

# PINNACLE WEST CAPITAL CORP

## FORM 8-K (Current report filing)

Filed 07/21/06 for the Period Ending 06/30/06

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

# ARIZONA PUBLIC SERVICE CO

## FORM 8-K (Current report filing)

Filed 7/21/2006 For Period Ending 6/30/2006

Address	400 N FIFTH ST P O BOX 53999 PHOENIX, Arizona 85004
Telephone	602-250-1000
CIK	0000007286
Fiscal Year	12/31

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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): June 30, 2006**

<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	<b>Pinnacle West Capital Corporation</b> (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix, AZ 85072-3999 (602) 250-1000	86-0512431
1-4473	<b>Arizona Public Service Company</b> (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix, 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 (17CFR 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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**Table of Contents**

**TABLE OF CONTENTS**

	<u>Page</u>
Item 2.02 Results of Operations and Financial Condition	2
Item 7.01 Regulation FD Disclosure	3
Item 9.01 Financial Statements and Exhibits	4
Signatures	5

---

**TABLE OF CONTENTS**

Item 2.02. Results of Operations and Financial Condition

Item 7.01. Regulation FD Disclosure

Item 9.01. Financial Statements and Exhibits

**SIGNATURES**

Exhibit 99.1

Exhibit 99.2

Exhibit 99.3

Exhibit 99.4

Exhibit 99.5

Exhibit 99.6

Exhibit 99.7

Exhibit 99.8

Exhibit 99.9

Exhibit 99.10

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

Certain of the Information referenced in Item 7.01 below relates to Pinnacle West Capital Corporation's ("Pinnacle West" or the "Company") results of operations for the three and six months ended June 30, 2006. This Information is attached hereto as Exhibits 99.2, 99.3 99.7, 99.9 and 99.10.

On July 21, 2006, the Company issued a press release regarding its financial results for the three and six months ended June 30, 2006. A copy of the press release is attached hereto as Exhibit 99.9.

The information being furnished pursuant to this Item 2.02 and in Exhibits 99.2, 99.3 99.7, 99.9 and 99.10 of this report relating to the Company's financial results for the three and six months ended June 30, 2006 shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Exhibit 99.9 to this report contains certain "non-GAAP financial measures," as defined in Item 10(e) of Regulation S-K of the Exchange Act. We describe these non-GAAP financial measures as "on-going earnings" and "on-going earnings per share." Exhibit 99.9 contains a table that reconciles each of these non-GAAP financial measures to net income, which is the most directly comparable financial measure calculated and presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We believe on-going earnings provide investors with a useful indicator of our results that is comparable among periods because it excludes the effects of unusual items that may occur on an irregular basis. Investors should note that these non-GAAP financial measures involve judgments by management, including whether an item is classified as an unusual item. We use on-going earnings, or similar concepts, to measure our performance internally in reports for management.

## **Table of Contents**

### **Item 7.01. Regulation FD Disclosure**

#### **Financial and Business Information**

The Company is providing quarterly consolidated statistical summaries and a glossary of relevant terms (collectively, “Information”) to help interested parties better understand its business (see Exhibits 99.1, 99.2, 99.3, 99.4, 99.5, 99.6, 99.7, 99.8 and 99.10). This Information is concurrently being posted to the Company’s website at [www.pinnaclewest.com](http://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.



## Table of Contents

### Item 9.01. Financial Statements and Exhibits

#### (c) Exhibits.

<b>Exhibit No.</b>	<b>Registrant(s)</b>	<b>Description</b>
99.1	Pinnacle West Arizona Public Service Company ("APS")	Pinnacle West Capital Corporation quarterly consolidated statistical summary (cover page and list of contents).
99.2	Pinnacle West APS	Pinnacle West Capital Corporation quarterly consolidated statistical summary for the six-month periods ended June 30, 2006 and 2005.
99.3	Pinnacle West APS	Pinnacle West Capital Corporation consolidated statistics by quarter for 2006.
99.4	Pinnacle West	Pinnacle West Capital Corporation consolidated statistics by quarter for 2005.
99.5	Pinnacle West	Pinnacle West Capital Corporation consolidated statistics by quarter for 2004.
99.6	Pinnacle West	Pinnacle West Capital Corporation consolidated statistics by quarter for 2003.
99.7	Pinnacle West APS	Pinnacle West Capital Corporation earnings variance explanations for the three and six months ended June 30, 2006 and 2005 and condensed consolidated statements of income for the three and six months ended June 30, 2006 and 2005.
99.8	Pinnacle West APS	Glossary of Terms.
99.9	Pinnacle West APS	Earnings News Release issued on July 21, 2006.
99.10	Pinnacle West APS	Non-GAAP Financial Measure Reconciliation — Operating Income (GAAP Measure) to Gross Margin (Non-GAAP Financial Measure).

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: July 21, 2006

By: /s/ Barbara M. Gomez  
Barbara M. Gomez  
Vice President and Treasurer

ARIZONA PUBLIC SERVICE COMPANY  
(Registrant)

Dated: July 21, 2006

By: /s/ Barbara M. Gomez  
Barbara M. Gomez  
Vice President and Treasurer



**Pinnacle West Capital Corporation**  
**Quarterly Consolidated Statistical Summary**  
**Periods Ended June 30, 2006 and 2005**

**List of Contents**

2006 Second Quarter Summary

2006 Year-to-Date

2005 by Quarter

2004 by Quarter

2003 by Quarter

Quarters may not sum to totals due to rounding.

Certain current and prior-year amounts have been reclassified to conform to current-period presentation.

The definitions of terms used in this statistical summary are contained  
in the "Glossary of Terms" on the Pinnacle West website at:  
<http://www.pinnaclewest.com/files/investors/2006Q2QuarStatsGloss.pdf>

This statistical data may be graphed in various quarterly or annual comparisons  
using the "Interactive Charts" tool on the Pinnacle West website at:  
<http://www.pinnaclewest.com/main/pnw/investors/financials/quarterly/landing.html>



**Pinnacle West Capital Corporation**  
**Quarterly Consolidated Statistical Summary**  
**Periods Ended June 30, 2006 and 2005**

Line	3 Mo. Ended June			6 Mo. Ended June			
	2006	2005	Incr (Decr)	2006	2005	Incr (Decr)	
<b>EARNINGS CONTRIBUTION BY SUBSIDIARY</b>							
<b>(\$ Millions)</b>							
1	Arizona Public Service	\$ 94	\$ 64	\$ 30	\$ 88	\$ 91	\$ (3)
2	Pinnacle West Energy	—	12	(12)	—	(8)	8
3	APS Energy Services	—	1	(1)	1	(2)	3
4	SunCor	8	11	(3)	30	19	11
5	El Dorado	—	—	—	(2)	(1)	(1)
6	Parent Company	9	(3)	12	5	16	(11)
7	Income From Continuing Operations	111	85	26	122	115	7
8	Loss From Discontinued Operations — Net of Tax	1	(58)	59	3	(64)	67
9	Cumulative Effect of Change in Accounting — Net of Tax	—	—	—	—	—	—
10	Net Income	<u>\$ 112</u>	<u>\$ 27</u>	<u>\$ 85</u>	<u>\$ 125</u>	<u>\$ 51</u>	<u>\$ 74</u>
<b>EARNINGS PER SHARE BY SUBSIDIARY — DILUTED</b>							
11	Arizona Public Service	\$ 0.95	\$ 0.66	\$ 0.29	\$ 0.89	\$ 0.97	\$ (0.08)
12	Pinnacle West Energy	—	0.13	(0.13)	—	(0.09)	0.09
13	APS Energy Services	—	0.01	(0.01)	0.01	(0.03)	0.04
14	SunCor	0.08	0.11	(0.03)	0.30	0.21	0.09
15	El Dorado	—	—	—	(0.02)	(0.01)	(0.01)
16	Parent Company	0.08	(0.03)	0.11	0.05	0.17	(0.12)
17	Income From Continuing Operations	1.11	0.88	0.23	1.23	1.22	0.01
18	Income (Loss) From Discontinued Operations — Net of Tax	0.02	(0.60)	0.62	0.02	(0.68)	0.70
19	Cumulative Effect of Change in Accounting — Net of Tax	—	—	—	—	—	—
20	Net Income	<u>\$ 1.13</u>	<u>\$ 0.28</u>	<u>\$ 0.85</u>	<u>\$ 1.25</u>	<u>\$ 0.54</u>	<u>\$ 0.71</u>
21	<b>BOOK VALUE PER SHARE</b>	\$ 33.00*	\$ 32.89	\$ 0.11	\$ 33.00*	\$ 32.89	0.11
<b>COMMON SHARES OUTSTANDING</b>							
<b>(Thousands)</b>							
22	Average — Diluted	99,640	96,299	3,341	99,562	94,189	5,373
23	End of Period	99,284	98,442	842	99,284	98,442	842

\* Estimate

See Glossary of Terms.

**Pinnacle West Capital Corporation**  
**Quarterly Consolidated Statistical Summary**  
**Periods Ended June 30, 2006 and 2005**

Line	3 Mo. Ended June			6 Mo. Ended June			
	2006	2005	Incr (Decr)	2006	2005	Incr (Decr)	
<b>ELECTRIC OPERATING REVENUES</b>							
<b>(Dollars in Millions)</b>							
<b>REGULATED ELECTRICITY SEGMENT</b>							
<b>Retail</b>							
24	Residential	\$ 337	\$ 268	\$ 69	\$ 539	\$ 458	\$ 81
25	Business	333	281	52	566	490	76
26	Total retail	670	549	121	1,105	948	157
<b>Wholesale revenue on delivered electricity</b>							
27	Traditional contracts	7	5	2	13	8	5
28	Off-system sales	22	12	10	34	12	22
29	Transmission for others	6	7	(1)	12	14	(2)
30	Other miscellaneous services	8	7	1	15	14	1
31	Total regulated operating electricity revenues	713	580	133	1,179	996	183
<b>MARKETING AND TRADING SEGMENT</b>							
32	Electricity and other commodity sales	90	71	19	175	160	15
33	Total operating electric revenues	\$ 803	\$ 651	\$ 152	\$ 1,354	\$ 1,156	\$ 198
<b>ELECTRIC SALES (GWH)</b>							
<b>REGULATED ELECTRICITY SEGMENT</b>							
<b>Retail sales</b>							
34	Residential	3,284	2,889	395	5,703	5,256	447
35	Business	3,971	3,684	287	7,170	6,726	444
36	Total retail	7,255	6,573	682	12,873	11,982	891
<b>Wholesale electricity delivered</b>							
37	Traditional contracts	181	200	(19)	396	355	41
38	Off-system sales	586	598	(12)	1,522	598	924
39	Retail load hedge management	621	702	(81)	799	1,452	(653)
40	Total regulated electricity	8,643	8,073	570	15,590	14,387	1,203
<b>MARKETING AND TRADING SEGMENT</b>							
41	Wholesale sales of electricity	3,862	5,009	(1,147)	7,753	11,069	(3,316)
42	Total electric sales	12,505	13,082	(577)	23,343	25,456	(2,113)

See Glossary of Terms.

Page 3 of 31

**Pinnacle West Capital Corporation**  
**Quarterly Consolidated Statistical Summary**  
**Periods Ended June 30, 2006 and 2005**

Line	3 Mo. Ended June			6 Mo. Ended June			
	2006	2005	Incr (Decr)	2006	2005	Incr (Decr)	
<b>POWER SUPPLY ADJUSTOR ("PSA") — REGULATED ELECTRICITY SEGMENT (Dollars in Millions)</b>							
43	Deferred fuel and purchased power regulatory asset — beginning balance	\$ 169	\$ —	\$ 169	\$ 173	\$ —	\$ 173
44	Deferred fuel and purchased power costs — current period	78	38	40	91	38	53
45	Interest on deferred fuel	3	—	3	4	—	4
46	Amounts recovered through revenues	(75)	—	(75)	(93)	—	(93)
47	Deferred fuel and purchased power regulatory asset — ending balance	<u>\$ 175</u>	<u>\$ 38</u>	<u>\$ 137</u>	<u>\$ 175</u>	<u>\$ 38</u>	<u>\$ 137</u>
<b>MARKETING AND TRADING SEGMENT PRETAX GROSS MARGIN ANALYSIS (Dollars in Millions)</b>							
<b>Realized and Mark-To-Market Components</b>							
48	Electricity and other commodity sales, realized (a)	\$ 17	\$ 18	\$ (1)	\$ 29	\$ 30	\$ (1)
49	Mark-to-market reversals on realized sales (a) (b)	(1)	(8)	7	(3)	(8)	5
50	Change in mark-to-market value of forward sales	—	3	(3)	2	10	(8)
51	Total gross margin	<u>\$ 16</u>	<u>\$ 13</u>	<u>\$ 3</u>	<u>\$ 28</u>	<u>\$ 32</u>	<u>\$ (4)</u>
<b>By Pinnacle West Entit</b>							
52	Parent company marketing and trading division	\$ 11	\$ 6	\$ 5	\$ 10	\$ 27	\$ (17)
53	APS	2	3	(1)	12	(1)	13
54	Pinnacle West Energy	—	—	—	—	5	(5)
55	APS Energy Services	3	4	(1)	6	1	5
56	Total gross margin	<u>\$ 16</u>	<u>\$ 13</u>	<u>\$ 3</u>	<u>\$ 28</u>	<u>\$ 32</u>	<u>\$ (4)</u>

**Future Marketing and Trading Mark-to-Market Realization**

As of June 30, 2006, Pinnacle West had accumulated net mark-to-market gains of \$44 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: 2006, \$9 million; 2007, \$21 million; and 2008, \$14 million.

