

PINNACLE WEST CAPITAL CORP

FORM 8-K (Current report filing)

Filed 11/12/03 for the Period Ending 11/06/03

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

PINNACLE WEST CAPITAL CORP

FORM 8-K (Unscheduled Material Events)

Filed 11/12/2003 For Period Ending 11/6/2003

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

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): November 6, 2003

PINNACLE WEST CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Arizona

1-8962

86-0512431

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification Number)

400 North Fifth Street, P.O. Box 53999, Phoenix, Arizona

85072-3999

(Address of principal executive offices)

(Zip Code)

(602) 250-1000

(Registrant's telephone number, including area code)

NONE

(Former name or former address, if changed since last report)

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

(c) Exhibits.

The Registrant hereby files the following Exhibits to its Registration Statement on Form S-3 (No. 333-101457) which was declared effective on December 5, 2002.

Exhibit No.	Description
1.4	Underwriting Agreement, dated November 6, 2003, in connection with the offering of \$165,000,000 of Floating Rate Senior Notes due 2005.
4.20	Second Supplemental Indenture dated as of November 1, 2003, relating to the issuance of \$165,000,000 of Floating Rate Senior Notes due 2005.
4.21	Specimen of Note of Floating Rate Senior Notes due 2005.
4.22	Calculation Agent Agreement
5.2	Snell & Wilmer Opinion
12.3	Computation of Ratio of Earnings to Fixed Charges
12.4	Computation of Ratio of Combined Earnings to Fixed Charges and Preferred Stock Dividends

SIGNATURES

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

PINNACLE WEST CAPITAL CORPORATION
(Registrant)

Dated: November 10, 2003

By: /s/Barbara M. Gomez

Barbara M. Gomez Treasurer

Index to Exhibits

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EXECUTION COPY

PINNACLE WEST CAPITAL CORPORATION

UNDERWRITING AGREEMENT

November 6, 2003

Barclays Capital Inc.

BNY Capital Markets, Inc.
McDonald Investments Inc.

c/o Barclays Capital Inc.
200 Park Avenue
New York, New York 10166

Dear Sir or Madam:

1. Introduction. Pinnacle West Capital Corporation, an Arizona corporation (the "COMPANY"), proposes to issue and sell to the Underwriters (as defined herein) \$165,000,000 aggregate principal amount of the Company's Floating Rate Senior Notes due November 1, 2005 (the "NOTES"). The term "UNDERWRITERS", as used herein, shall be deemed to mean Barclays Capital Inc. ("BARCLAYS") and the other several persons, firms or corporations named in Schedule A hereto (including all substituted Underwriters under the provisions of Section 7 hereof). All obligations of the Underwriters hereunder are several and not joint.

2. Representations and Warranties of the Company. In connection with the offering of the Notes, the Company represents and warrants to, and agrees with, the several Underwriters that:

(a) A registration statement on Form S-3 (File No. 333-101457) in respect of the Notes (and certain other securities) has been filed with the Securities and Exchange Commission (the "COMMISSION"); such registration statement and any post-effective amendment thereto, each in the form heretofore made available to the Underwriters, has been declared effective by the Commission under the Securities Act of 1933, as amended (the "ACT") and is effective as of the date hereof; and no stop order suspending the effectiveness of such registration statement has been issued, no order directed to the adequacy of any document incorporated by reference in the Prospectus (as defined below) has been issued and no proceeding for either purpose has been initiated or threatened by the Commission (any preliminary prospectus relating to the Notes filed with the Commission pursuant to Rule 424 under the Act, is hereinafter called a "PRELIMINARY PROSPECTUS"; the various parts of such registration statement, including all exhibits thereto, each as amended from time to time, are hereinafter collectively called the "REGISTRATION STATEMENT"; the prospectus relating to the Notes, including the prospectus supplement to be filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 4(a) hereof, is hereinafter called the "PROSPECTUS"; any reference herein

to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to the applicable form under the Act, as of the date of such Preliminary Prospectus or Prospectus, as the

case may be; any reference to any amendment or supplement to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), and incorporated by reference in such Preliminary Prospectus or Prospectus, as the case may be; and any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement).

