

# PINNACLE WEST CAPITAL CORP

## FORM 8-K (Current report filing)

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

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**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): February 22, 2007**

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

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

- 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

#### Palo Verde Nuclear Generating Station (“Palo Verde”)

As previously reported, in October 2006, the Nuclear Regulatory Commission (the “NRC”) conducted an inspection of the Palo Verde emergency diesel generators after a Palo Verde Unit 3 generator did not activate during routine inspections on July 25 and September 22, 2006. See “NRC Inspections” in Note 12 of Notes to Condensed Consolidated Financial Statements in the Pinnacle West Capital Corporation/Arizona Public Service Company (“APS”) Report on Form 10-Q for the fiscal quarter ended September 30, 2006.

On February 22, 2007, the NRC issued a “white” finding (low to moderate safety significance) for this matter. In connection with its finding, the NRC stated that it would “use the NRC Action Matrix to determine the most appropriate response and any increase in NRC oversight, or actions [APS needs] to take in response to the most recent performance deficiencies” and notify APS of its determination at a later date. Under the NRC’s Action Matrix, this finding, coupled with a previous NRC “yellow” finding relating to a 2004 matter involving Palo Verde’s safety injection systems, will place one or more Palo Verde units in the “multiple/repetitive degraded cornerstone” column of the NRC’s Action Matrix, which will result in an enhanced NRC inspection regimen. APS continues to implement its plan to improve Palo Verde’s operational performance under the leadership of Randy Edington, who joined APS as Senior Vice President and Chief Nuclear Officer in January 2007.

A copy of the NRC’s press release regarding this matter is attached as Exhibit 99.1.

### Item 9.01 Financial Statements and Exhibits

#### (d) Exhibits

<u>Exhibit No.</u>	<u>Registrant(s)</u>	<u>Description</u>
99.1	Pinnacle West Arizona Public Service Company	Press Release Issued by the Nuclear Regulatory Commission, dated February 22, 2007

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SIGNATURES

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

PINNACLE WEST CAPITAL CORPORATION

(Registrant)

Dated: February 22, 2007

By: /s/ Donald E. Brandt  
Donald E. Brandt  
Executive Vice President and  
Chief Financial Officer

ARIZONA PUBLIC SERVICE COMPANY

(Registrant)

Dated: February 22, 2007

By: /s/ Donald E. Brandt  
Donald E. Brandt  
President and Chief Financial Officer





# NRC NEWS

## U.S. NUCLEAR REGULATORY COMMISSION

Office of Public Affairs, Region IV  
611 Ryan Plaza Drive — Suite 400  
Arlington, TX 76011-4005

No. IV-07-003  
Contact: Victor Dricks  
Phone: 817-860-8128

February 22, 2007  
E-Mail: [opa4@nrc.gov](mailto:opa4@nrc.gov)

### NRC ISSUES “WHITE” FINDING AT PALO VERDE NUCLEAR PLANT

The Nuclear Regulatory Commission has determined that an inspection finding at the Palo Verde Nuclear Generating Station regarding operability of emergency diesel generators is of “white” or low to moderate safety significance. The facility is operated by Arizona Public Service Co., near Wintersburg, Ariz.

“This finding was caused by performance deficiencies similar to others noted by NRC at Palo Verde since 2004,” Region IV Administrator Bruce Mallett said. “The NRC will determine the appropriate follow-up actions to ensure performance improvements at Palo Verde.”

Following testing failures on July 25 and Sept. 22, an NRC special inspection identified problems in an electrical relay that rendered the emergency diesel generator non-functional for approximately 18 days during 2006.

Under the NRCs reactor oversight process, inspection findings are evaluated under a significance determination process and assigned a color that indicates its safety significance. Findings with very low safety significance are labeled “green.” “White” findings have low to moderate safety significance, “yellow” findings have substantial safety significance, and “red” findings have high safety significance.

A preliminary “white” finding was described in a Dec. 6 inspection report. The letter transmitting the report provided the company with an opportunity to either request a regulatory conference to discuss the issue or to respond in writing.

During a regulatory conference with the NRC on Jan. 16, APS officials admitted violations of NRC requirements but maintained they were of very low safety significance. After review, the NRC has characterized the violations as a single “white” finding, of low to moderate safety significance.



“Diesel generators are critical components of every nuclear power plant’s defense in depth and are relied upon to supply power to key safety systems during an emergency should the need arise,” Mallett said. “The NRC has very rigorous requirements designed to ensure that this equipment is properly maintained and capable of performing its safety function if called upon to do so. APS did not do this, and this failure is similar to others identified in numerous inspection findings and assessments since 2004. We will determine whether additional inspections, increased oversight and other regulatory actions are appropriate.”

The company has 30 days to appeal the NRC staff’s determination of the “white” finding, which requires additional oversight of the plant.

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