- (a) Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 48 and in line 49 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 48 are included in line 49. For example, line 49 shows that a prior-period mark-to-market gain of \$1 million was transferred to "realized" for the second quarter of 2006. A \$1 million realized gain is included in the \$17 million on line 48 for the second quarter of 2006.
- (b) Quarterly amounts do not total to annual amounts because of intra-year mark-to-market eliminations.





**Pinnacle West Capital Corporation**  
**Quarterly Consolidated Statistical Summary**  
**Periods Ended June 30, 2006 and 2005**

Line	3 Mo. Ended June			6 Mo. Ended June		
	2006	2005	Incr (Decr)	2006	2005	Incr (Decr)
<b>AVERAGE ELECTRIC CUSTOMERS</b>						
<b>Retail customers</b>						
57 Residential	930,402	888,509	41,893	930,601	889,238	41,363
58 Business	114,803	110,658	4,145	114,186	110,227	3,959
59 Total	1,045,205	999,167	46,038	1,044,787	999,465	45,322
60 Wholesale customers	76	76	—	76	79	(3)
61 Total customers	1,045,281	999,243	46,038	1,044,863	999,544	45,319
62 Customer growth (% over prior year)	4.6%	4.2%	0.4%	4.5%	4.1%	0.4%
<b>RETAIL SALES (GWH) — WEATHER NORMALIZED</b>						
63 Residential	3,105	2,905	200	5,619	5,344	275
64 Business	3,926	3,693	233	7,178	6,751	427
65 Total	7,031	6,598	433	12,797	12,095	702
<b>RETAIL USAGE (KWh/Average Customer)</b>						
66 Residential	3,530	3,252	278	6,128	5,911	218
67 Business	34,590	33,292	1,298	62,792	61,020	1,773
<b>RETAIL USAGE — WEATHER NORMALIZED (KWh/Average Customer)</b>						
68 Residential	3,337	3,269	68	6,038	6,010	29
69 Business	34,194	33,377	817	62,859	61,247	1,613
<b>ELECTRICITY DEMAND (MW)</b>						
70 System peak demand	6,624	6,458	166	6,624	6,458	166

See Glossary of Terms.

Page 5 of 31

**Pinnacle West Capital Corporation**  
**Quarterly Consolidated Statistical Summary**  
**Periods Ended June 30, 2006 and 2005**

Line	3 Mo. Ended June			6 Mo. Ended June			
	2006	2005	Incr (Decr)	2006	2005	Incr (Decr)	
<b>ENERGY SOURCES (GWH)</b>							
<b>Generation production</b>							
71	Nuclear	1,198	1,619	(421)	2,918	3,866	(948)
72	Coal	3,183	3,088	95	6,266	6,028	238
73	Gas, oil and other	2,000	2,074	(74)	3,252	3,201	51
74	Total generation production	<u>6,381</u>	<u>6,781</u>	<u>(400)</u>	<u>12,436</u>	<u>13,095</u>	<u>(659)</u>
<b>Purchased power</b>							
75	Firm load	1,884	880	1,004	2,249	1,466	783
76	Marketing and trading	4,807	5,984	(1,177)	9,654	11,816	(2,162)
77	Total purchased power	<u>6,691</u>	<u>6,864</u>	<u>(173)</u>	<u>11,903</u>	<u>13,282</u>	<u>(1,379)</u>
78	Total energy sources	<u>13,072</u>	<u>13,645</u>	<u>(573)</u>	<u>24,339</u>	<u>26,377</u>	<u>(2,038)</u>
<b>POWER PLANT PERFORMANCE</b>							
<b>Capacity Factors</b>							
79	Nuclear	49%	67%	(18)%	60%	80%	(20)%
80	Coal	84%	83%	1%	83%	81%	2%
81	Gas, oil and other	28%	28%	0%	23%	22%	1%
82	System average	48%	49%	(1)%	47%	48%	(1)%
<b>Generation Capacity Out of Service and Replaced for Native Load (average MW/day) (a)</b>							
83	Nuclear	553	329	224	859	381	478
84	Coal	184	244	(60)	441	439	2
85	Gas	117	164	(47)	318	376	(58)
86	Total	<u>854</u>	<u>737</u>	<u>117</u>	<u>1,618</u>	<u>1,196</u>	<u>422</u>

(a) Includes planned and unplanned outages

See Glossary of Terms.

**Pinnacle West Capital Corporation**  
**Quarterly Consolidated Statistical Summary**  
**Periods Ended June 30, 2006 and 2005**

Line	3 Mo. Ended June			6 Mo. Ended June			
	2006	2005	Incr (Decr)	2006	2005	Incr (Decr)	
<b>ENERGY MARKET INDICATORS (a)</b>							
<b>Electricity Average Daily Spot Prices (\$/MWh)</b>							
<b>On-Peak</b>							
87	Palo Verde	\$ 51.30	\$ 53.33	\$ (2.03)	\$ 52.54	\$ 51.54	\$ 1.00
88	SP15	\$ 55.39	\$ 55.19	\$ 0.20	\$ 56.87	\$ 55.45	\$ 1.42
<b>Off-Peak</b>							
89	Palo Verde	\$ 28.38	\$ 33.03	\$ (4.65)	\$ 35.15	\$ 35.04	\$ 0.11
90	SP15	\$ 27.73	\$ 34.73	\$ (7.00)	\$ 36.26	\$ 37.85	\$ (1.59)
<b>WEATHER INDICATORS</b>							
<b>Actual</b>							
91	Cooling degree-days	1,740	1,538	202	1,783	1,572	211
92	Heating degree-days	4	1	3	468	458	10
93	Average humidity	18%	20%	(2)%	23%	38%	(15)%
<b>10-Year Averages</b>							
94	Cooling degree-days	1,547	1,547	—	1,646	1,646	—
95	Heating degree-days	31	31	—	545	545	—
96	Average humidity	23%	23%	0%	32%	32%	0%
<b>ECONOMIC INDICATORS</b>							
<b>Building Permits — Metro Phoenix (b) (d)</b>							
97	Single-family	5,756	7,837	(2,081)	14,472	18,193	(3,721)
98	Multi-family	2,305	621	1,684	5,192	2,362	2,830
99	Total	<u>8,061</u>	<u>8,458</u>	<u>(397)</u>	<u>19,664</u>	<u>20,555</u>	<u>(891)</u>
<b>Arizona Job Growth (c) (d)</b>							
100	Payroll job growth (% over prior year)	4.7%	5.6%	(0.9)%	5.2%	5.1%	0.1%
101	Unemployment rate (% seasonally adjusted)	4.3%	4.7%	(0.4)%	4.4%	4.6%	(0.2)%

**Sources:**

- (a) Average of daily prices obtained and used with permission from Dow Jones & Company, Inc.  
(b) Arizona Real Estate Center, Arizona State University W.P. Carey College of Business  
(c) Arizona Department of Economic Security  
(d) Economic indicators reflect latest available data through periods ended May 31, 2006.



## EXHIBIT 99.3

**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2006**

Line		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-To-Date	Increase (Decrease) vs Prior YTD
<b>EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ Millions)</b>							
1	Arizona Public Service	\$ (6)	\$ 94			\$ 88	\$ (3)
2	Pinnacle West Energy	—	—			—	8
3	APS Energy Services	1	—			1	3
4	SunCor	21	8			30	11
5	El Dorado	(1)	—			(2)	(1)
6	Parent Company	(3)	9			5	(11)
7	Income From Continuing Operations	12	111	—	—	122	7
8	Loss From Discontinued Operations — Net of Tax	—	1			3	67
9	Cumulative Effect of Change in Accounting — Net of Tax	—	—	—	—	—	—
10	Net Income	<u>\$ 12</u>	<u>\$ 112</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 125</u>	<u>\$ 74</u>
<b>EARNINGS PER SHARE BY SUBSIDIARY — DILUTED</b>							
11	Arizona Public Service	\$ (0.06)	\$ 0.95			\$ 0.89	\$ (0.08)
12	Pinnacle West Energy	—	—			—	0.09
13	APS Energy Services	0.01	—			0.01	0.04
14	SunCor	0.21	0.08			0.30	0.09
15	El Dorado	(0.01)	—			(0.02)	(0.01)
16	Parent Company	(0.03)	0.08			0.05	(0.12)
17	Income From Continuing Operations	0.12	1.11	—	—	1.23	0.01
18	Income (Loss) From Discontinued Operations — Net of Tax	0.01	0.02			0.02	0.70
19	Cumulative Effect of Change in Accounting — Net of Tax	—	—	—	—	—	—
20	Net Income	<u>\$ 0.13</u>	<u>\$ 1.13</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1.25</u>	<u>\$ 0.71</u>
21	<b>BOOK VALUE PER SHARE</b>	<u>\$ 32.37</u>	<u>\$ 33.00 *</u>			<u>\$ 33.00 *</u>	<u>\$ 0.11</u>
<b>COMMON SHARES OUTSTANDING (Thousands)</b>							
22	Average — Diluted	99,449	99,640			99,562	5,373
23	End of Period	99,187	99,284			99,284	842

\* Estimate



**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2006**

Line		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-To-Date	Increase (Decrease) vs Prior YTD
<b>ELECTRIC OPERATING REVENUES (Dollars in Millions)</b>							
<b>REGULATED ELECTRICITY SEGMENT</b>							
<b>Retail</b>							
24	Residential	\$ 202	\$ 337			\$ 539	\$ 81
25	Business	233	333			566	76
26	Total retail	435	670	—	—	1,105	157
<b>Wholesale revenue on delivered electricity</b>							
27	Traditional contracts	6	7			13	5
28	Off-system sales	12	22			34	22
29	Transmission for others	6	6			12	(2)
30	Other miscellaneous services	7	8			15	1
31	Total regulated operating electricity revenues	466	713	—	—	1,179	183
<b>MARKETING AND TRADING SEGMENT</b>							
32	Electricity and other commodity sales	85	90			175	15
33	Total operating electric revenues	\$ 551	\$ 803	\$ —	\$ —	\$ 1,354	\$ 198
<b>ELECTRIC SALES (GWH)</b>							
<b>REGULATED ELECTRICITY SEGMENT</b>							
<b>Retail sales</b>							
34	Residential	2,419	3,284			5,703	447
35	Business	3,199	3,971			7,170	444
36	Total retail	5,618	7,255	—	—	12,873	891
<b>Wholesale electricity delivered</b>							
37	Traditional contracts	215	181			396	41
38	Off-system sales	936	586			1,522	924
39	Retail load hedge management	178	621			799	(653)
40	Total regulated electricity	6,947	8,643	—	—	15,590	1,203
<b>MARKETING AND TRADING SEGMENT</b>							
41	Wholesale sales of electricity	3,891	3,862			7,753	(3,316)
42	Total electric sales	10,838	12,505	—	—	23,343	(2,113)



**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2006**

Line		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-To-Date	Increase (Decrease) vs Prior YTD
<b>POWER SUPPLY ADJUSTOR ("PSA") — REGULATED ELECTRICITY SEGMENT (Dollars in Millions)</b>							
43	Deferred fuel and purchased power regulatory asset — beginning balance	\$ 173	\$ 169			173	173
44	Deferred fuel and purchased power costs — current period	13	78			91	53
45	Interest on deferred fuel	1	3			4	4
46	Amounts recovered through revenues	<u>(18)</u>	<u>(75)</u>			<u>(93)</u>	<u>(93)</u>
47	Deferred fuel and purchased power regulatory asset — ending balance	<u>\$ 169</u>	<u>\$ 175</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 175</u>	<u>\$ 137</u>
<b>MARKETING AND TRADING SEGMENT PRETAX GROSS MARGIN ANALYSIS (Dollars in Millions)</b>							
<b>Realized and Mark-To- Market Components</b>							
48	Electricity and other commodity sales, realized (a)	\$ 11	\$ 17			\$ 29	\$ (1)
49	Mark-to-market reversals on realized sales (a) (b)	(1)	(1)			(3)	5
50	Change in mark-to-market value of forward sales	1	—			2	(8)
51	Total gross margin	<u>\$ 11</u>	<u>\$ 16</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 28</u>	<u>\$ (4)</u>
<b>By Pinnacle West Entity</b>							
52	Parent company marketing and trading division	\$ (2)	\$ 11			\$ 10	\$ (17)
53	APS	10	2			12	13
54	Pinnacle West Energy	—	—			—	(5)
55	APS Energy Services	3	3			6	5
56	Total gross margin	<u>\$ 11</u>	<u>\$ 16</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 28</u>	<u>\$ (4)</u>

**Future Marketing and Trading Mark-to-Market Realization**

As of June 30, 2006, Pinnacle West had accumulated net mark-to-market gains of \$44 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: 2006, \$9 million; 2007, \$21 million; and 2008, \$14 million.

- (a) Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 48 and in line 49 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 48 are included in line 49. For example, line 49 shows that a prior-period mark-to-market gain of \$11 million was transferred to "realized" for the second quarter of 2006. A \$11 million realized gain is included in the \$17 million on line 48 for the second quarter of 2006.

