ 107	\$ 98	\$ 108	\$ 4	\$ 317	\$ 191
		=====	=====	=====	=====	=====	=====

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Consolidated Statistics By Quarter
2001

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	INCREASE (DECREASE) VS PRIOR YEAR	
	-----	-----	-----	-----	-----	-----	
AVERAGE ELECTRIC CUSTOMERS							
Retail customers							
79	Residential	775,317	770,335	773,321	786,382	776,339	27,054
80	Business	97,222	98,065	98,874	98,631	98,198	4,070
		-----	-----	-----	-----	-----	-----
81	Total	872,539	868,400	872,195	885,013	874,537	31,124
82	Wholesale customers	68	66	66	66	66	(1)
		-----	-----	-----	-----	-----	-----
83	Total customers	872,607	868,466	872,261	885,079	874,603	31,123
		=====	=====	=====	=====	=====	=====
84	Customer Growth (% over prior year)	4.0%	3.9%	3.7%	3.2%	3.7%	(0.4)%
RETAIL SALES (GWH) - WEATHER NORMALIZED							
85	Residential	2,037	2,238	3,354	2,138	9,767	208
86	Business	2,825	3,339	3,633	3,021	12,818	126
		-----	-----	-----	-----	-----	-----
87	Total	4,862	5,577	6,987	5,159	22,585	334
		=====	=====	=====	=====	=====	=====
RETAIL USAGE (KWH/AVERAGE CUSTOMER)							
88	Residential	2,737	3,203	4,651	2,733	13,312	259
89	Business	29,047	35,130	37,666	31,136	133,037	(2,459)
RETAIL USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)							
90	Residential	2,627	2,905	4,337	2,719	12,581	(177)
91	Business	29,057	34,049	36,747	30,629	130,532	(4,305)
ELECTRICITY DEMAND (MW)							
92	System peak demand	3,661	5,358	5,687	3,898	5,687	209

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Consolidated Statistics By Quarter
2001

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	INCREASE (DECREASE) VS PRIOR YEAR
	-----	-----	-----	-----	-----	-----
ENERGY SOURCES (GWH)						
Generation production						
93	Nuclear	2,261	1,985	2,320	1,819	8,385 (456)
94	Coal	2,901	3,245	3,223	3,203	12,572 63
95	Gas, oil and other	1,007	1,256	1,157	574	3,994 1,210
96	Total	6,169	6,486	6,700	5,596	24,951 817
Purchased power						
97	Firm load	170	845	1,734	212	2,961 446
98	Marketing and trading	3,126	3,905	5,667	4,955	17,653 (1,240)
99	Total	3,296	4,750	7,401	5,167	20,614 (794)
100	Total energy sources	9,465	11,236	14,101	10,763	45,565 23
POWER PLANT PERFORMANCE						
Capacity Factors						
101	Nuclear	96%	84%	97%	76%	88% (5)%
102	Coal	78%	87%	85%	85%	84% 1%
103	Gas, oil and other	39%	46%	38%	20%	37% 10%
104	System average	71%	73%	73%	62%	70% 1%
Generation Capacity Out of Service and Replaced for Native Load (average MW/day)						
105	Nuclear	57	180	26	246	127 47
106	Coal	284	166	129	90	167 13
107	Gas	36	52	24	16	32 10
108	Total	376	398	179	352	326 70
109	Generation Fuel Cost (\$/MWh)	\$ 19.64	\$ 19.28	\$ 13.21	\$ 12.51	\$ 16.22 \$ 2.50

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2001

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	INCREASE (DECREASE) VS PRIOR YEAR	
	-----	-----	-----	-----	-----	-----	
ENERGY MARKET INDICATORS (a)							
Electricity Average Daily Spot Prices (\$/MWh)							
On-Peak							
110	Palo Verde	\$ 214.21	\$ 182.71	\$ 49.80	\$ 26.89	\$ 118.41	\$ 6.98
111	SP15	\$ 219.66	\$ 186.30	\$ 45.61	\$ 28.38	\$ 119.99	\$ 12.64
Off-Peak							
112	Palo Verde	\$ 130.40	\$ 70.32	\$ 27.22	\$ 18.33	\$ 61.57	\$ 8.55
113	SP15	\$ 159.80	\$ 84.78	\$ 28.92	\$ 20.41	\$ 73.48	\$ 12.74
WEATHER INDICATORS							
Actual							
114	Cooling degree-days	106	1,733	2,663	620	5,122	539
115	Heating degree-days	657	43	--	460	1,160	192
116	Average humidity	50%	25%	31%	39%	36%	2%
10-Year Averages							
117	Cooling degree-days	77	1,478	2,489	395	4,439	--
118	Heating degree-days	546	34	--	433	1,013	--
119	Average humidity	45%	25%	34%	40%	36%	0%
ECONOMIC INDICATORS							
Building Permits -- Metro Phoenix (b)							
120	Single-family	8,783	9,394	8,384	6,304	32,865	356
121	Multi-family	3,925	1,833	2,514	732	9,004	(1,224)
122	Total	12,708	11,227	10,898	7,036	41,869	(868)
Arizona Job Growth (c)							
123	Payroll job growth (% over prior year)	2.4%	1.5%	0.8%	(0.7)%	1.0%	(2.7)%
124	Unemployment rate (% , seasonally adjusted)	3.9%	4.4%	4.9%	5.7%	4.7%	0.8%

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

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2000

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
	EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ MILLIONS)					
1	Arizona Public Service	\$ 33	\$ 96	\$ 124	\$ 54	\$ 307
2	Pinnacle West Energy	--	(1)	--	(1)	(2)
3	APS Energy Services	(2)	(2)	--	(9)	(13)
4	SunCor	5	1	2	3	11
5	El Dorado	19	(3)	(9)	(5)	2
6	Parent Company	(1)	(1)	(1)	--	(3)
		-----	-----	-----	-----	-----
7	Income Before Accounting Change	54	90	116	42	302
8	Cumulative Effect of Change in Accounting - Net of Tax	--	--	--	--	--
		-----	-----	-----	-----	-----
9	Net Income	\$ 54	\$ 90	\$ 116	\$ 42	\$ 302
		=====	=====	=====	=====	=====
	EARNINGS PER SHARE BY SUBSIDIARY - DILUTED					
10	Arizona Public Service	\$ 0.39	\$ 1.13	\$ 1.46	\$ 0.63	\$ 3.61
11	Pinnacle West Energy	--	(0.01)	(0.01)	(0.01)	(0.03)
12	APS Energy Services	(0.02)	(0.03)	--	(0.11)	(0.16)
13	SunCor	0.06	0.01	0.03	0.04	0.14
14	El Dorado	0.22	(0.04)	(0.10)	(0.06)	0.02
15	Parent Company	(0.01)	--	(0.01)	--	(0.02)
		-----	-----	-----	-----	-----
16	Income Before Accounting Change	0.64	1.06	1.37	0.49	3.56
17	Cumulative Effect of Change in Accounting - Net of Tax	--	--	--	--	--
		-----	-----	-----	-----	-----
18	Net Income	\$ 0.64	\$ 1.06	\$ 1.37	\$ 0.49	\$ 3.56
		=====	=====	=====	=====	=====
19	BOOK VALUE PER SHARE	\$ 26.29	\$ 27.00	\$ 28.01	\$ 28.09	\$ 28.09
	COMMON SHARES OUTSTANDING - DILUTED (THOUSANDS)					
20	Average	84,834	84,891	85,012	85,015	84,935
21	End of Period	84,723	84,727	84,779	84,715	84,715