(b) Each part of the Registration Statement relating to the Notes, when such part became effective (including without limitation pursuant to the fourth undertaking in Item 17 of the Registration Statement) conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission (the "RULES AND REGULATIONS"), and did not contain an untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; any Preliminary Prospectus filed pursuant to Rule 424 under the Act complied when so filed in all material respects with the Act and the Rules and Regulations; and on the date of this Agreement, the Registration Statement and the Prospectus conform in all material respects to the requirements of the Act and the Rules and Regulations and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to (i) any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by any Underwriter through Barclays specifically for use in the Preliminary Prospectus or the Prospectus or (ii) that part of the Registration Statement that consists of the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of 1939, as amended (the "TRUST INDENTURE ACT") of The Bank of New York, as trustee under the Indenture described below. The documents incorporated by reference in the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the Rules and Regulations.

(c) The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Arizona, and is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, and where the failure to be so qualified would have a material adverse effect on the current or future consolidated financial position, stockholders' equity or results of operation of the Company and its consolidated subsidiaries ("MATERIAL ADVERSE EFFECT").

(d) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been any material adverse change, or any development involving a prospective material adverse change, in or affecting the consolidated financial position, stockholders' equity or results of operations of the Company and its consolidated subsidiaries, otherwise than as set forth or contemplated in the Prospectus.

(e) The Indenture dated as of December 1, 2000 between the Company and The Bank of New York, as trustee, as supplemented and amended by various supplemental

indentures to the date hereof (the "SENIOR NOTE INDENTURE") has been duly qualified under the Trust Indenture Act and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity.

(f) The Second Supplemental Indenture, to be dated as of November 1, 2003, establishing the terms of the Notes (the "SECOND SUPPLEMENTAL INDENTURE" and together with the Senior Note Indenture, the "INDENTURE") has been duly authorized by the Company and, when executed and delivered by the Company, will be a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity. The Second Supplemental Indenture will be executed by the Company on or prior to the Closing Date.

(g) The Notes have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will be entitled to the benefits of the Indenture, will be valid and binding obligations of the Company, in each case enforceable against the Company in accordance with their respective terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity and will conform to the description of the Notes contained in the Prospectus.

(h) The issuance, execution, delivery, and sale of the Notes by the Company and the compliance by the Company with all of the provisions of this Agreement, the Indenture and the Notes and the consummation of the transactions herein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any material indenture, mortgage, deed of trust, loan agreement or other material agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject, nor will such action result in any violation of the provisions of the Articles of Incorporation or By-laws of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Notes or the consummation by the Company of the transactions contemplated by this Agreement, except the registration of the Notes under the Act, the qualification of the Indenture under the Trust Indenture Act, and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Underwriters.

(i) Other than as set forth in the Prospectus, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries, is a party which, if determined adversely to the Company or any of its subsidiaries, would have a Material Adverse Effect and, to the Company's knowledge, no such proceedings are threatened by governmental authorities or others.

(j) Except as disclosed in the Prospectus, the operations and properties of the Company, Arizona Public Service Company ("APS") and Pinnacle West Energy Corporation ("PWEC") comply in all material respects with all applicable foreign, federal, state or local laws and regulations and any decision or order of any governmental agency or body or any court relating to the environment, the effect of the environment on human health or hazardous or toxic substances or wastes, pollutants or contaminants ("ENVIRONMENTAL LAWS"), except where the necessity of compliance therewith is being contested in good faith by appropriate proceedings or such noncompliance with Environmental Laws would not have a Material Adverse Effect.

(k) The Company is not and, after giving effect to the offering and sale of the Notes, will not be an "investment company", as such term is defined in the Investment Company Act of 1940, as amended (the "INVESTMENT COMPANY ACT").

(l) The financial statements included in the Registration Statements and the Prospectus present fairly in all material respects the financial position of the Company and its consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with the generally accepted accounting principles in the United States applied on a consistent basis (except as disclosed therein); the schedules included in the Registration Statements present fairly in all material respects the information required to be stated therein; and the Company and its subsidiaries maintain systems of internal accounting controls and processes sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles; and (iii) assets are safeguarded from loss or unauthorized use.

(m) This Agreement has been duly authorized, executed and delivered by the Company.

(n) The Company (i) is a "holding company", as such term is defined in the Public Utility Holding Company Act of 1935, as amended, and (ii) is currently exempt from all provisions of the Public Utility Holding Company Act of 1935, as amended, except Section 9(a)(2) thereof.