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

See Glossary of Terms

Page 10 of 31

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**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2006**

Line		<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>4th Qtr</u>	<u>Year-To-Date</u>	<u>Increase (Decrease) vs Prior YTD</u>
<b>AVERAGE ELECTRIC CUSTOMERS</b>							
<b>Retail customers</b>							
57	Residential	930,799	930,402			930,601	41,363
58	Business	113,570	114,803			114,186	3,959
59	Total	<u>1,044,369</u>	<u>1,045,205</u>	—	—	<u>1,044,787</u>	<u>45,322</u>
60	Wholesale customers	75	76			76	(3)
61	Total customers	<u>1,044,444</u>	<u>1,045,281</u>	—	—	<u>1,044,863</u>	<u>45,319</u>
62	Customer growth (% over prior year)	4.5%	4.6%			4.5%	0.4%
<b>RETAIL SALES (GWH) — WEATHER NORMALIZED</b>							
63	Residential	2,514	3,105			5,619	275
64	Business	3,252	3,926			7,178	427
65	Total	<u>5,766</u>	<u>7,031</u>	—	—	<u>12,797</u>	<u>702</u>
<b>RETAIL USAGE (KWh/Average Customer)</b>							
66	Residential	2,763	3,530			6,128	218
67	Business	30,444	34,590			62,792	1,773
<b>RETAIL USAGE — WEATHER NORMALIZED (KWh/Average Customer)</b>							
68	Residential	2,700	3,337			6,038	29
69	Business	28,636	34,194			62,859	1,613
<b>ELECTRICITY DEMAND (MW)</b>							
70	System peak demand	4,205	6,624			6,624	166

See Glossary of Terms.

Page 11 of 31

**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2006**

Line		<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>4th Qtr</u>	<u>Year-To-Date</u>	<u>Increase (Decrease) vs Prior YTD</u>
<b>ENERGY SOURCES (GWH)</b>							
<b>Generation production</b>							
71	Nuclear	1,720	1,198			2,918	(948)
72	Coal	3,083	3,183			6,266	238
73	Gas, oil and other	<u>1,252</u>	<u>2,000</u>			<u>3,252</u>	<u>51</u>
74	Total generation production	<u>6,055</u>	<u>6,381</u>	<u>—</u>	<u>—</u>	<u>12,436</u>	<u>(659)</u>
<b>Purchased power</b>							
75	Firm load	365	1,884			2,249	783
76	Marketing and trading	<u>4,847</u>	<u>4,807</u>			<u>9,654</u>	<u>(2,162)</u>
77	Total purchased power	<u>5,212</u>	<u>6,691</u>	<u>—</u>	<u>—</u>	<u>11,903</u>	<u>(1,379)</u>
78	Total energy sources	<u>11,267</u>	<u>13,072</u>	<u>—</u>	<u>—</u>	<u>24,339</u>	<u>(2,038)</u>
<b>POWER PLANT PERFORMANCE</b>							
<b>Capacity Factors</b>							
79	Nuclear	71%	49%			60%	(20)%
80	Coal	83%	84%			83%	2%
81	Gas, oil and other	18%	28%			23%	1%
82	System average	46%	48%			47%	(1)%
<b>Generation Capacity Out of Service and Replaced for Native Load (average MW/day) (a)</b>							
83	Nuclear	306	553			859	478
84	Coal	257	184			441	2
85	Gas	<u>201</u>	<u>117</u>			<u>318</u>	<u>(58)</u>
86	Total	<u>764</u>	<u>854</u>	<u>—</u>	<u>—</u>	<u>1,618</u>	<u>422</u>

(a) Includes planned and unplanned outages

See Glossary of Terms.

**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2006**

Line		<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>4th Qtr</u>	<u>Year-To-Date</u>	<u>Increase (Decrease) vs Prior YTD</u>
<b>ENERGY MARKET INDICATORS (a)</b>							
<b>Electricity Average Daily Spot Prices (\$/MWh)</b>							
<b>On-Peak</b>							
87	Palo Verde	\$ 53.78	\$ 51.30			\$ 52.54	\$ 1.00
88	SP15	\$ 58.34	\$ 55.39			\$ 56.87	\$ 1.42
<b>Off-Peak</b>							
89	Palo Verde	\$ 41.92	\$ 28.38			\$ 35.15	\$ 0.11
90	SP15	\$ 44.79	\$ 27.73			\$ 36.26	\$ (1.59)
<b>WEATHER INDICATORS</b>							
<b>Actual</b>							
91	Cooling degree-days	43	1,740			1,783	211
92	Heating degree-days	464	4			468	10
93	Average humidity	28%	18%			23%	(15)%
<b>10-Year Averages</b>							
94	Cooling degree-days	99	1,547			1,646	—
95	Heating degree-days	514	31			545	—
96	Average humidity	41%	23%			32%	0%
<b>ECONOMIC INDICATORS</b>							
<b>Building Permits — Metro Phoenix (b) (d)</b>							
97	Single-family	8,716	5,756			14,472	(3,721)
98	Multi-family	2,887	2,305			5,192	2,830
99	Total	<u>11,603</u>	<u>8,061</u>	<u>—</u>	<u>—</u>	<u>19,664</u>	<u>(891)</u>
<b>Arizona Job Growth (c) (d)</b>							
100	Payroll job growth (% over prior year)	5.6%	4.7%			5.2%	0.1%
101	Unemployment rate (% seasonally adjusted)	4.4%	4.3%			4.4%	(0.2)%

**Sources:**

- (a) Average of daily prices obtained and used with permission from Dow Jones & Company, Inc.  
(b) Arizona Real Estate Center, Arizona State University W.P. Carey College of Business  
(c) Arizona Department of Economic Security  
(d) Economic indicators reflect latest available data through periods ended May 31, 2006.

See Glossary of Terms.



## EXHIBIT 99.4

**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2005**

Line		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-To-Date	Increase (Decrease) vs Prior YTD
<b>EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ Millions)</b>							
1	Arizona Public Service	\$ 27	\$ 64	\$ 61	\$ 18	\$ 170	\$ (30)
2	Pinnacle West Energy	(21)	12	(71)	(6)	(85)	(27)
3	APS Energy Services	(3)	1	—	(3)	(6)	(9)
4	SunCor	9	11	6	13	39	(2)
5	El Dorado	(1)	—	—	—	(2)	(35)
6	Parent Company	19	(3)	89	2	107	79
7	Income From Continuing Operations	30	85	85	24	223	(24)
8	Loss From Discontinued Operations — Net of Tax	(6)	(58)	19	(3)	(47)	(43)
9	Cumulative Effect of Change in Accounting — Net of Tax	—	—	—	—	—	—
10	Net Income	<u>\$ 24</u>	<u>\$ 27</u>	<u>\$ 104</u>	<u>\$ 21</u>	<u>\$ 176</u>	<u>\$ (67)</u>
<b>EARNINGS PER SHARE BY SUBSIDIARY — DILUTED</b>							
11	Arizona Public Service	\$ 0.30	\$ 0.66	\$ 0.62	\$ 0.19	\$ 1.77	\$ (0.41)
12	Pinnacle West Energy	(0.23)	0.13	(0.72)	(0.06)	(0.89)	(0.26)
13	APS Energy Services	(0.04)	0.01	—	(0.04)	(0.06)	(0.09)
14	SunCor	0.09	0.11	0.07	0.13	0.40	(0.05)
15	El Dorado	(0.01)	—	(0.01)	(0.01)	(0.02)	(0.38)
16	Parent Company	0.21	(0.03)	0.90	0.03	1.11	0.81
17	Income From Continuing Operations	0.32	0.88	0.86	0.24	2.31	(0.38)
18	Income (Loss) From Discontinued Operations — Net of Tax	(0.05)	(0.60)	0.19	(0.02)	(0.49)	(0.46)
19	Cumulative Effect of Change in Accounting — Net of Tax	—	—	—	—	—	—
20	Net Income	<u>\$ 0.27</u>	<u>\$ 0.28</u>	<u>\$ 1.05</u>	<u>\$ 0.22</u>	<u>\$ 1.82</u>	<u>\$ (0.84)</u>
21	<b>BOOK VALUE PER SHARE</b>	\$ 32.50	\$ 32.89	\$ 35.81	\$ 34.58	\$ 34.58	\$ 2.44
<b>COMMON SHARES OUTSTANDING (Thousands)</b>							
22	Average — Diluted	92,045	96,299	98,816	99,050	96,590	5,058
23	End of Period	92,103	98,442	98,881	99,057	99,057	7,264

See Glossary of Terms.

**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2005**

Line		<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>4th Qtr</u>	<u>Year-To-Date</u>	<u>Increase (Decrease) vs Prior YTD</u>
<b>ELECTRIC OPERATING REVENUES (Dollars in Millions)</b>							
<b>REGULATED ELECTRICITY SEGMENT</b>							
<b>Retail</b>							
24	Residential	\$ 190	\$ 268	\$ 414	\$ 207	\$ 1,079	\$ 95
25	Business	209	281	308	243	1,041	63
26	Total retail	399	549	722	450	2,120	158
<b>Wholesale revenue on delivered electricity</b>							
27	Traditional contracts	3	5	9	6	23	7
28	Off-system sales	—	12	8	20	40	40
29	Transmission for others	7	7	7	5	26	(6)
30	Other miscellaneous services	7	7	7	7	28	3
31	Total regulated operating electricity revenues	416	580	753	488	2,237	202
<b>MARKETING AND TRADING SEGMENT</b>							
32	Electricity and other commodity sales	89	71	107	83	351	(50)
33	Total operating electric revenues	<u>\$ 505</u>	<u>\$ 651</u>	<u>\$ 860</u>	<u>\$ 571</u>	<u>\$ 2,588</u>	<u>\$ 152</u>
<b>ELECTRIC SALES (GWH)</b>							
<b>REGULATED ELECTRICITY SEGMENT</b>							
<b>Retail sales</b>							
34	Residential	2,367	2,889	4,449	2,518	12,223	696
35	Business	3,042	3,684	4,100	3,427	14,254	428
36	Total retail	5,409	6,573	8,549	5,945	26,477	1,124
<b>Wholesale electricity delivered</b>							
37	Traditional contracts	155	200	269	227	850	141
38	Off-system sales	—	598	212	526	1,336	1,336
39	Retail load hedge management	750	702	1,026	532	3,010	278
40	Total regulated electricity	6,314	8,073	10,056	7,230	31,673	2,879
<b>MARKETING AND TRADING SEGMENT</b>							
41	Wholesale sales of electricity	6,060	5,009	7,263	5,240	23,572	(6,606)
42	Total electric sales	<u>12,374</u>	<u>13,082</u>	<u>17,319</u>	<u>12,470</u>	<u>55,245</u>	<u>(3,727)</u>

See Glossary of Terms.



**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2005**

Line		<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>4th Qtr</u>	<u>Year-To-Date</u>	<u>Increase (Decrease) vs Prior YTD</u>
<b>POWER SUPPLY ADJUSTOR ("PSA") — REGULATED ELECTRICITY SEGMENT (Dollars in Millions)</b>							
43	Deferred fuel and purchased power regulatory asset — beginning balance	\$ —	\$ —	\$ 38	143	\$ —	\$ —
44	Deferred fuel and purchased power costs — current period	—	38	104	29	171	171
45	Interest on deferred fuel	—	—	1	1	2	2
46	Amounts recovered through revenues	—	—	—	—	—	—
47	Deferred fuel and purchased power regulatory asset — ending balance	<u>\$ —</u>	<u>\$ 38</u>	<u>\$ 143</u>	<u>\$ 173</u>	<u>\$ 173</u>	<u>\$ 173</u>
<b>MARKETING AND TRADING SEGMENT PRETAX GROSS MARGIN ANALYSIS (Dollars in Millions)</b>							
<b>Realized and Mark-To-Market Components</b>							
48	Electricity and other commodity sales, realized (a)	\$ 12	\$ 18	\$ 3	\$ 22	\$ 55	\$ (9)
49	Mark-to-market reversals on realized sales (a) (b)	(3)	(8)	3	(17)	(16)	(11)
50	Change in mark-to-market value of forward sales	10	3	14	1	20	(1)
51	Total gross margin	<u>\$ 19</u>	<u>\$ 13</u>	<u>\$ 20</u>	<u>\$ 6</u>	<u>\$ 59</u>	<u>\$ (21)</u>
<b>By Pinnacle West Entity</b>							
52	Parent company marketing and trading division	\$ 21	\$ 6	\$ 26	\$ 5	\$ 59	\$ 34
53	APS	(4)	3	(8)	3	(6)	(1)
54	Pinnacle West Energy	5	—	—	—	5	(41)
55	APS Energy Services	(3)	4	2	(2)	1	(13)
56	Total gross margin	<u>\$ 19</u>	<u>\$ 13</u>	<u>\$ 20</u>	<u>\$ 6</u>	<u>\$ 59</u>	<u>\$ (21)</u>

**Future Marketing and Trading Mark-to-Market Realization**

As of December 31, 2005, Pinnacle West had accumulated net mark-to-market gains of \$45 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: 2006, \$14 million; 2007, \$20 million; and 2008, \$11 million.

- (a) Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 48 and in line 49 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 48 are included in line 49. For example, line 49 shows that a prior-period mark-to-market gain of \$16 million was transferred to "realized" for the total year 2005. A \$16 million realized gain is included in the \$55 million on line 48 for the total year 2005.
- (b) Quarterly amounts do not total to annual amounts because of intra-year mark-to-market eliminations.



