

# PINNACLE WEST CAPITAL CORP

## FORM 8-K (Current report filing)

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 8-K**

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

**Date of Report (Date of earliest event reported): April 18, 2007**

<u>Commission File Number</u>	<u>Exact Name of Registrant as Specified in Charter; State of Incorporation; Address and Telephone Number</u>	<u>IRS Employer Identification Number</u>
1-8962	Pinnacle West Capital Corporation (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix, AZ 85072-3999 (602) 250-1000	86-0512431
1-4473	Arizona Public Service Company (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix, AZ 85072-3999 (602) 250-1000	86-0011170

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

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### Item 8.01. Other Events.

On April 18, 2007, the Board of Directors of Pinnacle West Capital Corporation (the “Company”) adopted an amendment (the “Amendment”) to the Pinnacle West Capital Corporation 2007 Long-Term Incentive Plan (the “2007 Plan”). The Amendment provides that the term of any Stock Appreciation Rights (as defined in the 2007 Plan) granted under the 2007 Plan will not exceed ten years. The 2007 Plan is subject to the approval of the Company’s shareholders at the Company’s 2007 Annual Meeting of Shareholders to be held on May 23, 2007.

If the shareholders approve the 2007 Plan, the Company will not issue any additional shares or awards under the Pinnacle West Capital Corporation 2002 Long-Term Incentive Plan (the “2002 Plan”) or under the Directors Equity Plan. At March 31, 2007, a total of 1,475,771 shares of Company common stock could potentially be issued pursuant to outstanding awards under the 2002 Plan, a substantial portion of which are subject to the achievement of three-year performance measures. No awards have been made under the 2002 Plan since March 31, 2007 and no awards will be made under the 2002 Plan before the 2007 Annual Meeting of Shareholders. Exhibit 99.1 provides information regarding outstanding stock awards at December 31, 2006 and March 31, 2007.

### Item 9.01. Financial Statements and Exhibits.

- 10.1 Pinnacle West Capital Corporation 2007 Long-Term Incentive Plan (incorporated by reference to Appendix B to the Company’s definitive Proxy Statement filed with the Securities and Exchange Commission on April 20, 2007, File No. 1-8962)
- 10.2 First Amendment of the Pinnacle West Capital Corporation 2007 Long-Term Incentive Plan, dated as of April 18, 2007
- 99.1 Summaries of Outstanding Stock Awards at December 31, 2006 and March 31, 2007





**FIRST AMENDMENT  
TO THE  
PINNACLE WEST CAPITAL CORPORATION  
2007 LONG-TERM INCENTIVE PLAN**

Pinnacle West Capital Corporation (the "Company") hereby amends the Pinnacle West Capital Corporation 2007 Long-Term Incentive Plan (the "Plan"), pursuant to Section 14.1 of the Plan, as follows:

1. Section 8.1 (b) of the Plan is hereby amended in its entirety to read as set forth below:

(b) **Other Terms**. All SAR grants will be evidenced by an Award Agreement. The terms, methods of exercise, methods of settlement, and any other terms and conditions of any SAR will be determined by the Committee at the time of the grant of the Award and as set forth in the Award Agreement; provided that the form of consideration payable in settlement of a SAR shall be Stock or cash as specified in the Award Agreement; and provided, further, that the term of any SAR granted under the Plan shall not exceed ten years.

2. Section 12.2 of the Plan is hereby amended in its entirety to read as set forth below:

12.2 **TERM OF AWARD**. The term of each Award shall be for the period determined by the Committee, provided that in no event shall the term of any Option or Stock Appreciation Right exceed a period of ten years from the date of its grant.

3. This First Amendment shall be effective as of the Effective Date of the Plan, as determined in accordance with Section 2.1 of the Plan.

4. This First Amendment amends only the provisions of the Plan noted above.

IN WITNESS WHEREOF, the Company has caused this First Amendment to be executed by its duly authorized representative on this \_\_\_\_\_ day of April, 2007.

PINNACLE WEST CAPITAL CORPORATION

By: \_\_\_\_\_  
Its: \_\_\_\_\_





**Reconciliation of Outstanding Options and Nonvested Awards (other than Options) from 2006 10K to 2007 Proxy Statement to outstanding as of 3/31/2007**

	All Outstanding Options and Nonvested Performance Share and Stock Ownership Grants <sup>(1)</sup>	Canceled Performance Shares as of 12/31/2006	All Nonvested Performance Share and Stock Ownership Grants as of 12/31/2006	Estimated Performance Share Payouts <sup>(2)</sup>	All Outstanding Options and Nonvested Awards (other than options) as reported in 2006 10K <sup>(3)</sup>	Additional Shares if Maximum Potential Payout <sup>(4)</sup>	Number of securities to be issued upon exercise of outstanding options, warrants and rights per 2007 proxy statement <sup>(5)</sup>	Options Exercised 1/1/2007-3/31/2007	Performance Shares Canceled 1/1/2007-3/31/2007	Outstanding Performance Share Grants (Target) as of 3/31/2007	Number of securities to be issued upon exercise of outstanding options, warrants and rights as of 3/31/2007 <sup>(7)</sup>	Outstanding Options and Nonvested Awards (other than options) as of March 31, 2007 for 2002 LTIP Only
1994 Plan Options	741,999				741,999		741,999	(59,766)			682,233	—
2002 Plan Options	345,639				345,639		345,639	(38,832)			306,807	306,807
<b>Subtotal Outstanding Options</b>					<b>1,087,638</b>		<b>1,087,638</b>				<b>989,040</b>	<b>306,807</b>
2005 Performance Share Grant	215,300	(17,910)	197,390	75%	148,042	246,738	394,780		(9,475)	187,915	375,830	375,830
2006 Performance Share Grant	274,070	(5,535)	268,535	100%	268,535	268,535	537,070		(6,885)	261,650	523,300	523,300
2006 Stock Ownership Grant <sup>(6)</sup>	12,526		12,526		12,526		—				—	—
2007 Performance Share Grant										134,917	269,834	269,834
<b>Subtotal Performance and Stock Ownership Shares</b>					<b>429,103</b>		<b>931,850</b>				<b>1,168,964</b>	<b>1,168,964</b>
<b>Total</b>					<b>1,516,741</b>		<b>2,019,488</b>				<b>2,158,004</b>	<b>1,475,771</b>

- (1) Performance share amounts are original grant at Target (page 115 of 2006 10K)
- (2) Best estimates at year-end 2006 of potential payouts of performance share grants (% of Target)
- (3) Footnote 16, page 115 of 2006 10K
- (4) Proxy statement reflects maximum potential payout (200% of Target) of performance shares — see page 42 of 2007 proxy statement
- (5) From equity compensation plans approved by security holders — see page 42 of 2007 proxy statement
- (6) 2006 Stock Ownership shares were paid out in February 2007 and therefore are not included in the proxy (actual payout was 12,898 shares)
- (7) Reflects maximum potential payout (200% of Target) of performance shares. The weighted average exercise price of the outstanding options is \$40.70. The weighted average remaining contractual term of the outstanding options is 3.8 years.