3. Purchase, Sale and Delivery of Notes. On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Company agrees to sell to the Underwriters, and the Underwriters agree, severally and not jointly, to purchase from the Company, the principal amount of the Notes set forth opposite the names of the Underwriters in Schedule A hereto at the price specified in Schedule B hereto. Payment for the Notes shall be made to the Company in Federal or other funds immediately available at the time (the "Closing Date") and place set forth in Schedule B hereto, upon delivery to Barclays of the Notes, in fully registered global form registered in the name of Cede & Co., for the respective accounts of the several Underwriters of the Notes.

The Company is advised by the Underwriters that they propose to make a public offering of the Notes as soon after this Agreement has been entered into as in the judgment of Barclays is advisable. The terms of the public offering of the Notes are set forth in the Prospectus.

4. Covenants of the Company. The Company covenants and agrees with each Underwriter that:

- (a) The Company will file the Prospectus with the Commission pursuant to and in accordance with Rule 424(b) not later than the second business day following the execution of this Agreement.
- (b) The Company will advise Barclays promptly of any proposed amendment or supplementation of the Registration Statement or the Prospectus prior to the completion of the offering of the Notes as contemplated herein. The Company will also advise Barclays of the institution by the Commission of any stop order proceedings in respect of the Registration Statement or of any part thereof prior to the completion of the offering of the Notes as contemplated herein, and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.
- (c) If, at any time when a prospectus relating to the Notes is required to be delivered under the Act, any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend or supplement the Registration Statement or the Prospectus to comply with applicable law, the Company promptly will prepare and file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses Barclays will furnish to the Company) to which Notes have been sold by Barclays on behalf of the Underwriters and to any other dealers upon request, an amendment or supplement that will correct such statement or omission or an amendment that will effect such compliance. Neither Barclays' consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any conditions set forth in Section 5 hereof.
- (d) As soon as practicable, but not later than 18 months, after the date of this Agreement, the Company will make generally available to its security holders an earning statement or statements (which need not be audited) covering a period of at least 12 months beginning after the effective date of the Second Registration Statement (as defined in Rule 158(c) under the Act), which will satisfy the provisions of Section 11 (a) of the Act and the rules and regulations thereunder.
- (e) The Company will furnish to Barclays such copies of the Registration Statement (including one copy of the Registration Statement for Barclays and for the counsel for the Underwriters, which is signed and includes all exhibits), any related preliminary prospectus supplements and the Prospectus, and all amendments or supplements to such documents, as may be reasonably requested.
- (f) The Company will arrange or cooperate in arrangements for the qualification of the Notes for sale under the securities or Blue Sky laws of such jurisdictions as Barclays designates and will continue such qualifications in effect so long as required for the distribution of the Notes, provided that the Company shall not be required to qualify as a foreign corporation in any State, to consent to service of process in any State other than with respect to

claims arising out of the offering or sale of the Notes, or to meet other requirements deemed by it to be unduly burdensome.

(g) During the period of two years after the date of this Agreement, the Company will furnish to Barclays and, upon request, each of the other Underwriters, (i) as soon as practicable after the end of each fiscal year, a balance sheet and statements of income and changes in common stock equity of the Company as at the end of and for such year, all in reasonable detail and certified by independent public accountants, and (ii) (A) as soon as practicable after the end of each quarterly fiscal period (except for the last quarterly fiscal period of each fiscal year), a balance sheet and statement of income of the Company as at the end of and for such period, all in reasonable detail and certified by a principal financial or accounting officer of the Company, (B) as soon as available, a copy of each report of the Company filed with the Commission, and (C) from time to time, such other information concerning the Company as may reasonably be requested. So long as the Company has active subsidiaries, such financial statements will be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated.

(h) The Company will pay all expenses incident to the performance of its obligations under this Agreement, and will reimburse the Underwriters for any reasonable expenses (including reasonable fees and disbursements of counsel) incurred by them in connection with the qualification of the Notes, and the determination of their eligibility for investment, under the laws of such jurisdictions as Barclays shall designate, and the printing of memoranda relating thereto, and for any fees charged by investment rating agencies for the rating of the Notes.

(i) For the period beginning on the date of this Agreement and ending on the Closing Date, the Company will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Commission a registration statement under the Act relating to, any additional debt securities of the Company (or warrants to purchase debt securities of the Company) substantially similar to the Notes, without the prior written consent of Barclays.