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2000

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)					
REGULATED ELECTRICITY SEGMENT					
Retail					
22	\$ 157	\$ 228	\$ 324	\$ 172	\$ 881
23	196	253	275	211	935
24	353	481	599	383	1,816
Wholesale revenue on delivered electricity					
25	12	18	75	16	121
26	7	36	472	46	561
27	3	4	4	4	15
28	4	8	8	7	27
29	379	547	1,158	456	2,540
MARKETING AND TRADING SEGMENT					
Delivered marketing and trading					
30	9	13	14	80	116
31	3	11	32	10	56
32	22	55	59	106	242
33	34	79	105	196	414
OTHER MARKETING AND TRADING					
Realized margins on delivered commodities other than electricity (a)					
34	(5)	1	(4)	(1)	(9)
Prior period mark-to-market (gains) losses on contracts delivered during current period (a)					
35	--	--	(17)	(2)	(2)
36	7	25	10	(11)	14
37	2	26	(11)	(14)	3
38	36	105	94	182	417
39	\$ 415	\$ 652	\$ 1,252	\$ 638	\$ 2,957
ELECTRIC SALES (GWH)					
REGULATED ELECTRICITY SEGMENT					
Retail sales					
40	1,877	2,370	3,506	2,028	9,781
41	2,736	3,379	3,674	2,965	12,754
42	4,613	5,749	7,180	4,993	22,535
Wholesale electricity delivered					
43	331	391	537	351	1,610
44	232	585	5,155	702	6,674
45	5,176	6,725	12,872	6,046	30,819
MARKETING AND TRADING SEGMENT					
Delivered marketing and trading					
46	396	215	163	720	1,494
47	1,294	1,803	4,073	2,089	9,259
48	735	601	665	960	2,960
49	2,425	2,619	4,901	3,769	13,713
50	7,601	9,344	17,773	9,815	44,532

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 38 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 33 are included in lines 29 and 32. For example, line 33 shows that a prior-period mark-to-market gain of \$2 million was transferred to "realized" for the total year 2000. Lines 29 and 32 include amounts totaling \$2 million of realized revenues for the year 2000.

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2000

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
MARKETING AND TRADING SEGMENT					
PRETAX GROSS MARGIN ANALYSIS					
(DOLLARS IN MILLIONS)					
REALIZED AND MARK-TO-MARKET COMPONENTS					
Current Period Effects					
Realized margin on delivered commodities					
Electricity					
51	\$ 2	\$ 6	\$ 7	\$ 39	\$ 54
52	3	28	33	5	69
53	5	34	40	44	123
54	(5)	1	(4)	(1)	(9)
55	--	35	36	43	114
Prior-period mark-to-market (gains) losses on contracts delivered during current period (b)					
56	--	--	(18)	(2)	(2)
57	--	--	1	--	--
58	--	--	--	--	--
59	--	--	(17)	(2)	(2)
60	--	35	19	41	112
Change in mark-to-market gains (losses) for future period deliveries (b)					
61	2	27	6	(10)	7
62	5	(2)	4	(1)	7
63	7	25	10	(11)	14
64	\$ 7	\$ 60	\$ 29	\$ 30	\$ 126

(a) The net effect on pretax gross margin from realization of prior-period mark-to-market included in line 59 and in line 63 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 55 are included in line 51. The opposites of amounts included in line 56 are included in line 53. For example, line 55 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 51 for the total year 2000.

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

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2000

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	
	-----	-----	-----	-----	-----	
MARKETING AND TRADING SEGMENT						
PRETAX GROSS MARGIN ANALYSIS (CONTINUED)						
(DOLLARS IN MILLIONS)						
BY COMMODITY SOLD OR TRADED						
65	Electricity	7	61	28	31	127
66	Natural gas	--	(1)	3	4	6
67	Coal	--	--	(2)	--	(2)
68	Emission allowances	--	--	--	(5)	(5)
69	Other	--	--	--	--	--
		-----	-----	-----	-----	-----
70	Total gross margin	\$ 7	\$ 60	\$ 29	\$ 30	\$ 126
		=====	=====	=====	=====	=====
BY PINNACLE WEST ENTITY						
Parent company marketing and trading division						
71	Generation sales other than native load	\$ --	\$ --	\$ --	\$ --	\$ --
72	Other marketing and trading	--	--	--	(2)	(2)
APS						
73	Generation sales other than native load	2	6	7	39	54
74	Other marketing and trading	5	54	22	(7)	74
Pinnacle West Energy						
75	Generation sales other than native load	--	--	--	--	--
76	Other marketing and trading	--	--	--	--	--
APS ES						
77	Other marketing and trading	--	--	--	--	--
		-----	-----	-----	-----	-----
78	Total gross margin before income taxes	\$ 7	\$ 60	\$ 29	\$ 30	\$ 126
		=====	=====	=====	=====	=====

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Consolidated Statistics By Quarter
2000

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
	AVERAGE ELECTRIC CUSTOMERS					
	Retail customers					
79	Residential	746,528	742,485	746,742	761,386	749,285
80	Business	92,667	93,343	94,479	96,024	94,128
		-----	-----	-----	-----	-----
81	Total	839,195	835,828	841,221	857,410	843,413
82	Wholesale customers	67	67	67	67	67
		-----	-----	-----	-----	-----
83	Total customers	839,262	835,895	841,288	857,477	843,480
		=====	=====	=====	=====	=====
84	Customer Growth (% over prior year)	4.0%	4.1%	4.1%	4.2%	4.1%
	RETAIL SALES (GWH) - WEATHER NORMALIZED					
85	Residential	1,933	2,253	3,439	1,934	9,559
86	Business	2,737	3,297	3,644	3,014	12,692
		-----	-----	-----	-----	-----
87	Total	4,670	5,550	7,083	4,948	22,251
		=====	=====	=====	=====	=====
	RETAIL USAGE (KWH/AVERAGE CUSTOMER)					
88	Residential	2,514	3,192	4,695	2,664	13,054
89	Business	29,525	36,200	38,887	30,878	135,496
	RETAIL USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)					
90	Residential	2,589	3,034	4,605	2,540	12,757
91	Business	29,536	35,321	38,569	31,388	134,838
	ELECTRICITY DEMAND (MW)					
92	System peak demand	3,315	5,095	5,478	4,331	5,478

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2000

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
	ENERGY SOURCES (GWH)					
	Generation production					
93	Nuclear	2,325	2,090	2,348	2,078	8,841
94	Coal	2,828	3,163	3,343	3,175	12,509
95	Gas, oil and other	323	526	1,046	889	2,784
		-----	-----	-----	-----	-----
96	Total	5,476	5,779	6,737	6,142	24,134
		-----	-----	-----	-----	-----
	Purchased power					
97	Firm load	51	819	1,550	95	2,515
98	Marketing and trading	2,261	2,989	9,893	3,750	18,893
		-----	-----	-----	-----	-----
99	Total	2,312	3,808	11,443	3,845	21,408
		-----	-----	-----	-----	-----
100	Total energy sources	7,788	9,587	18,180	9,987	45,542
		=====	=====	=====	=====	=====
	POWER PLANT PERFORMANCE					
	Capacity Factors					
101	Nuclear	98%	88%	98%	87%	93%
102	Coal	76%	85%	88%	84%	83%
103	Gas, oil and other	13%	21%	40%	34%	27%
104	System average	63%	67%	77%	70%	69%
	Generation Capacity Out of Service and Replaced for Native Load (average MW/day)					
105	Nuclear	27	129	21	143	80
106	Coal	223	124	85	187	155
107	Gas	8	43	16	20	22
108	Total	258	296	122	350	257
109	Generation Fuel Cost (\$/MWh)	\$ 10.65	\$ 12.69	\$ 14.77	\$ 16.28	\$ 13.72