**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2005**

Line		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-To-Date	Increase (Decrease) vs Prior YTD
<b>AVERAGE ELECTRIC CUSTOMERS</b>							
<b>Retail customers</b>							
57	Residential	889,967	888,509	895,789	911,623	896,472	37,403
58	Business	109,795	110,658	111,648	112,569	111,168	4,053
59	Total	999,762	999,167	1,007,437	1,024,192	1,007,640	41,456
60	Wholesale customers	81	76	78	77	78	(3)
61	Total customers	<u>999,843</u>	<u>999,243</u>	<u>1,007,515</u>	<u>1,024,269</u>	<u>1,007,718</u>	<u>41,453</u>
62	Customer growth (% over prior year)	4.0%	4.2%	4.5%	4.5%	4.3%	0.6%
<b>RETAIL SALES (GWH) — WEATHER NORMALIZED</b>							
63	Residential	2,439	2,905	4,421	2,515	12,280	572
64	Business	3,058	3,693	4,120	3,414	14,286	415
65	Total	<u>5,497</u>	<u>6,598</u>	<u>8,541</u>	<u>5,929</u>	<u>26,566</u>	<u>987</u>
<b>RETAIL USAGE (KWh/Average Customer)</b>							
66	Residential	2,660	3,252	4,967	2,763	13,635	217
67	Business	27,706	33,292	36,723	30,444	128,514	(878)
<b>RETAIL USAGE — WEATHER NORMALIZED (KWh/Average Customer)</b>							
68	Residential	2,741	3,269	4,935	2,758	13,698	70
69	Business	27,860	33,377	36,899	30,332	128,507	(987)
<b>ELECTRICITY DEMAND (MW)</b>							
70	System peak demand	3,997	6,458	7,000	5,169	7,000	598

See Glossary of Terms.

**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2005**

Line		<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>4th Qtr</u>	<u>Year-To-Date</u>	<u>Increase (Decrease) vs Prior YTD</u>
<b>ENERGY SOURCES (GWH)</b>							
<b>Generation production</b>							
71	Nuclear	2,247	1,619	2,147	1,496	7,509	(674)
72	Coal	2,940	3,088	3,574	3,458	13,060	394
73	Gas, oil and other	1,127	2,074	3,018	1,482	7,701	2,373
74	Total generation production	<u>6,314</u>	<u>6,781</u>	<u>8,739</u>	<u>6,436</u>	<u>28,270</u>	<u>2,093</u>
<b>Purchased power</b>							
75	Firm load	586	880	1,589	402	3,474	(851)
76	Marketing and trading	5,832	5,984	7,795	6,102	25,713	(4,479)
77	Total purchased power	<u>6,418</u>	<u>6,864</u>	<u>9,384</u>	<u>6,504</u>	<u>29,187</u>	<u>(5,330)</u>
78	Total energy sources	<u>12,732</u>	<u>13,645</u>	<u>18,123</u>	<u>12,940</u>	<u>57,457</u>	<u>(3,237)</u>
<b>POWER PLANT PERFORMANCE</b>							
<b>Capacity Factors</b>							
79	Nuclear	94%	67%	88%	61%	77%	(7)%
80	Coal	79%	83%	95%	91%	87%	3%
81	Gas, oil and other	18%	28%	40%	29%	29%	9%
82	System average	50%	49%	63%	51%	53%	2%
<b>Generation Capacity Out of Service and Replaced for Native Load (average MW/day) (a)</b>							
83	Nuclear	52	329	107	419	227	66
84	Coal	195	244	57	103	150	43
85	Gas	212	164	140	226	186	144
86	Total	<u>459</u>	<u>737</u>	<u>304</u>	<u>748</u>	<u>563</u>	<u>253</u>

(a) Includes planned and unplanned outages

See Glossary of Terms.

**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2005**

Line		<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>4th Qtr</u>	<u>Year-To-Date</u>	<u>Increase (Decrease) vs Prior YTD</u>
<b>ENERGY MARKET INDICATORS (a)</b>							
<b>Electricity Average Daily Spot Prices (\$/MWh)</b>							
<b>On-Peak</b>							
87	Palo Verde	\$ 49.74	\$ 53.33	\$ 78.94	\$ 83.58	\$ 66.40	\$ 17.10
88	SP15	\$ 55.70	\$ 55.19	\$ 83.21	\$ 97.65	\$ 72.94	\$ 17.74
<b>Off-Peak</b>							
89	Palo Verde	\$ 37.04	\$ 33.03	\$ 52.35	\$ 67.79	\$ 47.55	\$ 12.81
90	SP15	\$ 40.96	\$ 34.73	\$ 56.08	\$ 76.45	\$ 52.06	\$ 13.44
<b>WEATHER INDICATORS</b>							
<b>Actual</b>							
91	Cooling degree-days	34	1,538	2,583	508	4,663	(31)
92	Heating degree-days	457	1	—	308	766	(219)
93	Average humidity	56%	20%	29%	30%	34%	2%
<b>10-Year Averages</b>							
94	Cooling degree-days	99	1,547	2,541	437	4,623	—
95	Heating degree-days	514	31	—	386	930	—
96	Average humidity	41%	23%	33%	39%	34%	0%
<b>ECONOMIC INDICATORS</b>							
<b>Building Permits — Metro Phoenix (b)</b>							
97	Single-family	10,356	12,013	11,577	9,312	43,258	(4,859)
98	Multi-family	1,741	1,645	2,360	2,032	7,778	192
99	Total	<u>12,097</u>	<u>13,658</u>	<u>13,937</u>	<u>11,344</u>	<u>51,036</u>	<u>(4,667)</u>
<b>Arizona Job Growth (c)</b>							
100	Payroll job growth (% over prior year)	4.8%	5.5%	6.1%	6.0%	5.6%	2.2%
101	Unemployment rate (% seasonally adjusted)	4.5%	4.7%	4.8%	4.7%	4.7%	(0.3)%

**Sources:**

- (a) Average of daily prices obtained and used with permission from Dow Jones & Company, Inc.  
(b) Arizona Real Estate Center, Arizona State University W.P. Carey College of Business  
(c) Arizona Department of Economic Security

See Glossary of Terms.



## EXHIBIT 99.5

**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2004**

Line		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-To-Date	Increase (Decrease) vs Prior YTD
<b>EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ Millions)</b>							
1	Arizona Public Service	\$ 34	\$ 55	\$ 95	\$ 15	\$ 200	\$ 19
2	Pinnacle West Energy	(22)	(14)	1	(23)	(58)	(50)
3	APS Energy Services	2	1	1	(1)	3	(13)
4	SunCor	2	4	4	31	41	(5)
5	El Dorado	—	34	—	—	33	34
6	Parent Company	15	(6)	3	16	28	37
7	Income From Continuing Operations	31	74	104	38	247	22
8	Income (Loss) From Discontinued Operations — Net of Tax	—	(1)	1	(4)	(4)	(20)
9	Cumulative Effect of Change in Accounting — Net of Tax	—	—	—	—	—	—
10	Net Income	<u>\$ 31</u>	<u>\$ 73</u>	<u>\$ 105</u>	<u>\$ 34</u>	<u>\$ 243</u>	<u>\$ 2</u>
<b>EARNINGS PER SHARE BY SUBSIDIARY — DILUTED</b>							
11	Arizona Public Service	\$ 0.38	\$ 0.60	\$ 1.04	\$ 0.16	\$ 2.18	\$ 0.20
12	Pinnacle West Energy	(0.24)	(0.15)	0.01	(0.25)	(0.63)	(0.55)
13	APS Energy Services	0.02	0.01	0.01	(0.01)	0.03	(0.15)
14	SunCor	0.02	0.04	0.05	0.34	0.45	(0.05)
15	El Dorado	—	0.37	—	—	0.36	0.37
16	Parent Company	0.15	(0.06)	0.03	0.17	0.30	0.40
17	Income From Continuing Operations	0.33	0.81	1.14	0.41	2.69	0.22
18	Income (Loss) From Discontinued Operations — Net of Tax	0.01	(0.02)	0.01	(0.04)	(0.03)	(0.19)
19	Cumulative Effect of Change in Accounting — Net of Tax	—	—	—	—	—	—
20	Net Income	<u>\$ 0.34</u>	<u>\$ 0.79</u>	<u>\$ 1.15</u>	<u>\$ 0.37</u>	<u>\$ 2.66</u>	<u>\$ 0.03</u>
21	<b>BOOK VALUE PER SHARE</b>	\$ 31.19	\$ 31.68	\$ 32.55	\$ 32.14	\$ 32.14	\$ 1.17
<b>COMMON SHARES OUTSTANDING (Thousands)</b>							
22	Average — Diluted	91,376	91,400	91,491	91,779	91,532	127
23	End of Period	91,310	91,309	91,443	91,793	91,793	505





**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2004**

Line		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-To-Date	Increase (Decrease) vs Prior YTD
<b>ELECTRIC OPERATING REVENUES (Dollars in Millions)</b>							
<b>REGULATED ELECTRICITY SEGMENT</b>							
<b>Retail</b>							
24	Residential	\$ 189	\$ 245	\$ 360	\$ 190	\$ 984	\$ 27
25	Business	211	257	289	221	978	25
26	Total retail	400	502	649	411	1,962	52
<b>Wholesale revenue on delivered electricity</b>							
27	Traditional contracts	3	4	6	3	16	1
28	Off-system sales	—	—	—	—	—	—
29	Transmission for others	8	8	8	8	32	4
30	Other miscellaneous services	4	6	8	7	25	—
31	Total regulated operating electricity revenues	415	520	671	429	2,035	57
<b>MARKETING AND TRADING SEGMENT</b>							
32	Electricity and other commodity sales	89	110	91	111	401	9
33	Total operating electric revenues	\$ 504	\$ 630	\$ 762	\$ 540	\$ 2,436	\$ 66
<b>ELECTRIC SALES (GWH)</b>							
<b>REGULATED ELECTRICITY SEGMENT</b>							
<b>Retail sales</b>							
34	Residential	2,410	2,722	4,028	2,367	11,527	380
35	Business	3,051	3,602	3,937	3,236	13,826	411
36	Total retail	5,461	6,324	7,965	5,603	25,353	791
<b>Wholesale electricity delivered</b>							
37	Traditional contracts	138	195	210	166	709	209
38	Off-system sales	—	—	—	—	—	—
39	Retail load hedge management	169	731	943	889	2,732	1,638
40	Total regulated electricity	5,768	7,250	9,118	6,658	28,794	2,638
<b>MARKETING AND TRADING SEGMENT</b>							
41	Wholesale sales of electricity	5,696	7,141	8,994	8,347	30,178	1,375
42	Total electric sales	11,464	14,391	18,112	15,005	58,972	4,013

See Glossary of Terms.

Page 21 of 31

**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2004**

Line		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-To-Date	Increase (Decrease) vs Prior YTD
<b>POWER SUPPLY ADJUSTOR ("PSA") — REGULATED ELECTRICITY SEGMENT (Dollars in Millions)</b>							
43	Deferred fuel and purchased power regulatory asset — beginning balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
44	Deferred fuel and purchased power costs — current period	—	—	—	—	—	—
45	Interest on deferred fuel	—	—	—	—	—	—
46	Amounts recovered through revenues	—	—	—	—	—	—
47	Deferred fuel and purchased power regulatory asset — ending balance	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>MARKETING AND TRADING SEGMENT PRETAX GROSS MARGIN ANALYSIS (Dollars in Millions)</b>							
<b>Realized and Mark-To-Market Components</b>							
48	Electricity and other commodity sales, realized (a)	\$ 12	\$ 21	\$ 16	\$ 15	\$ 64	\$ (1)
49	Mark-to-market reversals on realized sales (a) (b)	1	(4)	(3)	(1)	(5)	6
50	Change in mark-to-market value of forward sales	8	4	8	3	21	28
51	Total gross margin	<u>\$ 21</u>	<u>\$ 21</u>	<u>\$ 21</u>	<u>\$ 17</u>	<u>\$ 80</u>	<u>\$ 33</u>
<b>By Pinnacle West Entity</b>							
52	Parent company marketing and trading division	\$ 12	\$ 6	\$ 5	\$ 1	\$ 25	\$ 30
53	APS	(5)	—	2	(2)	(5)	(13)
54	Pinnacle West Energy	10	11	10	16	46	38
55	APS Energy Services	4	4	4	2	14	(22)
56	Total gross margin	<u>\$ 21</u>	<u>\$ 21</u>	<u>\$ 21</u>	<u>\$ 17</u>	<u>\$ 80</u>	<u>\$ 33</u>

(a) Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 48 and in line 49 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not earnings recognition. The opposites of amounts included in line 48 are included in line 49. For example, line 49 shows that a prior-period mark-to-market gain of \$5 million was transferred to "realized" for the total year 2004. A \$5 million realized gain is included in the \$64 million on line 48 for the total year 2004.