5. Conditions of the Obligations of the Underwriters. The obligations of the several Underwriters to purchase and pay for the Notes on the Closing Date will be subject to the accuracy of the representations and warranties on the part of the Company herein, to the accuracy of the statements of Company officers made pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder, and to the following additional conditions precedent:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date there shall not have occurred any downgrading or withdrawal, nor shall any notice have been given of any intended or potential downgrading or withdrawal or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the Company's securities by Moody's Investor Service's, Inc. or Standard & Poor's, a division of The McGraw-Hill Companies, Inc.; and

(b) At the Closing Date the Notes shall be rated at least BBB- by S&P and Baa2 by Moody's, and the Company shall have delivered to the Underwriters a letter, dated the

Closing Date, from each such rating agency, or other evidence reasonably satisfactory to the Underwriters, confirming that the Notes have been assigned such ratings.

(c) On the Closing Date, the Underwriters shall have received a letter, dated the Closing Date, of Deloitte & Touche confirming that they are independent public accountants within the meaning of the Act and the applicable published Rules and Regulations thereunder and stating to the effect that:

(i) in their opinion the financial statements and any schedules and any summary of earnings examined by them and included in the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations;

(ii) they have performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in Statement of Auditing Standards No. 100, Interim Financial Information, on any unaudited financial statements included in the Registration Statement;

(iii) on the basis of the review referred to in clause (ii) above, a reading of the latest available interim financial statements of the Company, inquiries of officials of the Company who have responsibility for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the unaudited financial statements, if any, and any summary of earnings included in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published Rules and Regulations or any material modifications should be made to such unaudited financial statements and summary of earnings for them to be in conformity with generally accepted accounting principles;

(B) if any unaudited "capsule" information is contained in the Prospectus, the unaudited consolidated operating revenues, gross income, net income and net income per share amounts or other amounts constituting such "capsule" information and described in such letter do not agree with the corresponding amounts set forth in the unaudited consolidated financial statements or were not determined on a basis substantially consistent with that of the corresponding amounts in the audited statements of income;

(C) at the date of the latest available balance sheet read by such accountants, or at a subsequent specified date not more than three business days prior to the date of such letter, there was any change in the amounts of common stock, redeemable preferred stock, or non-redeemable preferred stock of the Company or any increase, exceeding \$10,000,000, in long-term debt of the Company or, at the date of the most recent available unaudited financial statements there was any decrease in net assets as compared with most amounts shown in the most recent financial statements incorporated by reference in the Registration Statement; or

(D) for the period from the closing date of the latest income statement included in the Prospectus to the closing date of the latest available income statement read by such accountants there were any decreases, as compared with the corresponding period of the previous year and with the period of corresponding length ended the date of the latest income statement included in the Prospectus, in the amounts of total revenues or net income, except in all cases for increases or decreases which result from the declaration or payment of dividends;

except in all cases set forth in clauses (C) and (D) above for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(iv) they have compared specified dollar amounts (or percentages derived from such dollar amounts) and other financial information contained in the Prospectus (in each case to the extent that such dollar amounts, percentages and other financial information are derived from the general accounting records of the Company and its subsidiaries subject to the internal controls of the Company's accounting system or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter.

All financial statements and schedules included in material incorporated by reference into the Prospectus shall be deemed included in the Prospectus for purposes of this subsection.

(d) No stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of the Company or the Underwriters, shall be contemplated by the Commission.

(e) Subsequent to the execution of this Agreement, (i) there shall not have occurred any change, or any development involving a prospective change, in or affecting particularly the business or properties of the Company or its subsidiaries which, in the judgment of Barclays, materially impairs the investment quality of the Notes, (ii) there shall not have occurred a suspension of trading of any securities of the Company by the Commission or the New York Stock Exchange or a suspension or material limitation in trading in securities generally on the New York Stock Exchange, (iii) there shall not have occurred a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities, (iv) there shall not have occurred any major disruption of settlements of securities or clearance services in the United States, and (v) there shall not have occurred any outbreak or escalation of major hostilities in which the United States is involved, any declaration of war by Congress or any other substantial national or international calamity or emergency if, in the judgment of Barclays, the effect of any such outbreak, escalation, declaration, calamity or emergency makes it impractical or inadvisable to proceed with completion of the sale of and payment for the Notes.