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
2000

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
ENERGY MARKET INDICATORS (a)						
Electricity Average Daily Spot Prices (\$/MWh)						
On-Peak						
110	Palo Verde	\$ 30.52	\$ 90.49	\$ 170.40	\$ 154.33	\$ 111.44
111	SP15	\$ 31.40	\$ 82.67	\$ 152.74	\$ 162.59	\$ 107.35
Off-Peak						
112	Palo Verde	\$ 22.97	\$ 31.91	\$ 61.48	\$ 95.72	\$ 53.02
113	SP15	\$ 24.52	\$ 32.45	\$ 66.28	\$ 119.72	\$ 60.74
WEATHER INDICATORS						
Actual						
114	Cooling degree-days	71	1,712	2,547	253	4,583
115	Heating degree-days	459	9	--	500	968
116	Average humidity	37%	23%	29%	46%	34%
10-Year Averages						
117	Cooling degree-days	77	1,478	2,489	395	4,439
118	Heating degree-days	546	34	--	433	1,013
119	Average humidity	45%	25%	34%	40%	36%
ECONOMIC INDICATORS						
Building Permits -- Metro Phoenix (b)						
120	Single-family	8,163	9,605	8,331	6,410	32,509
121	Multi-family	3,208	2,651	2,417	1,952	10,228
122	Total	11,371	12,256	10,748	8,362	42,737
		=====	=====	=====	=====	=====
Arizona Job Growth (c)						
123	Payroll job growth (% over prior year)	4.4%	3.8%	3.4%	3.2%	3.7%
124	Unemployment rate (% , seasonally adjusted)	4.1%	3.9%	3.8%	3.7%	3.9%

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

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
1999

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
	EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ MILLIONS)					
1	Arizona Public Service	\$ 33	\$ 70	\$ 130	\$ 34	\$ 267
2	Pinnacle West Energy	--	--	--	--	--
3	APS Energy Services	(2)	(2)	(2)	(3)	(9)
4	SunCor	1	3	--	2	6
5	El Dorado	--	--	--	11	11
6	Parent Company	(1)	(2)	(2)	--	(5)
		-----	-----	-----	-----	-----
7	Income From Continuing Operations	31	69	126	44	270
8a	Income Tax Benefit From Discontinued Operations	--	--	38	--	38
8b	Extraordinary Charge - Net of Income Tax	--	--	(140)	--	(140)
		-----	-----	-----	-----	-----
9	Net Income	\$ 31	\$ 69	\$ 24	\$ 44	\$ 168
		=====	=====	=====	=====	=====
	EARNINGS PER SHARE BY SUBSIDIARY - DILUTED					
10	Arizona Public Service	\$ 0.38	\$ 0.82	\$ 1.52	\$ 0.42	\$ 3.14
11	Pinnacle West Energy	--	--	--	--	--
12	APS Energy Services	(0.02)	(0.02)	(0.02)	(0.05)	(0.11)
13	SunCor	0.01	0.03	(0.01)	0.03	0.07
14	El Dorado	--	--	--	0.13	0.14
15	Parent Company	(0.01)	(0.02)	(0.01)	--	(0.07)
		-----	-----	-----	-----	-----
16	Income From Continuing Operations	0.36	0.81	1.48	0.53	3.17
17a	Income Tax Benefit From Discontinued Operations	--	--	0.45	--	0.45
17b	Extraordinary Charge - Net of Income Tax	--	--	(1.65)	--	(1.65)
		-----	-----	-----	-----	-----
18	Net Income	\$ 0.36	\$ 0.81	\$ 0.28	\$ 0.53	\$ 1.97
		=====	=====	=====	=====	=====
19	BOOK VALUE PER SHARE	\$ 25.49	\$ 25.58	\$ 25.84	\$ 26.00	\$ 26.00
	COMMON SHARES OUTSTANDING - DILUTED (THOUSANDS)					
20	Average	85,176	85,093	84,989	84,894	85,009
21	End of Period	84,645	84,771	84,735	84,750	84,750

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
1999

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)						
REGULATED ELECTRICITY SEGMENT						
Retail						
22	Residential	\$ 157	\$ 189	\$ 295	\$ 164	\$ 805
23	Business	190	237	269	216	912
24	Total retail	347	426	564	380	1,717
Wholesale revenue on delivered electricity						
25	Traditional contracts	11	16	21	13	61
26	Retail load hedge management	--	--	108	--	108
27	Transmission for others	3	3	3	3	11
28	Other miscellaneous services	3	4	6	5	18
29	Total regulated electricity	364	449	702	401	1,915
MARKETING AND TRADING SEGMENT						
Delivered marketing and trading						
30	Generation sales other than native load	7	6	6	11	30
31	Realized margins on electricity trading	4	(2)	5	3	10
32	Other delivered electricity (a)	17	22	45	27	111
33	Total delivered marketing and trading	28	26	56	41	151
OTHER MARKETING AND TRADING						
34	Realized margins on delivered commodities other than electricity (a)	(1)	--	(2)	5	2
35	Prior period mark-to-market (gains) losses on contracts delivered during current period (a)	--	--	--	--	--
36	Change in mark-to-market for future-period deliveries	--	6	(1)	(4)	1
37	Total other marketing and trading	(1)	6	(3)	1	3
38	Total marketing and trading	27	32	53	42	154
39	Total electric operating revenues	\$ 391	\$ 481	\$ 755	\$ 442	\$ 2,069
ELECTRIC SALES (GWH)						
REGULATED ELECTRICITY SEGMENT						
Retail sales						
40	Residential	1,796	1,939	3,160	1,880	8,775
41	Business	2,665	3,239	3,464	2,932	12,300
42	Total sales	4,461	5,178	6,624	4,812	21,075
Wholesale electricity delivered						
43	Traditional contracts	309	351	441	321	1,422
44	Retail load hedge management	--	--	631	--	631
45	Total regulated electricity	4,770	5,529	7,696	5,133	23,128
MARKETING AND TRADING SEGMENT						
Delivered marketing and trading						
46	Generation sales other than native load	348	254	171	494	1,267
47	Electricity trading	1,286	1,198	2,165	1,029	5,678
48	Other delivered electricity	902	1,192	2,937	1,664	6,695
49	Total delivered marketing and trading	2,536	2,644	5,273	3,187	13,640
50	Total electric sales	7,306	8,173	12,969	8,320	36,768

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 38 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 33 are included in lines 29 and 32. For example, line 33 shows that a prior-period mark-to-market gain of \$0 million was transferred to "realized" for the total year 1999. Lines 29 and 32 include amounts totaling \$0 million of realized revenues for the year 1999.

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
1999

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
MARKETING AND TRADING SEGMENT						
PRETAX GROSS MARGIN ANALYSIS						
(DOLLARS IN MILLIONS)						
REALIZED AND MARK-TO-MARKET COMPONENTS						
Current Period Effects						
Realized margin on delivered commodities						
Electricity						
51	Generation sales other than native load	\$ 2	\$ 1	\$ 2	\$ 2	\$ 7
52	Other electricity marketing and trading (a)	6	(2)	3	--	7
		-----	-----	-----	-----	-----
53	Total electricity	8	(1)	5	2	14
54	Other commodities (a)	(1)	--	(2)	6	3
		-----	-----	-----	-----	-----
55	Total realized margin	7	(1)	3	8	17
		-----	-----	-----	-----	-----
Prior-period mark-to-market (gains) losses on contracts delivered during current period (a)						
56	Electricity	--	--	--	--	--
57	Other commodities	--	--	--	--	--
58	Charge related to trading activities with Enron and its affiliates	--	--	--	--	--
		-----	-----	-----	-----	-----
59	Subtotal	--	--	--	--	--
		-----	-----	-----	-----	-----
60	Total current period effects	7	(1)	3	8	17
		-----	-----	-----	-----	-----
Change in mark-to-market gains (losses) for future period deliveries						
61	Electricity	(1)	4	(1)	--	2
62	Other commodities	1	2	--	(4)	(1)
		-----	-----	-----	-----	-----
63	Total future period effects	--	6	(1)	(4)	1
		-----	-----	-----	-----	-----
64	Total gross margin	\$ 7	\$ 5	\$ 2	\$ 4	\$ 18
		=====	=====	=====	=====	=====

(a) Quarterly amounts do not total to the annual amounts because of intra-year mark-to-market eliminations.