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



**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2004**

Line		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-To-Date	Increase (Decrease) vs Prior YTD
<b>AVERAGE ELECTRIC CUSTOMERS</b>							
<b>Retail customers</b>							
57	Residential	855,754	852,594	856,353	871,575	859,069	30,703
58	Business	105,502	106,517	107,583	108,860	107,115	4,019
59	Total	961,256	959,111	963,936	980,435	966,184	34,722
60	Wholesale customers	81	82	85	77	81	15
61	Total customers	<u>961,337</u>	<u>959,193</u>	<u>964,021</u>	<u>980,512</u>	<u>966,265</u>	<u>34,737</u>
62	Customer growth (% over prior year)	3.4%	3.8%	3.9%	3.9%	3.7%	0.4%
<b>RETAIL SALES (GWH) - WEATHER NORMALIZED</b>							
63	Residential	2,366	2,798	4,209	2,334	11,708	804
64	Business	2,998	3,616	4,005	3,252	13,871	469
65	Total	<u>5,364</u>	<u>6,414</u>	<u>8,214</u>	<u>5,586</u>	<u>25,579</u>	<u>1,273</u>
<b>RETAIL USAGE (KWh/Average Customer)</b>							
66	Residential	2,816	3,193	4,704	2,717	13,418	(39)
67	Business	28,919	33,816	36,595	29,726	129,392	(1,137)
<b>RETAIL USAGE - WEATHER NORMALIZED (KWh/Average Customer)</b>							
68	Residential	2,765	3,282	4,915	2,678	13,628	465
69	Business	28,421	33,944	37,224	29,874	129,494	(503)
<b>ELECTRICITY DEMAND (MW)</b>							
70	System peak demand	3,979	5,632	6,402	4,432	6,402	70

See Glossary of Terms.

**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2004**

Line		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-To-Date	Increase (Decrease) vs Prior YTD
<b>ENERGY SOURCES (GWH)</b>							
<b>Generation production</b>							
71	Nuclear	2,148	1,860	2,364	1,811	8,183	(132)
72	Coal	2,887	3,035	3,417	3,327	12,666	1,299
73	Gas, oil and other	367	1,339	2,547	1,075	5,328	(763)
74	Total generation production	<u>5,402</u>	<u>6,234</u>	<u>8,328</u>	<u>6,213</u>	<u>26,177</u>	<u>404</u>
<b>Purchased power</b>							
75	Firm load	701	1,532	1,068	1,024	4,325	1,214
76	Marketing and trading	5,506	7,167	9,301	8,218	30,192	2,442
77	Total purchased power	<u>6,207</u>	<u>8,699</u>	<u>10,369</u>	<u>9,242</u>	<u>34,517</u>	<u>3,656</u>
78	Total energy sources	<u>11,609</u>	<u>14,933</u>	<u>18,697</u>	<u>15,455</u>	<u>60,694</u>	<u>4,060</u>
<b>POWER PLANT PERFORMANCE</b>							
<b>Capacity Factors</b>							
79	Nuclear	88%	76%	96%	74%	84%	(3)%
80	Coal	77%	81%	90%	88%	84%	8%
81	Gas, oil and other	5%	20%	38%	17%	20%	(7)%
82	System average	44%	49%	64%	48%	51%	(3)%
<b>Generation Capacity Out of Service and Replaced for Native Load (average MW/day) (a)</b>							
83	Nuclear	135	233	13	261	161	29
84	Coal	149	153	63	61	107	(163)
85	Gas	49	47	39	34	42	(163)
86	Total	<u>333</u>	<u>433</u>	<u>115</u>	<u>356</u>	<u>310</u>	<u>(296)</u>

(a) Includes planned and unplanned outages

See Glossary of Terms.

**Pinnacle West Capital Corporation**  
**Consolidated Statistics By Quarter**  
**2004**

Line		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year-To-Date	Increase (Decrease) vs Prior YTD
<b>ENERGY MARKET INDICATORS (a)</b>							
<b>Electricity Average Daily Spot Prices (\$/MWh)</b>							
<b>On-Peak</b>							
87	Palo Verde	\$ 43.73	\$ 50.36	\$ 51.86	\$ 51.23	\$ 49.30	\$ 0.70
88	SP15	\$ 48.37	\$ 54.73	\$ 57.09	\$ 60.62	\$ 55.20	\$ 3.82
<b>Off-Peak</b>							
89	Palo Verde	\$ 33.66	\$ 33.74	\$ 33.37	\$ 38.21	\$ 34.75	\$ 2.72
90	SP15	\$ 36.90	\$ 37.32	\$ 37.18	\$ 43.07	\$ 38.62	\$ 3.96
<b>WEATHER INDICATORS</b>							
<b>Actual</b>							
91	Cooling degree-days	273	1,598	2,471	352	4,694	(205)
92	Heating degree-days	552	11	—	422	985	249
93	Average humidity	39%	19%	26%	45%	32%	1%
<b>10-Year Averages</b>							
94	Cooling degree-days	99	1,547	2,541	437	4,623	—
95	Heating degree-days	514	31	—	386	930	—
96	Average humidity	41%	23%	33%	39%	34%	0%
<b>ECONOMIC INDICATORS</b>							
<b>Building Permits — Metro Phoenix (b)</b>							
97	Single-family	10,045	13,636	14,111	10,325	48,117	8,466
98	Multi-family	1,757	1,324	2,149	2,356	7,586	859
99	Total	<u>11,802</u>	<u>14,960</u>	<u>16,260</u>	<u>12,681</u>	<u>55,703</u>	<u>9,325</u>
<b>Arizona Job Growth (c)</b>							
100	Payroll job growth (% over prior year)	2.7%	3.3%	3.6%	3.9%	3.4%	2.0%
101	Unemployment rate (% seasonally adjusted)	5.2%	5.1%	4.9%	4.6%	5.0%	(0.7)%

**Sources:**

- (a) Average of daily prices obtained and used with permission from Dow Jones & Company, Inc.  
(b) Arizona Real Estate Center, Arizona State University W.P. Carey College of Business  
(c) Arizona Department of Economic Security

See Glossary of Terms.



**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
<b>EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ Millions)</b>							
1	Arizona Public Service	\$ 16	\$ 43	\$ 100	\$ 21	\$ 181	\$ (18)
2	Pinnacle West Energy	4	1	2	(15)	(8)	11
3	APS Energy Services	8	5	1	3	16	(12)
4	SunCor	1	2	6	36	46	36
5	El Dorado	—	—	—	—	(1)	4
6	Parent Company	(11)	3	—	—	(9)	(32)
7	Income From Continuing Operations	18	54	109	45	225	(11)
8	Income From Discontinued Operations — Net of Tax	7	2	1	4	16	37
9	Cumulative Effect of Change in Accounting — Net of Tax	—	—	—	—	—	66
10	Net Income	<u>\$ 25</u>	<u>\$ 56</u>	<u>\$ 110</u>	<u>\$ 49</u>	<u>\$ 241</u>	<u>\$ 92</u>
<b>EARNINGS PER SHARE BY SUBSIDIARY — DILUTED</b>							
11	Arizona Public Service	\$ 0.17	\$ 0.47	\$ 1.10	\$ 0.24	\$ 1.98	\$ (0.37)
12	Pinnacle West Energy	0.05	0.01	0.02	(0.16)	(0.08)	0.15
13	APS Energy Services	0.08	0.06	0.01	0.03	0.18	(0.15)
14	SunCor	0.01	0.03	0.07	0.39	0.50	0.37
15	El Dorado	—	—	—	—	(0.01)	0.05
16	Parent Company	(0.11)	0.02	(0.01)	(0.01)	(0.10)	(0.36)
17	Income From Continuing Operations	0.20	0.59	1.19	0.49	2.47	(0.31)
18	Income From Discontinued Operations — Net of Tax	0.08	0.02	0.01	0.05	0.16	0.41
19	Cumulative Effect of Change in Accounting — Net of Tax	—	—	—	—	—	0.77
20	Net Income	<u>\$ 0.28</u>	<u>\$ 0.61</u>	<u>\$ 1.20</u>	<u>\$ 0.54</u>	<u>\$ 2.63</u>	<u>\$ 0.87</u>
21	<b>BOOK VALUE PER SHARE</b>	\$ 29.39	\$ 29.95	\$ 30.68	\$ 30.97	\$ 30.97	\$ 1.57
<b>COMMON SHARES OUTSTANDING (Thousands)</b>							
22	Average — Diluted	91,359	91,450	91,467	91,403	91,405	6,441
23	End of Period	91,257	91,262	91,271	91,288	91,288	33





**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
	<b>ELECTRIC OPERATING REVENUES (Dollars in Millions)</b>						
	<b>REGULATED ELECTRICITY SEGMENT</b>						
	<b>Retail</b>						
24	Residential	\$ 168	\$ 233	\$ 363	\$ 193	\$ 957	\$ 51
25	Business	196	251	284	222	953	25
26	Total retail	364	484	647	415	1,910	76
	<b>Wholesale revenue on delivered electricity</b>						
27	Traditional contracts	3	4	5	3	15	7
28	Off-system sales	—	—	—	—	—	—
29	Transmission for others	6	5	9	8	28	(2)
30	Other miscellaneous services	7	6	6	6	25	7
31	Total regulated operating electricity revenues	380	499	667	432	1,978	88
	<b>MARKETING AND TRADING SEGMENT</b>						
32	Electricity and other commodity sales	117	101	83	91	392	105
33	Total operating electric revenues	\$ 497	\$ 600	\$ 750	\$ 523	\$ 2,370	\$ 193
	<b>ELECTRIC SALES (GWH)</b>						
	<b>REGULATED ELECTRICITY SEGMENT</b>						
	<b>Retail sales</b>						
34	Residential	2,104	2,543	4,126	2,374	11,147	703
35	Business	2,849	3,450	3,891	3,225	13,415	497
36	Total retail	4,953	5,993	8,017	5,599	24,562	1,200
	<b>Wholesale electricity delivered</b>						
37	Traditional contracts	130	131	127	112	500	27
38	Off-system sales	—	—	—	—	—	—
39	Retail load hedge management	109	205	446	334	1,094	(1,548)
40	Total regulated electricity	5,192	6,329	8,590	6,045	26,156	(321)
	<b>MARKETING AND TRADING SEGMENT</b>						
41	Wholesale sales of electricity	7,372	6,798	7,255	7,378	28,803	5,949
42	Total electric sales	12,564	13,127	15,845	13,423	54,959	5,628

**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
<b>POWER SUPPLY ADJUSTOR ("PSA") - REGULATED ELECTRICITY SEGMENT (Dollars in Millions)</b>							
43	Deferred fuel and purchased power regulatory asset — beginning balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
44	Deferred fuel and purchased power costs — current period	—	—	—	—	—	—
45	Interest on deferred fuel	—	—	—	—	—	—
46	Amounts recovered through revenues	—	—	—	—	—	—
47	Deferred fuel and purchased power regulatory asset — ending balance	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>MARKETING AND TRADING SEGMENT PRETAX GROSS MARGIN ANALYSIS (Dollars in Millions)</b>							
<b>Realized and Mark-To-Market Components</b>							
48	Electricity and other commodity sales, realized (a)	\$ 25	\$ 20	\$ 4	\$ 16	\$ 65	\$ (56)
49	Mark-to-market reversals on realized sales (a) (b)	(3)	1	(3)	(1)	(11)	35
50	Change in mark-to-market value of forward sales	(3)	(1)	(3)	(5)	(7)	(64)
51	Total gross margin	<u>\$ 19</u>	<u>\$ 20</u>	<u>\$ (2)</u>	<u>\$ 10</u>	<u>\$ 47</u>	<u>\$ (85)</u>
<b>By Pinnacle West Entity</b>							
52	Parent company marketing and trading division	\$ 2	\$ 4	\$ (2)	\$ (9)	\$ (5)	\$ (95)
53	APS	6	4	(6)	4	8	\$ 6
54	Pinnacle West Energy	(1)	—	—	9	8	\$ 4
55	APS Energy Services	12	12	6	6	36	\$ —
56	Total gross margin	<u>\$ 19</u>	<u>\$ 20</u>	<u>\$ (2)</u>	<u>\$ 10</u>	<u>\$ 47</u>	<u>\$ (85)</u>

(a) Net effect on pretax gross margin from realization of prior-period mark-to-market included in line 48 and in line 49 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not earnings recognition. The opposites of amounts included in line 48 are included in line 49. For example, line 49 shows that a prior-period mark-to-market gain of \$11 million was transferred to "realized" for the total year 2003. A \$11 million realized gain is included in the \$65 million on line 48 for the total year 2003.

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



**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
<b>AVERAGE ELECTRIC CUSTOMERS</b>						
<b>Retail customers</b>						
57 Residential	827,937	821,331	824,655	839,539	828,366	26,565
58 Business	101,999	102,601	103,262	104,521	103,096	2,868
59 Total	<u>929,936</u>	<u>923,932</u>	<u>927,917</u>	<u>944,060</u>	<u>931,462</u>	<u>29,432</u>
60 Wholesale customers	65	66	66	66	66	(1)
61 Total customers	<u>930,001</u>	<u>923,998</u>	<u>927,983</u>	<u>944,126</u>	<u>931,528</u>	<u>29,431</u>
62 Customer growth (% over prior year)	3.3%	3.1%	3.2%	3.4%	3.3%	0.2%
<b>RETAIL SALES (GWH) — WEATHER NORMALIZED</b>						
63 Residential	2,218	2,477	3,939	2,269	10,904	443
64 Business	<u>2,885</u>	<u>3,485</u>	<u>3,857</u>	<u>3,174</u>	<u>13,402</u>	<u>496</u>
65 Total	<u>5,103</u>	<u>5,962</u>	<u>7,796</u>	<u>5,443</u>	<u>24,306</u>	<u>939</u>
<b>RETAIL USAGE (KWh/Average Customer)</b>						
66 Residential	2,541	3,096	5,004	2,828	13,457	432
67 Business	27,927	33,625	37,677	30,865	130,529	1,288
<b>RETAIL USAGE — WEATHER NORMALIZED (KWh/Average Customer)</b>						
68 Residential	2,679	3,016	4,777	2,703	13,163	116
69 Business	28,286	33,969	37,356	30,371	129,997	1,234
<b>ELECTRICITY DEMAND (MW)</b>						
70 System peak demand	3,569	5,571	6,332	5,124	6,332	529

See Glossary of Terms.