(f) The Underwriters shall have received an opinion of Snell & Wilmer L.L.P., counsel for the Company, dated the Closing Date, to the effect that:

(i) The Company is a corporation duly organized, validly existing, and in good standing under the laws of the State of Arizona with the corporate power and authority to carry on its business as described in the Prospectus;

(ii) APS and PWEC have been duly incorporated and are validly existing as corporations in good standing under the laws of their jurisdictions of incorporation; APS and PWEC are duly qualified as a foreign corporations to do business, and are in good standing, in the States of (a) California, Montana, New Mexico, Oregon, Texas, Washington and Wyoming and (b) California, Nevada and New Mexico, respectively;

(iii) To the actual knowledge of those persons in the Lawyer Group (defined below), except as described in the Prospectus, there are no pending or overtly threatened actions or proceedings before any court or governmental agency in which the Company or any of its subsidiaries is a party or in which any property of the Company or any of its subsidiaries is the subject, which are likely to have a materially adverse effect on the current or future consolidated financial position, stockholders equity or results of operations of the Company and its consolidated subsidiaries. With respect to the matters discussed in the immediately preceding sentence, the standard of materiality considered is that provided for in Item 103 (Reg. Section 229.103) of Regulation S-K promulgated under the Securities Act of 1933, as amended. In giving the foregoing opinion, such counsel may rely solely upon inquiry among the lawyer group (the "LAWYER GROUP") consisting of those lawyers in the offices of Snell & Wilmer, L.L.P. who (i) have recorded any time on the transaction to which this opinion relates or (ii) have billed more than ten hours on any matter involving the Company in the twelve-month period preceding November 6, 2003, the date as of which the list of such lawyers was compiled for purposes of inquiry for this opinion. This opinion is limited to matters which have been given substantive attention by the Lawyer Group in the form of legal consultation as described in Paragraph 2 of the ABA Statement of Policy Regarding Lawyers' Responses to Auditors' Requests. for Information (December 1975);

(iv) This Agreement has been duly authorized, executed and delivered by the Company;

(v) The execution and delivery by the Company of, and the issue and sale of the Notes by the Company and the compliance by the Company with all of the provisions of this Agreement, the Indenture and the Notes do not contravene or constitute a default under (a) the Articles or the By-laws of the Company, or (b) any contractual or legal restriction contained in any document listed in the Certificate (as defined in and attached to such opinion). In giving the opinion expressed in clause (b) of the immediately preceding sentence, such counsel may express no opinion regarding compliance by the Company or any subsidiary with any financial covenants required to be maintained by the Company or any subsidiary under any agreement or document;

- (vi) No consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Notes or the consummation by the Company of the transactions contemplated by this Agreement, except the registration under the Act of the Notes, the qualification of the Indenture under the Trust Indenture Act, and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws (as to which such counsel shall not be required to express an opinion);
- (vii) The statements set forth in the Prospectus under the captions "Description of Debt Securities" and "Description of the Senior Notes", insofar as they purport to constitute a summary of the terms of the Notes, are accurate, complete and fair in material respects;
- (viii) The Company is not an "investment company", as such term is defined in the Investment Company Act;
- (ix) The documents incorporated by reference in the Prospectus as amended or supplemented as of the Closing Date (other than financial statements and schedules and other financial or statistical data included or incorporated by reference therein or omitted therefrom, as to which such counsel expresses no opinion), when they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the requirements of the Act or the Exchange Act, as applicable, and the Rules and Regulations of the Commission thereunder;
- (x) The Registration Statement and the Prospectus, and each amendment or supplement thereto, as of the Closing Date (other than financial statements and schedules and other financial or statistical data included or incorporated by reference therein or omitted therefrom, as to which such counsel expresses no opinion) comply as to form in all material respects with the requirements of the Act and the Rules and Regulations thereunder. Although such counsel does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statements or the Prospectus, except for those referred to in the opinion in Paragraph (vii) hereof, those persons in the Lawyer Group have no reason to believe that the Registration Statement, as of its effective date, or the Prospectus, as of the date of the Prospectus Supplement, or in either case, as of the Closing Date, or any amendment thereto, as of the Closing Date, excluding in all cases financial statements and schedules and other financial or statistical data included or incorporated by reference therein or omitted therefrom, as to which such counsel expresses no opinion, contained any untrue statement of material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading. To the actual knowledge of those persons in the Lawyer Group, there are no legal or governmental proceedings required to be described in the Prospectus that are not described as required, nor any contracts or documents of a character required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described and filed as required (it being understood that such counsel need express no opinion as to the statements of eligibility and qualification of the trustee under the Indenture);

(xi) the Indenture has been duly qualified under the Trust Indenture Act and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity; and

(xii) the Notes have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will be entitled to the benefits of the Indenture, and will be valid and binding obligations of the Company, in each case enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity.