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
1999

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
	MARKETING AND TRADING SEGMENT					
	PRETAX GROSS MARGIN ANALYSIS (CONTINUED)					
	(DOLLARS IN MILLIONS)					
	BY COMMODITY SOLD OR TRADED					
65	Electricity	\$ 7	\$ 3	\$ 4	\$ 2	\$ 16
66	Natural gas	(1)	--	--	1	--
67	Coal	--	--	--	--	--
68	Emission allowances	1	2	(2)	1	2
69	Other	--	--	--	--	--
		-----	-----	-----	-----	-----
70	Total gross margin	\$ 7	\$ 5	\$ 2	\$ 4	\$ 18
		=====	=====	=====	=====	=====
	BY PINNACLE WEST ENTITY					
	Parent company marketing and trading division					
71	Generation sales other than native load	\$ --	\$ --	\$ --	\$ --	\$ --
72	Other marketing and trading	--	--	--	--	--
	APS					
73	Generation sales other than native load	2	1	2	2	7
74	Other marketing and trading	5	4	--	2	11
	Pinnacle West Energy					
75	Generation sales other than native load	--	--	--	--	--
76	Other marketing and trading	--	--	--	--	--
	APS ES					
77	Other marketing and trading	--	--	--	--	--
		-----	-----	-----	-----	-----
78	Total gross margin before income taxes	\$ 7	\$ 5	\$ 2	\$ 4	\$ 18
		=====	=====	=====	=====	=====

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
1999

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
	AVERAGE ELECTRIC CUSTOMERS					
	Retail customers					
79	Residential	717,540	713,259	717,204	731,092	719,774
80	Business	89,046	89,949	91,076	91,914	90,496
		-----	-----	-----	-----	-----
81	Total	806,586	803,208	808,280	823,006	810,270
82	Wholesale customers	67	67	71	73	70
		-----	-----	-----	-----	-----
83	Total customers	806,653	803,275	808,351	823,079	810,340
		=====	=====	=====	=====	=====
84	Customer Growth (% over prior year)	4.2%	4.3%	4.2%	4.0%	4.2%
	RETAIL SALES (GWH) - WEATHER NORMALIZED					
85	Residential	1,859	1,984	3,166	1,924	8,933
86	Business	2,669	3,280	3,461	2,893	12,303
		-----	-----	-----	-----	-----
87	Total	4,528	5,264	6,627	4,817	21,236
		=====	=====	=====	=====	=====
	RETAIL USAGE (KWH/AVERAGE CUSTOMER)					
88	Residential	2,503	2,719	4,406	2,571	12,191
89	Business	29,928	36,009	38,034	31,899	135,918
	RETAIL USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)					
90	Residential	2,591	2,782	4,414	2,632	12,411
91	Business	29,973	36,465	38,001	31,475	135,951
	ELECTRICITY DEMAND (MW)					
92	System peak demand	3,343	4,885	4,935	3,881	4,935

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Pinnacle West Capital Corporation

Consolidated Statistics By Quarter
1999

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
	ENERGY SOURCES (GWH)					
	Generation production					
93	Nuclear	2,295	2,080	2,397	2,077	8,849
94	Coal	2,677	2,764	3,230	3,204	11,875
95	Gas, oil and other	241	477	557	484	1,759
		-----	-----	-----	-----	-----
96	Total	5,213	5,321	6,184	5,765	22,483
		-----	-----	-----	-----	-----
	Purchased power					
97	Firm load	170	753	1,470	87	2,480
98	Marketing and trading	2,189	2,390	5,734	2,693	13,006
		-----	-----	-----	-----	-----
99	Total	2,359	3,143	7,204	2,780	15,486
		-----	-----	-----	-----	-----
100	Total energy sources	7,572	8,464	13,388	8,545	37,969
		=====	=====	=====	=====	=====
	POWER PLANT PERFORMANCE					
	Capacity Factors					
101	Nuclear	98%	88%	100%	87%	93%
102	Coal	72%	74%	85%	85%	79%
103	Gas, oil and other	9%	18%	21%	18%	17%
104	System average	61%	61%	71%	66%	65%
	Generation Capacity Out of Service and Replaced for Native Load (average MW/day)					
105	Nuclear	36	135	3	152	82
106	Coal	337	368	177	172	264
107	Gas	--	--	--	--	--
108	Total	373	503	180	324	345
109	Generation Fuel Cost (\$/MWh)	\$ 10.00	\$ 10.96	\$ 11.02	\$ 11.33	\$ 10.85

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Consolidated Statistics By Quarter
1999

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
ENERGY MARKET INDICATORS (a)						
Electricity Average Daily Spot Prices (\$/MWh)						
On-Peak						
110	Palo Verde	\$ 21.57	\$ 29.02	\$ 38.46	\$ 33.31	\$ 30.59
111	SP15	\$ 21.26	\$ 27.17	\$ 35.01	\$ 33.84	\$ 29.32
Off-Peak						
112	Palo Verde	\$ 13.94	\$ 15.33	\$ 20.73	\$ 22.26	\$ 18.07
113	SP15	\$ 13.68	\$ 14.47	\$ 20.60	\$ 25.06	\$ 18.45
WEATHER INDICATORS						
Actual						
114	Cooling degree-days	71	1,312	2,353	589	4,325
115	Heating degree-days	459	112	--	359	930
116	Average humidity	34%	27%	40%	28%	32%
10-Year Averages						
117	Cooling degree-days	77	1,478	2,489	395	4,439
118	Heating degree-days	546	34	--	433	1,013
119	Average humidity	45%	25%	34%	40%	36%
ECONOMIC INDICATORS						
Building Permits -- Metro Phoenix (b)						
120	Single-family	8,873	9,299	8,223	6,855	33,250
121	Multi-family	2,337	2,396	1,861	3,011	9,605
122	Total	11,210	11,695	10,084	9,866	42,855
Arizona Job Growth (c)						
123	Payroll job growth (% over prior year)	3.9%	4.4%	4.6%	4.2%	4.3%
124	Unemployment rate (% , seasonally adjusted)	4.4%	4.4%	4.3%	4.3%	4.4%

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

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TWELVE MONTHS ENDED MARCH 31,	TOTAL		REGULATED ELECTRICITY		MARKETING AND TRADING		REAL ESTATE (a)		OTHER (d)	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Arizona Public Service (b)	\$ 183	\$ 248	\$ 179	\$ 166	\$ 4	\$ 82	\$ --	\$ --	\$ --	\$ --
Pinnacle West Energy (b) (e)	(14)	19	(16)	19	2	--	--	--	--	--
APS Energy Services (c)	34	--	--	--	28	(2)	--	--	6	2
SunCor	9	4	--	--	--	--	9	4	--	--
El Dorado (c)	(52)	--	--	--	--	--	--	--	(52)	--
Parent company	13	46	(16)	(6)	12	53	--	--	17	(1)
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Income from continuing operations	173	317	147	179	46	133	9	4	(29)	1
Income from discontinued operations - net of tax	14	1	--	--	--	--	14	1	--	--
Cumulative effect of change in accounting - net of tax (f) (g)	(66)	(12)	--	--	(66)	(12)	--	--	--	--
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Net income (loss)	\$ 121	\$ 306	\$ 147	\$ 179	\$ (20)	\$ 121	\$ 23	\$ 5	\$ (29)	\$ 1
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

(a) See "Real Estate Activities" discussion below.

(b) Consistent with APS' October 2001 ACC filing, APS entered into agreements with its affiliates to buy power through June 2003. The agreements reflect a price based on the fully-dispatchable dedication of the Pinnacle West Energy generating assets to APS' Native Load customers. Under the ACC "Track B" order, APS is required to solicit bids for certain estimated capacity and energy requirements for periods beginning July 1, 2003. Pinnacle West Energy is eligible to bid to supply APS' electricity requirements.

(c) APS Energy Services' net income prior to 2003 and El Dorado's net income are primarily reported before income taxes. The income tax expense or benefit for these subsidiaries was recorded at the parent company.

(d) Primarily includes activities related to El Dorado in the twelve months ended March 31, 2003, principally El Dorado's investment in NAC International, Inc. (NAC). For the twelve months ended March 31, 2003, we recorded a pretax loss of \$55 million related to NAC contracts with two customers.

(e) In the fourth quarter of 2002, Pinnacle West Energy recorded a charge related to the cancellation of Redhawk Units 3 and 4 of approximately \$30 million after income taxes (\$49 million pretax).

(f) We recorded a \$66 million after tax charge as of October 1, 2002 for the cumulative effect of a change in accounting for trading activities, for the early adoption of EITF 02-3, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities."