Page 29 of 31

**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
<b>ENERGY SOURCES (GWH)</b>						
<b>Generation production</b>						
71 Nuclear	2,306	2,047	2,230	1,732	8,315	(666)
72 Coal	2,770	2,824	2,972	2,801	11,367	(690)
73 Gas, oil and other	1,288	1,572	2,696	535	6,091	1,722
74 Total generation production	<u>6,364</u>	<u>6,443</u>	<u>7,898</u>	<u>5,068</u>	<u>25,773</u>	<u>366</u>
<b>Purchased power</b>						
75 Firm load	(12)	606	1,099	1,418	3,111	1,492
76 Marketing and trading	6,489	6,527	7,498	7,236	27,750	4,045
77 Total purchased power	<u>6,477</u>	<u>7,133</u>	<u>8,597</u>	<u>8,654</u>	<u>30,861</u>	<u>5,537</u>
78 Total energy sources	<u>12,841</u>	<u>13,576</u>	<u>16,495</u>	<u>13,722</u>	<u>56,634</u>	<u>5,903</u>

**POWER PLANT PERFORMANCE**

<b>Capacity Factors</b>						
79 Nuclear	98%	86%	93%	72%	87%	(7)%
80 Coal	75%	75%	79%	74%	76%	(4)%
81 Gas, oil and other	26%	30%	45%	9%	27%	0%
82 System average	58%	57%	65%	41%	54%	(9)%

<b>Generation Capacity Out of Service and Replaced for Native Load (average MW/day) (a)</b>						
83 Nuclear	31	136	61	297	131	64
84 Coal	292	254	277	253	269	102
85 Gas	189	148	154	338	205	157
86 Total	<u>512</u>	<u>538</u>	<u>492</u>	<u>888</u>	<u>605</u>	<u>323</u>

(a) Includes planned and unplanned outages

See Glossary of Terms.

**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
<b>ENERGY MARKET INDICATORS (a)</b>						
<b>Electricity Average Daily Spot Prices (\$/MWh)</b>						
<b>On-Peak</b>						
87 Palo Verde	\$49.66	\$ 48.88	\$ 52.88	\$ 42.98	\$ 48.60	\$ 16.32
88 SP15	\$54.35	\$ 50.73	\$ 53.54	\$ 46.88	\$ 51.38	\$ 17.16
<b>Off-Peak</b>						
89 Palo Verde	\$36.09	\$ 25.48	\$ 36.08	\$ 30.48	\$ 32.03	\$ 12.14
90 SP15	\$39.70	\$ 28.27	\$ 37.81	\$ 32.85	\$ 34.66	\$ 12.97
<b>WEATHER INDICATORS</b>						
<b>Actual</b>						
91 Cooling degree-days	76	1,550	2,701	572	4,899	24
92 Heating degree-days	349	17	—	370	736	(64)
93 Average humidity	44%	18%	30%	34%	31%	4%
<b>10-Year Averages</b>						
94 Cooling degree-days	99	1,547	2,541	437	4,623	—
95 Heating degree-days	514	31	—	386	930	—
96 Average humidity	41%	23%	33%	39%	34%	0%
<b>ECONOMIC INDICATORS</b>						
<b>Building Permits — Metro Phoenix (b)</b>						
97 Single-family	8,030	10,613	11,191	9,817	39,651	5,339
98 Multi-family	863	2,053	1,231	2,580	6,727	(347)
99 Total	<u>8,893</u>	<u>12,666</u>	<u>12,422</u>	<u>12,397</u>	<u>46,378</u>	<u>4,992</u>
<b>Arizona Job Growth (c)</b>						
100 Payroll job growth (% over prior year)	1.1%	0.9%	1.5%	2.0%	1.4%	1.4%
101 Unemployment rate (% , seasonally adjusted)	5.8%	5.9%	5.7%	5.3%	5.7%	(0.5)%

**Sources:**

- (a) Average of daily prices obtained and used with permission from Dow Jones & Company, Inc.  
(b) Arizona Real Estate Center, Arizona State University W.P. Carey College of Business  
(c) Arizona Department of Economic Security

See Glossary of Terms.





**Pinnacle West Capital Corporation**  
**Earnings Variance Explanations**  
**for the Periods Ended June 30, 2006 and 2005**

This discussion explains the changes in our consolidated earnings for the three-month and six-month periods ended June 30, 2006 and 2005. Unaudited Condensed Consolidated Statements of Income for the three and six months ended June 30, 2006 and 2005 follow this discussion. We will file our Quarterly Report on Form 10-Q for the fiscal period ended June 30, 2006 on or before August 9, 2006. We suggest that this discussion be read in connection with the Pinnacle West Capital Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2006. Additional operating and financial statistics and a glossary of terms are available on our website ([www.pinnaclewest.com](http://www.pinnaclewest.com)).

**EARNINGS CONTRIBUTION BY BUSINESS SEGMENT**

Pinnacle West has three principal business segments (determined by products, services and the regulatory environment):

- our regulated electricity segment, which consists of traditional regulated retail and wholesale electricity businesses (primarily electric service to Native Load customers) and related activities and includes electricity generation, transmission and distribution;
- our real estate segment, which consists of SunCor's real estate development and investment activities; and
- our marketing and trading segment, which consists of our competitive energy business activities, including wholesale marketing and trading and APS Energy Services' commodity-related energy services.

The following table summarizes net income by segment for the three months and six months ended June 30, 2006 and 2005 (dollars in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Regulated electricity	\$ 95	\$ 69	\$ 82	\$ 83
Real estate	8	11	30	19
Marketing and trading	7	4	9	11
Other	1	1	1	2
Income from continuing operations	111	85	122	115
Discontinued operations – net of tax:				
Real estate (a)	1	1	2	1
Marketing and trading (b)	—	(59)	1	(65)
Net income	<u>\$ 112</u>	<u>\$ 27</u>	<u>\$ 125</u>	<u>\$ 51</u>

(a) Primarily relates to sales of commercial properties.

(b) Relates to the loss on the sale of Silverhawk in June 2005 and the operations of Silverhawk.

## **PINNACLE WEST CONSOLIDATED – 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 operating revenues less fuel and purchased power costs. “Gross margin” is a “non-GAAP financial measure,” as defined in accordance with SEC rules. Exhibit 99.10 reconciles this non-GAAP financial measure to operating income, which is the most directly comparable financial measure calculated and presented in accordance with accounting principles generally accepted in the United States (GAAP). We view gross margin as an important performance measure of the core profitability of our operations. This measure is a key component of our internal financial reporting and is used by our management in analyzing our business segments. We believe that investors benefit from having access to the same financial measures that our management uses. In addition, we have reclassified certain prior-period amounts to conform to our current-period presentation.

### **Deferred Fuel and Purchased Power Costs**

Arizona Public Service Company’s (“APS”) retail rate settlement became effective April 1, 2005. As part of the settlement, the Arizona Corporation Commission (“ACC”) approved the power supply adjustor (“PSA”) which permits APS to defer for recovery or refund fluctuations in retail fuel and purchased power costs, subject to specified parameters. In accordance with the PSA, APS defers for future rate recovery 90% of the difference between actual retail fuel and purchased power costs and the amount of such costs currently included in base rates. APS’ recovery of PSA deferrals from its customers is subject to the ACC’s approval of annual PSA adjustments and periodic surcharge applications.

Since the inception of the PSA, APS has incurred substantially higher fuel and purchased power prices than those authorized in the Company’s current base rates and has deferred those cost differences in accordance with the PSA. The balance of APS’ PSA deferrals at June 30, 2006 was \$175 million. APS estimates that its PSA deferral balance at December 31, 2006 will be approximately \$155 million to \$175 million, based on APS’ hedged positions for fuel and purchased power at June 30, 2006 and recent forward market prices for natural gas and purchased power (which are subject to change). The recovery of PSA deferrals through ACC approved adjustors and surcharges recorded as revenue is offset dollar-for-dollar by the amortization of those deferred expenses.

APS operated Palo Verde Unit 1 at reduced power levels from December 25, 2005 until March 18, 2006 due to vibration levels in one of the Unit’s shutdown cooling lines. During an outage at Unit 1 from March 18, 2006 to July 7, 2006, APS performed the necessary work and modifications to remedy the situation. APS estimates that incremental replacement power costs resulting from Palo Verde’s outages and reduced power levels were approximately \$78 million during the six months ended June 30, 2006. The related PSA deferrals were approximately \$70 million in that

period. The Palo Verde replacement power costs were partially offset by \$30 million of lower than expected replacement power costs related to APS' fossil-fueled generating units during the six months ended June 30, 2006. As a result, the corresponding deferrals were reduced in that six-month period by \$27 million.

The PSA deferral balance at June 30, 2006 and estimated balance as of December 31, 2006 each includes (a) \$45 million related to replacement power costs associated with unplanned 2005 Palo Verde outages and (b) \$70 million related to replacement power costs associated with unplanned 2006 outages or reduced power operations at Palo Verde. The PSA deferrals associated with these unplanned Palo Verde outages and reduced power operations are the subject of an ACC prudence review.

### **Operating Results – Three-month period ended June 30, 2006 compared with three-month period ended June 30, 2005**

Our consolidated net income for the three months ended June 30, 2006 was \$112 million compared with \$27 million for the comparable prior-year period. The three months ended June 30, 2005 included a net loss from discontinued operations of \$58 million, substantially all of which was related to the sale and operations of Silverhawk. Income from continuing operations increased \$26 million in the period-to-period comparison, reflecting the following changes in earnings by segment:

- Regulated Electricity Segment – Income from continuing operations increased approximately \$26 million primarily due to higher retail sales volumes related to customer growth; effects of warmer weather on retail sales; income tax credits related to prior years resolved in 2006; and lower interest expense. These positive factors were partially offset by higher operations and maintenance expense related to generation and customer service. Higher fuel and purchased power costs (as discussed above) were substantially offset by the deferral of those costs in accordance with the PSA.
- Real Estate Segment – Income from continuing operations decreased approximately \$3 million primarily due to decreased margins on parcel sales, partially offset by increased margins on residential sales.
- Marketing and Trading Segment – Income from continuing operations increased approximately \$3 million primarily due to higher unit margins on wholesale sales.

Additional details on the major factors that increased (decreased) net income are contained in the following table (dollars in millions):

	Increase (Decrease)	
	Pretax	After Tax
<b>Regulated electricity segment gross margin:</b>		
Higher fuel and purchased power costs	\$ (43)	\$ (26)
Increased deferred fuel and purchased power costs	40	24
Higher retail sales volumes due to customer growth, excluding weather effects	26	16
Effects of warmer weather on retail sales	16	10
Miscellaneous items, net	(9)	(6)
Net increase in regulated electricity segment gross margin	<u>30</u>	<u>18</u>
Higher marketing and trading segment gross margin primarily due to higher unit margins on wholesale sales	3	2
Lower real estate segment contribution primarily related to decreased margins on parcel sales, partially offset by increased margins on residential sales	(5)	(3)
Operations and maintenance increases primarily due to:		
Generation costs, including maintenance and overhauls	(6)	(4)
Customer service costs, including regulatory demand-side management programs and planned maintenance	(4)	(2)
Miscellaneous items, net	(5)	(3)
Lower interest expense, net of capitalized financing costs, primarily due to lower debt balances, partially offset by higher rates	6	4
Income tax credits related to prior years resolved in 2006	—	10
Miscellaneous items, net	1	4
Net increase in income from continuing operations	<u>\$ 20</u>	<u>26</u>
Discontinued operations related to the sale of Silverhawk		59
Net increase in net income		<u>\$ 85</u>

### Regulated Electricity Segment Revenues

Regulated electricity segment revenues were \$133 million higher for the three months ended June 30, 2006 compared with the prior-year period primarily as a result of:

- a \$75 million increase in revenues related to recovery of PSA deferrals, which had no earnings effect because of amortization of the same amount recorded as fuel and purchased power expense (see “Deferred Fuel and Purchased Power Costs” above);
- a \$36 million increase in retail revenues related to customer growth, excluding weather effects;
- a \$22 million increase in retail revenues related to warmer weather;
- a \$10 million increase in off-system sales due to higher prices; and
- a \$10 million decrease due to miscellaneous factors.

**Real Estate Revenues**

Real estate revenues were \$28 million higher for the three months ended June 30, 2006 compared with the prior-year period primarily as a result of:

- a \$32 million increase from residential sales due to higher prices and volumes;
- an \$11 million decrease from parcel sales due to timing; and
- a \$7 million increase due to miscellaneous sales.

**Marketing and Trading Segment Revenues**

Marketing and trading segment revenues were \$19 million higher for the three months ended June 30, 2006 compared with the prior-year period primarily as a result of:

- a \$12 million increase due to higher power prices on delivered wholesale electricity sales;
- a \$10 million increase from higher prices on competitive retail sales in California; and
- a \$3 million decrease in mark-to-market gains on contracts for future delivery due to changes in forward prices.