In giving such opinion, Snell & Wilmer L.L.P. may rely to the extent such counsel deems appropriate upon certificates of the Company as to any factual matters upon which any such opinions are based and may rely on the opinion of Underwriters' counsel as to all matters governed by the law of the State of New York, and further may rely upon the opinion of Morgan, Lewis & Bockius LLP, delivered to you at the Closing Date, as to all matters under the Public Utility Holding Company Act of 1935, as amended, and the Federal Power Act, as amended.

(g) The Underwriters shall have received from counsel for the Underwriters such opinion or opinions, dated the Closing Date, with respect to the incorporation of the Company, the validity of the Notes, the Prospectus, and other related matters as may reasonably be required, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters. In rendering such opinion, such counsel may rely as to the incorporation of the Company and all other matters governed by the laws of the State of Arizona upon the opinion of Snell & Wilmer L.L.P.

(h) The Underwriters shall have received a certificate of the President or any Vice President and a principal financial or accounting officer of the Company, dated the Closing Date, in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of the Company in this Agreement are true and correct, that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to such Closing Date, that no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are contemplated by the Commission, and that, subsequent to the date of the most recent financial statements in the Prospectus, there has been no material adverse change in, or any development involving a prospective material adverse change, in or affecting the consolidated financial position, stockholders' equity or results of operations of the Company and its consolidated subsidiaries, otherwise than as set forth or contemplated in the Prospectus).

(i) The Company will furnish the Underwriters with such conformed copies of such opinions, certificates, letters, and documents as may be reasonably requested.

6. Indemnification.

(a) The Company will indemnify and hold harmless each Underwriter and each person, if any, who controls such Underwriter within the meaning of the Act against any losses, claims, damages or liabilities, joint or several, to which such Underwriter or such controlling person may become subject, under the Act or otherwise, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of the Registration Statement relating to the Notes, when such part became effective, any preliminary prospectus or preliminary prospectus supplement, the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; and will reimburse each Underwriter and each such controlling person for any legal or other expenses reasonably incurred, as incurred, by such Underwriter or such controlling person in connection with investigating or defending any such loss, claim, damage, liability, or action; provide however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage, or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any of such documents in reliance upon and in conformity with written information furnished to the Company by any Underwriter through Barclays specifically for use therein. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each Underwriter will severally and not jointly indemnify and hold harmless the Company, each of its directors, each of its officers who have signed the Registration Statement, and each person, if any, who controls the Company within the meaning of the Act, against any losses, claims, damages, or liabilities to which the Company or any such director, officer, or controlling person may become subject, under the Act or otherwise, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of the Registration Statement relating to the Notes, when such part became effective, any preliminary prospectus or preliminary prospectus supplement, the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through Barclays specifically for use therein; and will reimburse any legal or other expenses reasonably incurred, as incurred, by the Company or any such director, officer, or controlling person in connection with investigating or defending any such loss, claim, damage, liability, or action. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 6 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above except to the extent

that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, without the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this

Section 6 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest, (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. An indemnifying party shall not be liable for any settlement of a claim or action effected without its written consent, which shall not be unreasonably withheld.

(d) If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party for any loss, claim, damage, liability, or action described in subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above on the following basis: (1) if such loss, claim, damage, liability, or action arises under subsection (a) above, then (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations; and (2) if such loss, claim, damage, liability, or action arises under subsection (b) above, then in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and the Underwriter on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations; provide however, that in no case shall any Underwriter (except as may be provided in any agreement among underwriters relating to the offering of the Notes) be responsible for any amount in excess of the underwriting discount or

commission applicable to the Notes purchased by such Underwriter hereunder. For the purposes of clause (1) above, the relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. For the purposes of clauses (1) and (2) above, the relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 6 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 6(d). The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this Section 6, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Notes underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11 (f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

7. Default of Underwriters. If any Underwriter or Underwriters default in their obligations to purchase Notes pursuant to this Agreement and the number of Notes that such defaulting Underwriter or Underwriters agreed but failed to purchase is ten percent (10%) or less of the number of Notes that the Underwriters are obligated to purchase, the Underwriters may make arrangements satisfactory to the Company for the purchase of such Notes by other persons, including any of the Underwriters, but if no such arrangements are made by the Closing Date the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder to purchase the Notes that such defaulting Underwriter or Underwriters agreed but failed to purchase. If any Underwriter or Underwriters so default and the number of Notes with respect to which such default or defaults occur is more than the above-described amount and arrangements satisfactory to the remaining Underwriters and the Company for the purchase of such Notes by other persons are not made within thirty-six hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company, except as provided in Section 8. In any such case either Barclays or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and the Prospectus or in any other documents or arrangements may be effected. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement, the Company will reimburse the Underwriters for all out of pocket expenses (including the reasonable fees and disbursements of their counsel) reasonably incurred by the Underwriters in connection with this Agreement or the offering contemplated hereunder.