(g) APS recorded a \$12 million after tax charge in June 2001 for the cumulative effect of a change in accounting for derivatives related to the adoption of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities."

RESULTS OF OPERATIONS

GENERAL

Throughout the following explanations of our results of operations, we refer to "gross margin." With respect to our regulated electricity segment and our marketing and trading segment, gross margin refers to electric operating revenues less purchased power and fuel costs. Our real estate segment gross margin refers to real estate revenues less real estate operations costs of SunCor. Other gross margin refers to other operating revenues less other operating expenses, which includes El Dorado's investment in NAC, which we began consolidating in our financial statements in July 2002. Other gross margin also includes amounts related to APS Energy Services' energy consulting services.

OPERATING RESULTS - THREE MONTH PERIOD ENDED MARCH 31, 2003 COMPARED WITH THREE-MONTH PERIOD ENDED MARCH 31, 2002

Our consolidated net income for the three months ended March 31, 2003 was \$25 million compared with \$54 million for the prior year. Included in 2003 income is \$5 million of after tax income related primarily to SunCor's sale of

its water utility company accounted for as discontinued operations in our real estate segment (see "Real Estate Activities" below).

Our income from continuing operations for the three months ended March 31, 2003 was \$20 million compared with \$53 million for the comparable period in the prior year. The period-to-period decrease of \$33 million was primarily due to:

- * lower earnings contributions from our marketing and trading activities, reflecting lower liquidity and higher price volatility in the wholesale power markets in the western United States, partially offset by lower mark-to-market reversals due to the adoption of EITF 02-3 (\$17 million, after tax);

- * higher depreciation, operations and maintenance, and interest expenses related to new power plants in service (\$10 million, after tax);

- * higher operating costs primarily related to the timing of power plant overhauls and higher pension and other postretirement benefit costs (\$7 million, after tax);

- * decreased earnings contributions from our regulated electricity activities, reflecting retail electricity price decreases, the effects of milder weather and higher replacement power cost for plant outages, partially offset by retail customer growth, (\$5 million after tax); and

- * other miscellaneous factors (\$2 million, after tax).

The above decreases were partially offset by:

- * higher competitive retail sales in California by APS Energy Services (\$5 million, after tax); and

- * the settlement of an NAC contract dispute involving Maine Yankee Atomic Power Company (\$3 million, after tax).

For additional details, see the following discussion.

The major factors that increased (decreased) income from continuing operations were as follows (dollars in millions):

	Increase (Decrease)

Regulated electricity segment gross margin:	
Increased purchased power and fuel costs due to higher hedged gas and power prices	\$ (8)
Higher retail sales volumes due to customer growth, excluding weather effects	7
Change in mark-to-market for hedged natural gas and purchased power costs for future delivery	8
Effects of milder weather on retail sales	(6)
Retail electricity price reductions effective July 1, 2002	(5)
Higher replacement power costs from plant outages due to higher market prices and more unplanned outages	(4)

Net decrease in regulated electricity segment gross margin	(8)

Marketing and trading segment gross margin:	
Increase in generation sales other than Native Load due to higher sales volumes, partially offset by lower unit margins	1
Lower realized wholesale margins net of related mark-to-market reversals due to lower prices, partially offset by higher volumes	(12)
More competitive retail sales in California by APS Energy Services	8
Lower mark-to-market reversals due to the adoption of EITF 02-3	8
Lower mark-to-market gains for future delivery due to lower market liquidity and higher price volatility	(26)

Net decrease in marketing and trading segment gross margin	(21)

Net decrease in regulated electricity and marketing and trading segments' gross margins	(29)
Lower real estate segment gross margin primarily due to lower land sales	(2)
Higher other gross margin primarily due to NAC's settlement of a contract dispute	5
Higher operations and maintenance expense related to increased operating costs related to the timing of power plant overhauls, increased pension and other postretirement benefit costs and new power plants in service	(16)
Higher depreciation primarily related to new power plants and increased plant balances, partially offset by lower regulatory asset amortization	(6)
Higher net interest expense primarily due to higher debt balances and lower capitalized interest	(7)

Net decrease in income from continuing operations before income taxes	(55)
Lower income taxes primarily due to lower income	22

Net decrease in income from continuing operations	\$ (33)
	=====

REGULATED ELECTRICITY SEGMENT GROSS MARGIN

Regulated electricity segment revenues related to our regulated retail and wholesale electricity businesses were \$5 million higher in the three months ended March 31, 2003, compared with the same period in the prior year as a result of:

- * increased revenues related to traditional wholesale sales as a result of higher sales volumes and higher prices (\$1 million);
- * increased revenues related to retail load hedge management wholesale sales, primarily as a result of higher prices (\$3 million);
- * decreased retail revenues related to milder weather (\$11 million);
- * increased retail revenues related to customer growth, excluding weather effects (\$14 million);
- * decreased retail revenues related to a reduction in retail electricity prices (\$5 million); and
- * other miscellaneous factors (\$3 million, net increase).

Regulated electricity segment purchased power and fuel costs were \$13 million higher in the three months ended March 31, 2003, compared with the same period in the prior year as a result of:

- * increased costs related to traditional wholesale sales as a result of higher sales volumes and higher prices (\$1 million);
- * increased costs related to retail load hedge management wholesale sales, primarily as a result of higher prices (\$3 million);
- * decreased costs related to the effects of milder weather on retail sales (\$5 million);
- * increased costs related to retail sales growth, excluding weather effects (\$7 million);
- * increased replacement power costs for power plant outages due to higher market prices and more unplanned outages (\$4 million); and
- * other miscellaneous factors (\$3 million, net increase).

MARKETING AND TRADING SEGMENT GROSS MARGIN

Marketing and trading segment revenues were \$87 million higher in the three months ended March 31, 2003, compared with the same period in the prior year as a result of:

- * increased revenues from generation sales other than Native Load primarily due to higher prices and higher sales volumes (\$36 million);
- * higher realized wholesale revenues net of related mark-to-market reversals primarily due to higher volumes (\$41 million);
- * increased revenues from higher competitive retail sales in California by APS Energy Services (\$30 million);
- * higher revenues related to the adoption of EITF 02-3 (\$8 million); and
- * lower mark-to-market gains for future delivery primarily as a result of lower market liquidity and higher price volatility (\$28 million).

Marketing and trading segment purchased power and fuel costs were \$108 million higher in the three months ended March 31, 2003, compared to the same period in the prior year as a result of:

- * increased fuel costs related to generation sales other than Native Load primarily because of higher natural gas prices and higher sales volumes (\$35 million);
- * increased purchased power costs related to other realized marketing activities in the current period primarily due to higher volumes and higher prices (\$53 million);
- * increased purchased power costs related to higher competitive retail sales in California by APS Energy Services (\$22 million); and
- * change in mark-to-market fuel costs for future delivery (\$2 million decrease).

OTHER INCOME STATEMENT ITEMS

The decrease in real estate segment gross margin of \$2 million was primarily due to lower land sales. In addition, as discussed in "Real Estate Activities" below, SunCor had an \$8 million (\$5 million after tax) gain on the sale of its water utility company which was reported as income from discontinued operations in the three months ended March 31, 2003.

The increase in other gross margin of \$5 million was primarily due to NAC's settlement of a contract dispute involving Maine Yankee Atomic Power Company.

The increase in operations and maintenance expense of \$16 million was due to increased operating costs related to the timing of power plant overhauls, increased pension and other postretirement benefit costs, new power plants in service and other costs.

The increase in depreciation and amortization expense of \$6 million primarily related to increased plant balances and new power plants, partially offset by lower regulatory asset amortization.

Net interest expense increased \$7 million primarily because of higher debt balances related to our generation construction program and lower capitalized interest on our generation construction program due to completion of Redhawk Units 1 and 2 in mid-2002.