## **Operating Results – Six-month period ended June 30, 2006 compared with six-month period ended June 30, 2005**

Our consolidated net income for the six months ended June 30, 2006 was \$125 million compared with \$51 million for the comparable prior-year period. The six months ended June 30, 2005 included a net loss from discontinued operations of \$64 million, substantially all of which was related to the sale and operations of Silverhawk. Income from continuing operations increased \$7 million in the period-to-period comparison, reflecting the following changes in earnings by segment:

- Regulated Electricity Segment – Income from continuing operations decreased approximately \$1 million primarily due to higher fuel and purchased power costs (as discussed above); and higher operations and maintenance expense related to generation and customer service. These negative factors were partially offset by deferred fuel and purchased power costs; higher retail sales volumes due to customer growth; income tax credits related to prior years resolved in 2006; effects of weather on retail sales; a retail price increase effective April 1, 2005; lower interest expense; and higher interest income.
- Real Estate Segment – Income from continuing operations increased approximately \$11 million primarily due to increased margins on residential and parcel sales.
- Marketing and Trading Segment – Income from continuing operations decreased approximately \$2 million primarily due to lower mark-to-market gains on contracts for future delivery, partially offset by higher unit margins on wholesale sales.

Additional details on the major factors that increased (decreased) net income are contained in the following table (dollars in millions):

	Increase (Decrease)	
	Pretax	After Tax
<b>Regulated electricity segment gross margin:</b>		
Higher fuel and purchased power costs	\$ (98)	\$ (60)
Increased deferred fuel and purchased power costs (deferrals began April 1, 2005)	53	32
Higher retail sales volumes due to customer growth, excluding weather effects	39	24
Effects of weather on retail sales	13	8
Retail price increase effective April 1, 2005	7	4
Miscellaneous items, net	(13)	(7)
Net increase in regulated electricity segment gross margin	<u>1</u>	<u>1</u>
Lower marketing and trading segment gross margin primarily related to lower mark-to-market gains, partially offset by higher unit margins on wholesale sales	(4)	(2)
Higher real estate segment contribution primarily related to increased margins on residential and parcel sales	18	11
<b>Operations and maintenance increases primarily due to:</b>		
Generation costs, including maintenance and overhauls	(28)	(17)
Customer service costs, including regulatory demand-side management programs and planned maintenance	(11)	(7)
Lower interest expense, net of capitalized financing costs, primarily due to lower debt balances, partially offset by higher rates	7	4
Higher other income, net of expense, primarily due to miscellaneous asset sales and increased interest income	6	4
Income tax credits related to prior years resolved in 2006	—	10
Miscellaneous items, net	1	3
Net increase (decrease) in income from continuing operations	<u>\$ (10)</u>	<u>7</u>
Discontinued operations related to the sale of Silverhawk and sales of real estate assets		67
Net increase in net income		<u>\$ 74</u>

### Regulated Electricity Segment Revenues

Regulated electricity segment revenues were \$183 million higher for the six months ended June 30, 2006 compared with the prior-year period primarily as a result of:

- a \$93 million increase in revenues related to recovery of PSA deferrals, which had no earnings effect because of amortization of the same amount recorded as fuel and purchased power expense (see "Deferred Fuel and Purchased Power Costs" above);
- a \$54 million increase in retail revenues related to customer growth, excluding weather effects;

- an \$18 million increase in retail revenues related to weather;
- a \$12 million increase in off-system sales primarily resulting from sales previously reported in the marketing and trading segment that were classified beginning in April 2005 as sales in the regulated electricity segment in accordance with the APS retail rate case settlement;
- a \$10 million increase in off-system sales due to higher prices;
- a \$7 million increase in retail revenues due to a price increase effective April 1, 2005; and
- an \$11 million decrease due to miscellaneous factors.

### **Real Estate Revenues**

Real estate revenues were \$66 million higher for the six months ended June 30, 2006 compared with the prior-year period primarily as a result of:

- a \$48 million increase from residential sales due to higher prices and volumes;
- a \$9 million increase from parcel sales due to timing; and
- a \$9 million increase due to miscellaneous sales.

### **Marketing and Trading Segment Revenues**

Marketing and trading segment revenues were \$15 million higher for the six months ended June 30, 2006 compared with the prior-year period primarily as a result of:

- a \$32 million increase from higher prices on competitive retail sales in California;
- a \$12 million decrease in off-system sales due to the absence of sales previously reported in the marketing and trading segment that were classified beginning in April 2005 as sales in the regulated electricity segment in accordance with the APS retail rate case settlement;
- a \$7 million decrease in mark-to-market gains on contracts for future delivery due to changes in forward prices; and
- a \$2 million increase due to miscellaneous factors.



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

	THREE MONTHS ENDED JUNE 30,		Increase (Decrease)	
	2006	2005	Amount	Percent
<b>Operating Revenues</b>				
Regulated electricity segment	\$ 712,718	\$ 579,652	\$133,066	23.0% B
Marketing and trading segment	89,925	71,172	18,753	26.3% B
Real estate segment	112,603	84,259	28,344	33.6% B
Other revenues	9,782	20,259	(10,477)	51.7% W
Total	<u>925,028</u>	<u>755,342</u>	<u>169,686</u>	<u>22.5% B</u>
<b>Operating Expenses</b>				
Regulated electricity segment fuel and purchased power	263,944	160,590	103,354	64.4% W
Marketing and trading segment fuel and purchased power	72,716	57,593	15,123	26.3% W
Operations and maintenance	168,332	153,097	15,235	10.0% W
Real estate segment operations	98,412	67,713	30,699	45.3% W
Depreciation and amortization	89,297	85,323	3,974	4.7% W
Taxes other than income taxes	32,700	34,638	(1,938)	5.6% B
Other expenses	8,430	17,556	(9,126)	52.0% B
Total	<u>733,831</u>	<u>576,510</u>	<u>157,321</u>	<u>27.3% W</u>
<b>Operating Income</b>	<u>191,197</u>	<u>178,832</u>	<u>12,365</u>	<u>6.9% B</u>
<b>Other</b>				
Allowance for equity funds used during construction	3,633	2,952	681	23.1% B
Other income	12,022	8,684	3,338	38.4% B
Other expense	(5,815)	(3,846)	(1,969)	51.2% W
Total	<u>9,840</u>	<u>7,790</u>	<u>2,050</u>	<u>26.3% B</u>
<b>Interest Expense</b>				
Interest charges	45,882	50,077	(4,195)	8.4% B
Capitalized interest	(4,959)	(3,544)	(1,415)	39.9% B
Total	<u>40,923</u>	<u>46,533</u>	<u>(5,610)</u>	<u>12.1% B</u>
<b>Income From Continuing Operations Before Income Taxes</b>	160,114	140,089	20,025	14.3% B
<b>Income Taxes</b>	<u>49,271</u>	<u>54,988</u>	<u>(5,717)</u>	<u>10.4% B</u>
<b>Income From Continuing Operations</b>	110,843	85,101	25,742	30.2% B
<b>Income (Loss) From Discontinued Operations</b>				
Net of Income Taxes	<u>1,311</u>	<u>(58,366)</u>	<u>59,677</u>	<u>102.2% B</u>
<b>Net Income</b>	<u>\$ 112,154</u>	<u>\$ 26,735</u>	<u>\$ 85,419</u>	<u>319.5% B</u>
<b>Weighted-Average Common Shares Outstanding — Basic</b>	99,221	96,192	3,029	3.1%
<b>Weighted-Average Common Shares Outstanding — Diluted</b>	99,640	96,299	3,341	3.5%
<b>Earnings Per Weighted-Average Common Share Outstanding</b>				
Income from continuing operations — basic	\$ 1.12	\$ 0.88	\$ 0.24	27.3% B
Net income — basic	\$ 1.13	\$ 0.28	\$ 0.85	303.6% B
Income from continuing operations — diluted	\$ 1.11	\$ 0.88	\$ 0.23	26.1% B
Net income — diluted	\$ 1.13	\$ 0.28	\$ 0.85	303.6% B

Certain prior-year amounts have been reclassified to conform to the 2006 presentation.

B — Better  
W — Worse



**PINNACLE WEST CAPITAL CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(unaudited)

(in thousands, except per share amounts)

	SIX MONTHS ENDED JUNE 30,		Increase (Decrease)	
	2006	2005	Amount	Percent
<b>Operating Revenues</b>				
Regulated electricity segment	\$ 1,178,844	\$ 995,682	\$183,162	18.4% B
Marketing and trading segment	174,927	160,429	14,498	9.0% B
Real estate segment	220,457	154,195	66,262	43.0% B
Other revenues	21,006	30,394	(9,388)	30.9% W
Total	<u>1,595,234</u>	<u>1,340,700</u>	<u>254,534</u>	<u>19.0% B</u>
<b>Operating Expenses</b>				
Regulated electricity segment fuel and purchased power	421,339	239,013	182,326	76.3% W
Marketing and trading segment fuel and purchased power	146,891	128,402	18,489	14.4% W
Operations and maintenance	346,759	308,181	38,578	12.5% W
Real estate segment operations	169,742	123,047	46,695	37.9% W
Depreciation and amortization	176,918	176,267	651	0.4% W
Taxes other than income taxes	68,273	69,203	(930)	1.3% B
Other expenses	16,952	25,930	(8,978)	34.6% B
Total	<u>1,346,874</u>	<u>1,070,043</u>	<u>276,831</u>	<u>25.9% W</u>
<b>Operating Income</b>	<u>248,360</u>	<u>270,657</u>	<u>(22,297)</u>	<u>8.2% W</u>
<b>Other</b>				
Allowance for equity funds used during construction	7,434	5,555	1,879	33.8% B
Other income	17,489	9,487	8,002	84.3% B
Other expense	(10,356)	(8,232)	(2,124)	25.8% W
Total	<u>14,567</u>	<u>6,810</u>	<u>7,757</u>	<u>113.9% B</u>
<b>Interest Expense</b>				
Interest charges	93,408	96,042	(2,634)	2.7% B
Capitalized interest	(8,983)	(6,833)	(2,150)	31.5% B
Total	<u>84,425</u>	<u>89,209</u>	<u>(4,784)</u>	<u>5.4% B</u>
<b>Income From Continuing Operations Before Income Taxes</b>	178,502	188,258	(9,756)	5.2% W
<b>Income Taxes</b>	<u>56,064</u>	<u>73,558</u>	<u>(17,494)</u>	<u>23.8% B</u>
<b>Income From Continuing Operations</b>	122,438	114,700	7,738	6.7% B
<b>Income (Loss) From Discontinued Operations</b>				
Net of Income Taxes	<u>2,171</u>	<u>(63,517)</u>	<u>65,688</u>	<u>103.4% B</u>
<b>Net Income</b>	<u>\$ 124,609</u>	<u>\$ 51,183</u>	<u>\$ 73,426</u>	<u>143.5% B</u>
<b>Weighted-Average Common Shares Outstanding — Basic</b>	99,168	94,089	5,079	5.4%
<b>Weighted-Average Common Shares Outstanding — Diluted</b>	99,562	94,189	5,373	5.7%
<b>Earnings Per Weighted-Average Common Share Outstanding</b>				
Income from continuing operations — basic	\$ 1.23	\$ 1.22	\$ 0.01	0.8% B
Net income — basic	\$ 1.26	\$ 0.54	\$ 0.72	133.3% B
Income from continuing operations — diluted	\$ 1.23	\$ 1.22	\$ 0.01	0.8% B
Net income — diluted	\$ 1.25	\$ 0.54	\$ 0.71	131.5% B

Certain prior-year amounts have been reclassified to conform to the 2006 presentation.

B — Better  
W — Worse





**Pinnacle West Capital Corporation**  
**Quarterly Consolidated Statistical Summary**  
**Glossary of Terms**

Amounts Recovered Through Revenues	Amounts recovered from retail customers through the power supply adjustor in the current period.
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 Value of Forward Sales	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.
Deferred Fuel and Purchased Power Costs — Current Period	Deferrals recorded in the period for recovery or refund to the extent actual retail fuel and purchased power costs vary from the amount included in base retail rates (currently \$0.020743 per kWh).
Deferred Fuel and Purchased Power Regulatory Asset	Balance of accumulated deferrals, net of amounts recovered through revenues, recorded for recovery or refund to the extent actual retail fuel and purchased power costs vary from the amount included in base retail rates (currently \$0.020743 per kWh).
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°F for the month. Average temperatures less than the base temperature are ignored.

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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°F for the month. Average temperatures greater than the base temperature are ignored.
Electricity and Other Commodity Sales, Realized	Marketing and trading gross margin related to electricity and other commodities that were delivered in the then-current period.
Electricity Spot Prices — Palo Verde — Off-Peak	Electricity average daily spot prices at Palo Verde substation during off-peak hours. It measures electric prices at the producer level and is the result of real time prices used for benchmarking, price comparisons, and establishing price contracts. Measured in dollars per megawatt-hour.
Electricity Spot Prices — Palo Verde — On-Peak	Electricity average daily spot prices at Palo Verde substation during on-peak hours. It measures electric prices at the producer level and is the result of real time prices used for benchmarking, price comparisons, and establishing price contracts. Measured in dollars per megawatt-hour.
Electricity Spot Prices — SP15 — Off-Peak	Electricity average daily spot prices at SP15, a region of California substations, during off-peak hours. It measures electric prices at the producer level and is the result of real time prices used for benchmarking, price comparisons, and establishing price contracts. Measured in dollars per megawatt-hour.
Electricity Spot Prices — SP15 — On-Peak	Electricity average daily spot prices at SP15, a region of California substations, during on-peak hours. It measures electric prices at the producer level and is the result of real time prices used for benchmarking, price comparisons, and establishing price contracts. Measured in dollars per megawatt-hour.
Generation Capacity Out of Service 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 Production — Coal	Amount of net energy produced by coal-fueled generators. Measured in gigawatt-hours.