8. **Survival of Certain Representations and Obligations.** The respective indemnities, agreements, representations, warranties, and other statements of the Company or its officers and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect regardless of any investigation, or statement as to the results thereof, made by or on behalf of the Underwriters or the Company or any of its officers or directors or any controlling person, and will survive delivery of and payment for the Notes. If this Agreement is terminated pursuant to Section 7, or if for any reason a purchase pursuant to this Agreement is not consummated, the Company shall remain responsible for the expenses to be paid or reimbursed by it pursuant to Section 4 and the respective obligations of the Company and the Underwriters pursuant to Section 6 shall remain in effect.

9. **Notices.** All communications hereunder relating to any offering of Notes will be in writing, and, if sent to the Underwriters, may be mailed, delivered, or telecopied and confirmed to Barclays, c/o Barclays Capital Inc., 200 Park Avenue, New York, NY 10066, Attention: Pamela Kendall (fax: 212-412-7680) provided, however, that any notice to an Underwriter pursuant to Section 6 will be mailed, delivered, or telecopied and confirmed to each such Underwriter at its own address. All communications hereunder to the Company shall be mailed to the Company, Attention: Treasurer, at P.O. Box 53999, Phoenix, Arizona 85072-3999, or delivered, or telecopied and confirmed to the Company at 400 North Fifth Street, Phoenix, Arizona 85004 (fax: 602-250-5640).

10. **Successors.** This Agreement will inure to the benefit of and be binding upon the parties hereto and the Underwriter or Underwriters as are named in Schedule A hereto and their respective successors and the officers and directors and controlling persons referred to in Section 6, and no other person will have any right or obligation hereunder.

11. **Representation of Underwriters.** Barclays may act for the Underwriters in connection with the offering contemplated by this Agreement, and any action under this Agreement taken by Barclays will be binding upon the Underwriters.

12. **Execution in Counterpart.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute a single instrument.

13. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

14. **Headings.** The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us the enclosed duplicate hereof, whereupon it will become a binding agreement between the Company and the Underwriters in accordance with its terms.

Very truly yours,

PINNACLE WEST CAPITAL CORPORATION

By: /s/ Barbara M. Gomez

Name: Barbara M. Gomez
Title: Treasurer

Barclays Capital Inc.
BNY Capital Markets, Inc.
McDonald Investments Inc.

By: BARCLAYS CAPITAL INC.

By: /s/ Pamela Kendall

Name: Pamela Kendall
Title: Director

SCHEDULE A

UNDERWRITER

PRINCIPAL AMOUNT OF NOTES

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Barclays Capital Inc.....	115,500,000
BNY Capital Markets, Inc.....	24,750,000
McDonald Investments Inc.....	24,750,000
Total.....	165,000,000

SCHEDULE B

Underwriting Agreement dated November 6, 2003

Registration Statement No. 333-101457

Lead Underwriter and Address:

Barclays Capital Inc.
200 Park Avenue
New York, New York 10166

Designation:	Floating Rate Senior Notes due November 1, 2005
Principal Amount:	\$165,000,000
Date of Maturity:	November 1, 2005
Interest Rate for initial Rate Period:	LIBOR plus .80%
Interest Payment Dates:	February 1, May 1, August 1 and November 1 of each year, commencing February 1, 2004
Interest Determination Date:	The second London Business Date immediately preceding the first day of the relevant Interest Period.
Purchase Price:	99.750% of the principal amount thereof
Public Offering Price:	100% of the principal amount thereof, plus accrued interest, if any, from the date of original issuance thereof
Closing Date and Location:	November 12, 2003 Pinnacle West Capital Corporation 400 North Fifth Street Phoenix, Arizona 85004

Exhibit 4.20

PINNACLE WEST CAPITAL CORPORATION

TO

THE BANK OF NEW YORK

TRUSTEE

Second Supplemental Indenture

Dated as of November 1, 2003

To

Indenture

Dated as of December 1, 2000

Floating Rate Senior Notes due 2005

SECOND SUPPLEMENTAL INDENTURE, dated as of November 1, 2003, between Pinnacle West Capital Corporation, a corporation duly organized and existing under the laws of the State of Arizona (herein called the "Company"), having its principal office at 400 North Fifth Street, Phoenix, Arizona 85004, and The Bank of New York, a New York banking corporation, as Trustee (herein called the "Trustee") under the Indenture dated as of December 1, 2000 between the Company and the Trustee (the "Indenture").