OPERATING RESULTS - TWELVE MONTH PERIOD ENDED MARCH 31, 2003 COMPARED WITH TWELVE-MONTH PERIOD ENDED MARCH 31, 2002

Our consolidated net income for the twelve months ended March 31, 2003 was \$121 million compared with \$306 million for the prior year. Included in the 2003 period was a \$66 million after tax charge for the cumulative effect of a change in accounting for trading activities for the early adoption of EITF 02-3 on October 1, 2002 and \$14 million of after tax income related to certain discontinued operations in our real estate segment (see "Real Estate Activities" below). Included in the 2002 period was a \$12 million after tax charge for the cumulative effect of a change in accounting for derivatives, as required by SFAS No. 133.

Our income from continuing operations for the twelve months ended March 31, 2003 was \$173 million compared with \$317 million for the prior year. The period-to-period decrease of \$144 million was primarily due to:

- * lower earnings contributions from our marketing and trading activities, reflecting lower liquidity and lower price volatility in the wholesale power markets in the western United States, partially offset by lower mark-to-market reversals due to the adoption of EITF 02-3 (\$104 million, after tax);
- * losses related to our investment in NAC (\$32 million, after tax);
- * higher operations and maintenance expenses related to the Redhawk Units 3 and 4 cancellation charge and 2002 severance costs, partially offset by lower generation reliability costs (\$32 million, after tax);
- * higher depreciation, operations and maintenance, and interest expenses related to new power plants in service (\$27 million, after tax);
- * higher pension and other postretirement benefit costs (\$7 million, after tax); and

* miscellaneous factors, net (\$4 million, after tax).

The above decreases were partially offset by:

* increased earnings contributions from our regulated electricity activities, reflecting lower replacement power costs for power plant outages, retail customer growth and higher average usage per customer, partially offset by the effects of milder weather and retail electricity price decreases (\$41 million, after tax); and

* higher competitive retail sales in California by APS Energy Services (\$21 million, after tax).

For additional details, see the following discussion.

The major factors that increased (decreased) income from continuing operations were as follows (dollars in millions):

	Increase (Decrease)

Regulated electricity segment gross margin:	
Lower replacement power costs from plant outages due to lower market prices and fewer unplanned outages	\$ 74
Higher retail sales volumes due to customer growth and higher average usage, excluding weather effects	43
Effects of milder weather on retail sales	(40)
Retail electricity price reductions effective July 1, 2001 and July 1, 2002	(27)
2001 charges related to purchase power contracts with Enron	13
Increased purchased power and fuel costs due to higher hedged gas and power prices	(4)
Change in mark-to-market for hedged natural gas and purchased power costs for future delivery	15
Miscellaneous factors, net	(6)

Net increase in regulated electricity segment gross margin	68

Marketing and trading segment gross margin:	
Decrease in generation sales other than Native Load due to lower market prices, partially offset by higher sales volumes	(19)
Lower realized wholesale margins net of related mark-to-market reversals due to lower prices, partially offset by higher volumes	(68)
More competitive retail sales in California by APS Energy Services	35
Lower mark-to-market reversals due to the adoption of EITF 02-3	16
Lower mark-to-market gains for future delivery due to lower market liquidity and lower price volatility	(103)

Net decrease in marketing and trading segment gross margin	(139)

Net decrease in regulated electricity and marketing and trading segments' gross margins	(71)
Lower real estate segment gross margin primarily due to commercial and property management sales, partially offset by higher home and land sales	(4)
Lower other gross margin primarily related to NAC losses	(40)
Higher operations and maintenance expense related primarily to a \$47 million write-off of Redhawk Units 3 and 4 and 2002 severance costs of approximately \$36 million, partially offset by lower generation reliability costs	(78)
Higher depreciation primarily related to increased plant balances and new power plants, partially offset by lower regulatory asset amortization	(7)
Higher taxes other than income taxes due to increased property taxes on higher property balances	(7)
Lower other income primarily due to a 2001 insurance recovery of environmental remediation costs	(11)
Higher net interest expense primarily due to higher debt balances and lower capitalized interest	(25)
Miscellaneous factors, net	1

Net decrease in income from continuing operations before income taxes	(242)
Lower income taxes primarily due to lower income	98

Net decrease in income from continuing operations	\$ (144)
	=====

REGULATED ELECTRICITY SEGMENT GROSS MARGIN

Regulated electricity segment revenues related to our regulated retail and wholesale electricity businesses were \$512 million lower in the twelve months ended March 31, 2003, compared with the same period in the prior year as a result of:

- * decreased revenues related to traditional wholesale sales as a result of lower prices and lower sales volumes (\$39 million);
- * decreased revenues related to retail load hedge management wholesale sales, primarily as a result of lower prices and lower sales volumes (\$449 million);
- * decreased retail revenues related to milder weather (\$63 million);
- * increased retail revenues related to customer growth and higher average usage, excluding weather effects (\$67 million);
- * decreased retail revenues related to reductions in retail electricity prices (\$27 million); and
- * other miscellaneous factors (\$1 million net decrease).

Regulated electricity segment purchased power and fuel costs were \$580 million lower in the twelve months ended March 31, 2003, compared with the same period in the prior year as a result of:

- * decreased costs related to traditional wholesale sales as a result of lower prices and lower sales volumes (\$39 million);
- * decreased costs related to retail load hedge management wholesale sales, primarily as a result of lower prices and lower sales volumes (\$445 million);
- * charges in 2001 related to purchased power contracts with Enron and its affiliates (\$13 million net decrease);
- * decrease in mark-to-market for hedged natural gas and purchased power costs for future delivery (\$15 million);
- * decreased costs related to the effects of milder weather on retail sales (\$23 million);
- * increased costs related to retail sales growth, excluding weather effects (\$24 million);
- * decreased replacement power costs for power plant outages due to lower market prices and fewer unplanned outages (\$74 million); and
- * miscellaneous factors (\$5 million net increase).

MARKETING AND TRADING SEGMENT GROSS MARGIN

Marketing and trading segment revenues were \$56 million lower in the twelve months ended March 31, 2003, compared with the same period in the prior year as a result of:

- * increased revenues from generation sales other than Native Load primarily due to higher sales volumes, partially offset by lower market prices (\$17 million);
- * lower realized wholesale revenues net of related mark-to-market reversals primarily due to lower prices partially offset by higher volumes (\$112 million);
- * increased revenues from higher competitive retail sales in California by APS Energy Services (\$124 million);
- * higher revenues related to the adoption of EITF 02-3 (\$16 million); and
- * lower mark-to-market gains for future delivery primarily as a result of lower market liquidity and lower price volatility (\$101 million).

Marketing and trading segment purchased power and fuel costs were \$83 million higher in the twelve months ended March 31, 2003, compared to the same period in the prior year as a result of:

- * increased fuel costs related to generation sales other than Native Load primarily because of higher sales volumes (\$36 million);
- * decreased purchased power costs related to other realized marketing activities in the current period primarily due to lower prices partially offset by higher volumes (\$44 million);
- * increased purchased power costs related to higher competitive retail sales in California by APS Energy Services (\$89 million); and
- * change in mark-to-market fuel costs for future delivery (\$2 million increase).

OTHER INCOME STATEMENT ITEMS

The decrease in real estate segment gross margin of \$4 million was primarily due to lower commercial and property management sales partially offset by higher home and land sales activities. In addition, as discussed in "Real Estate Activities" below, SunCor had a \$23 million (\$14 million after tax) gain on the sale of its water utility company and a retail center which was reported as income from discontinued operations in the twelve months ended March 31, 2003.

The decrease in other gross margin of \$40 million was primarily due to losses on El Dorado's investment in NAC. Losses for the twelve month period ended March 31, 2003 totaled approximately \$55 million on a pretax basis and were primarily related to NAC contracts with two customers (\$47 million was recorded in other gross margin and \$8 million was recorded in other expense). We reversed \$5 million of loss reserves in the first quarter of 2003 related to NAC's contract settlement. We believe we have reserved our exposure with respect to these contracts in all material respects and, as a result, we consider these charges to be non-recurring.