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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.
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.
Mark-To-Market Reversals on Realized Sales	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.
Megawatt (MW)	One million watts.
Megawatt-hour (MWh)	A unit of energy equivalent to 1,000 kilowatt-hours.
Native Load	Retail and wholesale sales supplied under traditional cost-based rate regulation.
Off-System Sales	Sales of electricity from generation owned or contracted by the company that is over and above the amount required to serve retail customers and traditional wholesale contracts.

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Power Supply Adjustor (“PSA”)	Power supply adjustor provides for recovery or refund of variations in actual fuel and purchased power costs compared with the amount included in base retail rates (currently \$0.020743 per kWh) subject to certain specified parameters.
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 and Mark-to-Market Components	Marketing and trading gross margin, before income taxes, for off-system sales 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.
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.

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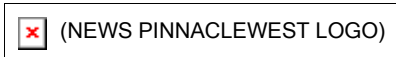
Weather Normalized

Adjusted to exclude the effects of abnormal weather patterns.

Wholesale Sales of Electricity

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.



**FOR IMMEDIATE RELEASE**

Media Contact: Alan Bunnell, (602) 250-3376  
Analyst Contacts: Rebecca Hickman, (602) 250-5668  
Lisa Malagon, (602) 250-5671  
Web site: [www.pinnaclewest.com](http://www.pinnaclewest.com)

July 21, 2006  
Page 1 of 2

**PINNACLE WEST REPORTS 2006 SECOND QUARTER RESULTS***Strong APS Customer Growth Continues*

PHOENIX — Pinnacle West Capital Corporation (NYSE: PNW) today reported consolidated net income for the quarter ended June 30, 2006, of \$112.2 million, or \$1.13 per diluted share of common stock. This result compares with net income of \$26.7 million, or \$0.28 per diluted share, for the same quarter a year ago.

On-going consolidated earnings in the 2006 second quarter were \$102 million, or \$1.03 per share, compared with \$86 million, or \$0.89 per share in the comparable 2005 quarter. The 2006 results exclude income tax credits related to prior years of \$10 million, or \$0.10 per share. On-going earnings for the second quarter of 2005 exclude an after-tax loss of \$59 million, or \$0.61 per share, related to the sale of the Silverhawk Power Station.

“Growth in our service territory remains robust,” said Pinnacle West Chairman Bill Post, citing Arizona’s population growth, which is three times the national average. “Successfully serving this growth will require continuing cooperation from state regulators as our company invests in new, long-term resources to meet the ever-increasing demand for electricity.”

Results for the quarter were positively impacted by higher retail sales at Arizona Public Service (APS) due to customer growth of 4.6 percent; fuel and purchased power cost deferrals; and warmer weather, punctuated by the hottest June on record. The average temperature during June was almost 5 degrees above normal. The warmer weather added \$0.10 per share compared with last year’s second quarter.

These positive items were partially offset by higher fuel and purchased power costs; and an increase in operating costs primarily related to higher generation maintenance and customer service costs.

APS reported net income of \$93.8 million for the second quarter of 2006, compared with net income of \$64.0 million for the same period a year ago. In addition, SunCor Development Co., Pinnacle West’s real estate subsidiary, reported net income of \$9.6 million, compared with \$11.3 million in the 2005 second quarter.

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For more information on Pinnacle West's operating statistics and earnings, please visit [www.pinnaclewest.com/financials](http://www.pinnaclewest.com/financials) .

**Conference Call**

Pinnacle West invites interested parties to listen to the live web cast of management's conference call to discuss the Company's 2006 second quarter earnings and recent developments at 1:00 p.m. (ET), today, Friday, July 21, 2006. The web cast can be accessed at [www.pinnaclewest.com/presentations](http://www.pinnaclewest.com/presentations) and will be available for replay on the web site for 30 days. To access the live conference call by telephone, dial (877) 356-3961 and enter Conference ID Number 2026344. A replay of the call also will be available until 11:55 p.m. (ET), Friday, July 28, 2006, by calling (800) 642-1687 in the U.S. and Canada or (706) 645-9291 internationally and entering the same ID number as above.

Pinnacle West is a Phoenix-based company with consolidated assets of about \$11 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.

**PINNACLE WEST CAPITAL CORPORATION**  
**NON-GAAP FINANCIAL MEASURE RECONCILIATION — NET INCOME**  
**(GAAP MEASURE) TO ON-GOING EARNINGS (NON-GAAP FINANCIAL MEASURE)**

	Three Months Ended June 30, 2006		Three Months Ended June 30, 2005	
	Dollars in Millions	Diluted EPS	Dollars in Millions	Diluted EPS
<b>Pinnacle West Capital Corporation</b>				
Net Income	\$ 112	\$ 1.13	\$ 27	\$ 0.28
Adjustments:				
Income tax credits related to prior periods	(10)	(0.10)	—	—
Loss from discontinued operations — Silverhawk Power Station write-down	—	—	56	0.57
Loss from discontinued operations — Silverhawk Power Station operations	—	—	3	0.04
On-going Earnings	<u>\$ 102</u>	<u>\$ 1.03</u>	<u>\$ 86</u>	<u>\$ 0.89</u>

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2006	2005	2006	2005
<b>Operating Revenues</b>				
Regulated electricity segment	\$ 712,718	\$ 579,652	\$1,178,844	\$ 995,682
Marketing and trading segment	89,925	71,172	174,927	160,429
Real estate segment	112,603	84,259	220,457	154,195
Other revenues	9,782	20,259	21,006	30,394
Total	<u>925,028</u>	<u>755,342</u>	<u>1,595,234</u>	<u>1,340,700</u>
<b>Operating Expenses</b>				
Regulated electricity segment fuel and purchased power	263,944	160,590	421,339	239,013
Marketing and trading segment fuel and purchased power	72,716	57,593	146,891	128,402
Operations and maintenance	168,332	153,097	346,759	308,181
Real estate segment operations	98,412	67,713	169,742	123,047
Depreciation and amortization	89,297	85,323	176,918	176,267
Taxes other than income taxes	32,700	34,638	68,273	69,203
Other expenses	8,430	17,556	16,952	25,930
Total	<u>733,831</u>	<u>576,510</u>	<u>1,346,874</u>	<u>1,070,043</u>
<b>Operating Income</b>	<u>191,197</u>	<u>178,832</u>	<u>248,360</u>	<u>270,657</u>
<b>Other</b>				
Allowance for equity funds used during construction	3,633	2,952	7,434	5,555
Other income	12,022	8,684	17,489	9,487
Other expense	(5,815)	(3,846)	(10,356)	(8,232)
Total	<u>9,840</u>	<u>7,790</u>	<u>14,567</u>	<u>6,810</u>
<b>Interest Expense</b>				
Interest charges	45,882	50,077	93,408	96,042
Capitalized interest	(4,959)	(3,544)	(8,983)	(6,833)
Total	<u>40,923</u>	<u>46,533</u>	<u>84,425</u>	<u>89,209</u>
<b>Income From Continuing Operations Before Income Taxes</b>	160,114	140,089	178,502	188,258
<b>Income Taxes</b>	<u>49,271</u>	<u>54,988</u>	<u>56,064</u>	<u>73,558</u>
<b>Income From Continuing Operations</b>	110,843	85,101	122,438	114,700
<b>Income (Loss) From Discontinued Operations</b>				
Net of Income Taxes	<u>1,311</u>	<u>(58,366)</u>	<u>2,171</u>	<u>(63,517)</u>
<b>Net Income</b>	<u>\$ 112,154</u>	<u>\$ 26,735</u>	<u>\$ 124,609</u>	<u>\$ 51,183</u>
<b>Weighted-Average Common Shares Outstanding — Basic</b>	99,221	96,192	99,168	94,089
<b>Weighted-Average Common Shares Outstanding — Diluted</b>	99,640	96,299	99,562	94,189
<b>Earnings Per Weighted-Average Common Share Outstanding</b>				
Income from continuing operations — basic	\$ 1.12	\$ 0.88	\$ 1.23	\$ 1.22
Net income — basic	\$ 1.13	\$ 0.28	\$ 1.26	\$ 0.54
Income from continuing operations — diluted	\$ 1.11	\$ 0.88	\$ 1.23	\$ 1.22
Net income — diluted	\$ 1.13	\$ 0.28	\$ 1.25	\$ 0.54

Certain prior-year amounts have been reclassified to conform to the 2006 presentation.







**PINNACLE WEST CAPITAL CORPORATION**  
**NON-GAAP FINANCIAL MEASURE RECONCILIATION — OPERATING INCOME**  
**(GAAP MEASURE) TO GROSS MARGIN (NON-GAAP FINANCIAL MEASURE)**  
(in thousands)

	THREE MONTHS ENDED JUNE 30,		Increase (Decrease)	
	2006	2005	Pretax	After Tax
<b>RECONCILIATION OF REGULATED ELECTRICITY SEGMENT GROSS MARGIN</b>				
Operating Income (closest GAAP measure)	\$191,197	\$178,832	\$ 12,365	\$ 7,536
Plus:				
Operations and maintenance	168,332	153,097	15,235	9,286
Real estate segment operations	98,412	67,713	30,699	18,711
Depreciation and amortization	89,297	85,323	3,974	2,422
Taxes other than income taxes	32,700	34,638	(1,938)	(1,181)
Other expenses	8,430	17,556	(9,126)	(5,562)
Marketing and trading segment fuel and purchased power	72,716	57,593	15,123	9,217
Less:				
Real estate segment revenues	112,603	84,259	28,344	17,276
Other revenues	9,782	20,259	(10,477)	(6,386)
Marketing and trading segment revenues	89,925	71,172	18,753	11,430
<b>Regulated electricity segment gross margin</b>	<b><u>\$448,774</u></b>	<b><u>\$419,062</u></b>	<b><u>\$ 29,712</u></b>	<b><u>\$18,109</u></b>
<b>RECONCILIATION OF MARKETING AND TRADING SEGMENT GROSS MARGIN</b>				
Operating Income (closest GAAP measure)	\$191,197	\$178,832	\$ 12,365	\$ 7,536
Plus:				
Operations and maintenance	168,332	153,097	15,235	9,286
Real estate segment operations	98,412	67,713	30,699	18,711
Depreciation and amortization	89,297	85,323	3,974	2,422
Taxes other than income taxes	32,700	34,638	(1,938)	(1,181)
Other expenses	8,430	17,556	(9,126)	(5,562)
Regulated electricity segment fuel and purchased power	263,944	160,590	103,354	62,994
Less:				
Real estate segment revenues	112,603	84,259	28,344	17,276
Other revenues	9,782	20,259	(10,477)	(6,386)
Regulated electricity segment revenues	712,718	579,652	133,066	81,104
<b>Marketing and trading segment gross margin</b>	<b><u>\$ 17,209</u></b>	<b><u>\$ 13,579</u></b>	<b><u>\$ 3,630</u></b>	<b><u>\$ 2,212</u></b>

**PINNACLE WEST CAPITAL CORPORATION**  
**NON-GAAP FINANCIAL MEASURE RECONCILIATION — OPERATING INCOME**  
**(GAAP MEASURE) TO GROSS MARGIN (NON-GAAP FINANCIAL MEASURE)**  
(in thousands)

	SIX MONTHS ENDED JUNE 30,		Increase (Decrease)	
	2006	2005	Pretax	After Tax
<b>RECONCILIATION OF REGULATED ELECTRICITY SEGMENT GROSS MARGIN</b>				
Operating Income (closest GAAP measure)	\$ 248,360	\$270,657	\$ (22,297)	\$ (13,590)
Plus:				
Operations and maintenance	346,759	308,181	38,578	23,513
Real estate segment operations	169,742	123,047	46,695	28,461
Depreciation and amortization	176,918	176,267	651	397
Taxes other than income taxes	68,273	69,203	(930)	(567)
Other expenses	16,952	25,930	(8,978)	(5,472)
Marketing and trading segment fuel and purchased power	146,891	128,402	18,489	11,269
Less:				
Real estate segment revenues	220,457	154,195	66,262	40,387
Other revenues	21,006	30,394	(9,388)	(5,722)
Marketing and trading segment revenues	174,927	160,429	14,498	8,837
<b>Regulated electricity segment gross margin</b>	<b>\$ 757,505</b>	<b>\$756,669</b>	<b>\$ 836</b>	<b>\$ 509</b>
<b>RECONCILIATION OF MARKETING AND TRADING SEGMENT GROSS MARGIN</b>				
Operating Income (closest GAAP measure)	\$ 248,360	\$270,657	\$ (22,297)	\$ (13,590)
Plus:				
Operations and maintenance	346,759	308,181	38,578	23,513
Real estate segment operations	169,742	123,047	46,695	28,461
Depreciation and amortization	176,918	176,267	651	397
Taxes other than income taxes	68,273	69,203	(930)	(567)
Other expenses	16,952	25,930	(8,978)	(5,472)
Regulated electricity segment fuel and purchased power	421,339	239,013	182,326	111,128
Less:				
Real estate segment revenues	220,457	154,195	66,262	40,387
Other revenues	21,006	30,394	(9,388)	(5,722)
Regulated electricity segment revenues	1,178,844	995,682	183,162	111,637
<b>Marketing and trading segment gross margin</b>	<b>\$ 28,036</b>	<b>\$ 32,027</b>	<b>\$ (3,991)</b>	<b>\$ (2,432)</b>