The increase in operations and maintenance expense of \$78 million was due to a \$47 million write-off related to the cancellation of Redhawk Units 3 and 4, severance costs of \$36 million related to a 2002 voluntary workforce reduction, increased pension and other postretirement benefit costs of \$12 million and other costs of \$13 million, partially offset by lower costs related to generation reliability, plant outages and maintenance costs of \$30 million.

The increase in depreciation and amortization expense of \$7 million primarily related to increased plant balances and new power plants, partially offset by lower regulatory amortization.

The increase in taxes other than income taxes of \$7 million is primarily due to increased property taxes on higher property balances.

Other income decreased \$11 million primarily due to an insurance recovery recorded in 2001 related to environmental remediation costs and other costs.

Net interest expense increased \$25 million primarily because of higher debt balances related to our generation construction program and lower capitalized interest on our generation construction program due to completion of Redhawk Units 1 and 2 in mid-2002.

REAL ESTATE ACTIVITIES

As discussed in our 2002 10-K, we have undertaken an aggressive effort to accelerate asset sales activities to approximately double SunCor's annual earnings in 2003 to 2005 compared with the \$19 million in earnings recorded in 2002.

Certain components of SunCor's real estate sales activities, which are included in the real estate segment, may be required to be reported as discontinued operations on our Consolidated Statements of Income in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Among other things, SFAS No. 144 prescribes accounting for discontinued operations and defines certain real estate activities as discontinued operations. We adopted SFAS No. 144 effective January 1, 2002 and determined that activities that would have required discontinued operations reporting in 2002, 2001 and 2000 were immaterial. We currently estimate that 20% to 40% of SunCor's net income in 2003 will be reported in discontinued operations; however, this ultimately depends on the specific properties sold.

In the first quarter of 2003, SunCor sold its water utility company, which resulted in an after tax gain of \$5 million (\$8 million pretax). The gain on the sale and operating income in the current and prior periods are classified as discontinued operations on our Condensed Consolidated Statements of Income.

In the second quarter of 2002, SunCor sold a retail center, but maintained a significant continuing involvement through a management contract. In the first quarter of 2003, this management contract was canceled. As a result, the gain on the 2002 sale and the operating income related to this property have been reclassified as discontinued operations. The income from discontinued operations of \$14 million (after income taxes) in the twelve months ended March 31, 2003 primarily reflects this sale and the sale of the water utility company.

The following chart provides a summary of SunCor's earnings (after income taxes) for the three and twelve months ended March 31, 2003 and the comparable prior periods (dollars in millions):

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2003	2002	2003	2002
Income from continuing operations	\$ 1	\$ 1	\$ 9	\$ 4
Income from discontinued operations	5	1	14	1
Net income	\$ 6	\$ 2	\$ 23	\$ 5

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements based on current expectations and we assume no obligation to update these statements or make any further statements on any of these issues, except as required by applicable law. Because actual results may differ materially from expectations, we caution readers not to place undue reliance on these statements. A number of factors could cause future results to differ materially from historical results, or from results or outcomes currently expected or sought by us. These factors include the ongoing restructuring of the electric industry, including the introduction of retail electric competition in Arizona and decisions impacting wholesale competition; the outcome of regulatory and legislative proceedings relating to the restructuring; state and federal regulatory and legislative decisions and actions, including price caps and other market constraints imposed by the FERC; regional economic and market conditions, including the California energy

situation and completion of generation and transmission construction in the region, which could affect customer growth and the cost of power supplies; the cost of debt and equity capital and access to capital markets; weather variations affecting local and regional customer energy usage; the effect of conservation programs on energy usage; power plant performance; the successful completion of our generation construction program; regulatory issues associated with generation construction, such as permitting and licensing; our ability to compete successfully outside traditional regulated markets (including the wholesale market); our ability to manage our marketing and trading activities and the use of derivative contracts in our business; technological developments in the electric industry; the performance of the stock market, which affects the amount of our required contributions to our pension plan and nuclear decommissioning trust funds; the strength of the real estate market in SunCor's market areas, which include Arizona, New Mexico and Utah; and other uncertainties, all of which are difficult to predict and many of which are beyond our control.

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands, Except Per Share Amounts)

(Unaudited)

	THREE MONTHS ENDED March 31,		TWELVE MONTHS ENDED March 31,	
	2003	2002	2003	2002
OPERATING REVENUES				
Regulated electricity segment	\$ 384,960	\$ 380,241	\$ 2,017,742	\$ 2,529,522
Marketing and trading segment	162,743	75,815	412,859	468,750
Real estate segment	40,688	39,511	202,258	176,084
Other revenues	15,571	4,277	73,231	14,505
Total	603,962	499,844	2,706,090	3,188,861
OPERATING EXPENSES				
Regulated electricity segment purchased power and fuel	74,671	61,531	512,683	1,092,767
Marketing and trading segment purchased power and fuel	143,645	35,785	301,899	218,588
Operations and maintenance	133,117	117,430	600,225	522,275
Real estate operations segment	40,159	36,646	189,438	159,100
Depreciation and amortization	105,398	99,656	429,824	422,778
Taxes other than income taxes	28,496	26,758	109,690	102,523
Other expenses	9,221	3,302	110,878	12,717
Total	534,707	381,108	2,254,637	2,530,748
OPERATING INCOME	69,255	118,736	451,453	658,113
OTHER				
Other income	5,721	5,161	16,226	27,096
Other expense	(4,197)	(5,089)	(33,519)	(32,864)
Total	1,524	72	(17,293)	(5,768)
INTEREST EXPENSE				
Interest charges	47,851	44,519	190,844	177,592
Capitalized interest	(9,979)	(13,859)	(39,869)	(51,294)
Total	37,872	30,660	150,975	126,298
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	32,907	88,148	283,185	526,047
INCOME TAXES	12,754	34,897	110,085	207,634
INCOME FROM CONTINUING OPERATIONS	20,153	53,251	173,100	318,413
INCOME FROM DISCONTINUED OPERATIONS - NET OF INCOME TAX	5,145	506	13,594	506
CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING FOR DERIVATIVES - NET OF INCOME TAX	--	--	--	(12,446)
CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING FOR TRADING ACTIVITIES - NET OF INCOME TAX	--	--	(65,745)	--
NET INCOME	\$ 25,298	\$ 53,757	\$ 120,949	\$ 306,473
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	91,256	84,735	86,509	84,719
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	91,359	84,884	86,627	84,910
EARNINGS PER WEIGHTED AVERAGE COMMON SHARE OUTSTANDING				
Income From Continuing Operations - Basic	\$ 0.22	\$ 0.63	\$ 2.00	\$ 3.76
Net Income - Basic	\$ 0.28	\$ 0.63	\$ 1.40	\$ 3.62
Income From Continuing Operations - Diluted	\$ 0.22	\$ 0.63	\$ 2.00	\$ 3.75
Net Income - Diluted	\$ 0.28	\$ 0.63	\$ 1.40	\$ 3.61

Certain prior year amounts have been restated to conform to the 2003 presentation.

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 Gains (Losses) 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 on contracts delivered during 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 or retail load hedge management. These sales are made to other electric companies, power marketers, or public entities for the purpose of resale. Measured in gigawatt-hours.

Electricity Spot Prices -- Palo Verde Electricity average daily spot prices at - Off-Peak 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 Electricity average daily spot prices at

- On-Peak

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

Electricity Spot Prices -- SP15
- Off-Peak

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

Electricity Spot Prices -- SP15
- On-Peak

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

Generation Capacity Out of Service and Replaced for Native Load

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

Generation Sales 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 generation sales 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.
Realized and Mark-to-Market Components	Marketing and trading gross margin, before income taxes, for generation sales other than native load and for sales and purchases of electricity and other commodities by the company in the wholesale market, summarized by the period of delivery and whether the margin is realized or mark-to-market. Realized margins relate to commodities that have been delivered. Mark-to-market margins relate to commodities that have delivery dates in future periods.
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 on Contracts Delivered During Current Period	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 by company-owned generation. Measured in gigawatt-hours.
Realized Margin on Delivered Commodities	Marketing and trading gross margin related to electricity and other commodities that were delivered in the then-current period.
Retail Customer Growth	Percentage growth over the prior year in the number of retail customers.
Retail Electricity Usage	Total retail sales for a period divided by the average retail customers for the same period. Measured in kilowatt-hours per average customer.
Retail Load Hedge Management	Wholesale sales to liquidate electricity purchases originally intended to meet firm load during peak times, which purchases were not needed ultimately for firm load. These sales are made to other electric companies, power marketers, or public entities for the purpose of resale. Measured in gigawatt-hours.
Retail Sales	Sales of electricity made directly to retail customers or ultimate customers. Residential retail sales are sales to households. Business retail sales include commercial, industrial, irrigation, and streetlighting sales. Measured in gigawatt-hours.

System Peak Demand

The demand for electricity during the one hour of highest use each month. Measured in megawatts.

Traditional Contracts

Wholesale sales resulting from unique cost-based, long-term contracts held by the company with various entities for the supply of electricity at agreed-upon prices.

Weather Normalized

Adjusted to exclude the effects of abnormal weather patterns.

**NEWS [LOGO] PINNACLE WEST
CAPITAL CORPORATION**

FOR IMMEDIATE RELEASE MAY 2, 2003

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**PINNACLE WEST REPORTS 2003 FIRST QUARTER EARNINGS
ON TARGET WITH PLAN**

PHOENIX - Pinnacle West Capital Corporation (NYSE: PNW) today reported consolidated net income for the quarter ended March 31, 2003, of \$25.3 million, or \$0.28 per diluted share of common stock. This result compares with \$53.8 million, or \$0.63 per share, for the comparable quarter a year ago.

"Quarterly results were on target with our plan, and our outlook for the year remains unchanged. However, we continue to monitor the uncertainties in the western wholesale power markets and their potential impact on our results," said Chairman Bill Post, adding that the Company's operations and market base remain strong.

"The growth of our retail service territory is indicative of a strong core business that will drive future financial performance. And, even in today's battered wholesale market, our power marketing group continues to produce positive results."

The quarter-to-quarter comparison was lower primarily due to decreased contributions from power marketing, which contributed very strong results in the 2002 first quarter; and an increase in fixed costs related to placing three new electricity-generating units into service in 2002.

Other factors affecting results were higher operations and maintenance and replacement power costs related to scheduled power plant overhauls; the effects of milder weather; higher costs for pension and other post-retirement benefits; and a retail electricity price decrease. These negative factors were partially offset by competitive retail sales by APS Energy Services, the Company's competitive affiliate; and strong Arizona retail customer growth of 3.3 percent, about three times the national average.

Despite the impact of milder weather, retail electricity sales in the first quarter were relatively flat at 5 billion kilowatt-hours (kWh) compared with the same period last year. First quarter wholesale power sales were 7.6 billion kWh, up 73 percent from the 4.4 billion kWh sold in the comparable 2002 period.

The 1.5 percent retail price decrease, totaling about \$28 million annually, became effective July 1, 2002. Arizona Public Service (APS) plans to decrease its retail prices another 1.5 percent this July, completing a 10-year commitment of reducing prices a total of 16 percent for residential and small commercial customers since 1994.

Consistent with its accelerated asset sales program, SunCor Development Co., Pinnacle West's real estate subsidiary, reported net income of \$6.4 million, compared with net income of \$2.0 million for the prior year period. The difference was primarily the result of SunCor's sale of its water utility company. This sale resulted in a \$5 million after-tax gain, which was recorded as discontinued operations in accordance with the accounting standard that classifies certain real estate activities as discontinued operations.

For more information on Pinnacle West's operating statistics and earnings, please visit <http://www.pinnaclewest.com/main/pnw/investors/financials/quarterly/default.html>.

CONFERENCE CALL

Pinnacle West invites interested parties to listen to the live webcast of management's conference call to discuss the Company's 2003 first quarter earnings and recent developments at 12 noon (ET) today, May 2. The webcast can be accessed at www.pinnaclewest.com/presentations and will be available for replay through May 31, 2003. To access the live conference call by telephone, dial (877) 356-3961 and enter reservation number 9833252. A replay of the call also will be available until 12 midnight (ET), Friday, May 9, 2003, by calling (800) 642-1687 in the U.S. and Canada or (706) 645-9291 internationally and entering reservation number 9833252.

Pinnacle West is a Phoenix-based company with consolidated assets of approximately \$9 billion. Through its subsidiaries, the Company generates, sells and delivers electricity and sells energy-related products and services to retail and wholesale customers in the western United States. It also develops residential, commercial, and industrial real estate projects.

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THIS PRESS RELEASE CONTAINS FORWARD-LOOKING STATEMENTS BASED ON CURRENT EXPECTATIONS, AND THE COMPANY ASSUMES NO OBLIGATION TO UPDATE THESE STATEMENTS OR MAKE ANY FURTHER STATEMENTS ON ANY OF THESE ISSUES, EXCEPT AS REQUIRED BY APPLICABLE LAW. BECAUSE ACTUAL RESULTS MAY DIFFER MATERIALLY FROM EXPECTATIONS, THE COMPANY CAUTIONS READERS NOT TO PLACE UNDUE RELIANCE ON THESE STATEMENTS. A NUMBER OF FACTORS COULD CAUSE FUTURE RESULTS TO DIFFER MATERIALLY FROM HISTORICAL RESULTS, OR FROM RESULTS OR OUTCOMES CURRENTLY EXPECTED OR SOUGHT BY THE COMPANY. THESE FACTORS INCLUDE THE ONGOING RESTRUCTURING OF THE ELECTRIC INDUSTRY; INCLUDING THE INTRODUCTION OF RETAIL ELECTRIC COMPETITION IN ARIZONA AND DECISIONS IMPACTING WHOLESALE COMPETITION; THE OUTCOME OF REGULATORY AND LEGISLATIVE PROCEEDINGS RELATING TO THE RESTRUCTURING; STATE AND FEDERAL REGULATORY AND LEGISLATIVE DECISIONS AND ACTIONS, INCLUDING PRICE CAPS AND OTHER MARKET CONSTRAINTS IMPOSED BY THE FERC; REGIONAL ECONOMIC AND MARKET CONDITIONS, INCLUDING THE CALIFORNIA ENERGY SITUATION AND COMPLETION OF GENERATION AND TRANSMISSION CONSTRUCTION IN THE REGION, WHICH COULD AFFECT CUSTOMER GROWTH AND THE COST OF POWER SUPPLIES; THE COST OF DEBT AND EQUITY CAPITAL AND ACCESS TO CAPITAL MARKETS; ENERGY USAGE; WEATHER VARIATIONS AFFECTING LOCAL AND REGIONAL CUSTOMER ENERGY USAGE; CONSERVATION PROGRAMS; POWER PLANT PERFORMANCE; THE SUCCESSFUL COMPLETION OF OUR GENERATION CONSTRUCTION PROGRAM; REGULATORY ISSUES ASSOCIATED WITH GENERATION CONSTRUCTION, SUCH AS PERMITTING AND LICENSING; OUR ABILITY TO COMPETE SUCCESSFULLY OUTSIDE TRADITIONAL REGULATED MARKETS (INCLUDING THE WHOLESALE MARKET); OUR ABILITY TO MANAGE OUR MARKETING AND TRADING ACTIVITIES AND THE USE OF DERIVATIVE CONTRACTS IN OUR BUSINESS; TECHNOLOGICAL DEVELOPMENTS IN THE ELECTRIC INDUSTRY; THE PERFORMANCE OF THE STOCK MARKET, WHICH AFFECTS THE AMOUNT OF OUR REQUIRED CONTRIBUTIONS TO OUR PENSION PLAN AND NUCLEAR DECOMMISSIONING TRUST FUNDS; THE STRENGTH OF THE REAL ESTATE MARKET IN SUNCOR'S MARKET AREAS, WHICH INCLUDE ARIZONA, NEW MEXICO AND UTAH; AND OTHER UNCERTAINTIES, ALL OF WHICH ARE DIFFICULT TO PREDICT AND MANY OF WHICH ARE BEYOND OUR CONTROL.