RECITALS OF THE COMPANY

The Company has executed and delivered the Indenture to the Trustee to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (the "Securities"), said Securities to be issued in one or more series as in the Indenture provided.

The Company has executed and delivered to the Trustee one indenture supplemental to the Indenture (the "First Supplemental Indenture") dated as of March 15, 2001.

Pursuant to the terms of the Indenture, the Company desires to provide for the establishment of a new series of its Securities to be known as its Floating Rate Senior Notes due 2005 (herein called the "Notes due 2005"), the form and substance of such Notes due 2005 and the terms, provisions, and conditions thereof to be set forth as provided in the Indenture and this Second Supplemental Indenture.

All things necessary to make this Second Supplemental Indenture a valid agreement of the Company, and to make the Notes due 2005, when executed by the Company and authenticated and delivered by the Trustee, the valid and binding obligations of the Company, have been done.

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Notes due 2005 by the holders thereof (the "Holders"), and for the purpose of setting forth, as provided in the Indenture, the form and substance of the Notes due 2005 and the terms, provisions, and conditions thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Notes due 2005, as follows:

ARTICLE ONE

GENERAL TERMS AND CONDITIONS OF THE NOTES DUE 2005

SECTION 101. There shall be and is hereby authorized a series of Securities designated the "Floating Rate Senior Notes due 2005" limited in aggregate principal amount to \$165,000,000, except as mentioned below, which amount shall be as set forth in any Company Order for the authentication and delivery of the Notes due 2005. The Notes due 2005 shall mature and the principal shall be due and payable together with all accrued and unpaid interest thereon on November 1, 2005 (the "Maturity Date"), and shall be issued in the form of registered

notes without coupons. The Company may, without the consent of the Holders, issue additional Notes due 2005 having the same ranking and the same interest rate, maturity and additional terms as the Notes due 2005. Any additional notes would, together with the Notes due 2005, constitute a single series of Securities under the Indenture. Any reference herein to the limitation in aggregate principal amount of the Notes due 2005 shall take account of any such issuance and the limitation (originally \$165,000,000) shall be adjusted accordingly.

SECTION 102. The following defined terms used herein shall, unless the context otherwise requires, have the meanings specified below. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Indenture.

"Business Day" means any day other than a Saturday or a Sunday or a day on which banking institutions in The City of New York are authorized or required by law or executive order to remain closed or a day on which the Corporate Trust Office of the Trustee is closed for business.

"Calculation Agent" means The Bank of New York or its successor appointed by the Company, acting as calculation agent.

"Interest Determination Date" means the second London Business Day immediately preceding the first day of the relevant Interest Period.

"Interest Period" means the period commencing on an Interest Payment Date (as defined below) for the Notes due 2005 (or commencing on the issue date for the Notes due 2005, if no interest has been paid or duly made available for payment since that date) and ending on the day before the next succeeding Interest Payment Date for the Notes due 2005.

"LIBOR" for any Interest Determination Date will be the London interbank offered rate for deposits in U.S. dollars having an index maturity of three months for a period commencing on the second London Business Day immediately following such Interest Determination Date (the "Three Month Deposits") in amounts of not less than \$1,000,000, as such rate appears on Telerate Page 3750, at approximately 11:00 a.m., London time, on such Interest Determination Date.

"London Business Day" means a day on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date, are expected to be transacted, in the London interbank market.

"Telerate Page 3750" means the display designated on page "3750" on Moneyline Telerate (or such other page as may replace the 3750 page on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

SECTION 103. The Notes due 2005 shall be issued in certificated form, except that the Notes due 2005 shall be issued initially as a Global Security to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as Depositary therefor. Any Notes due 2005 to be issued or transferred to, or to be held by, Cede & Co. (or any successor thereof) for such purpose shall bear the depositary legend in substantially the form set forth at the top of the

form of Note due 2005 in Article Two hereof (in lieu of that set forth in Section 204 of the Indenture), unless otherwise agreed by the Company, such agreement to be confirmed in writing to the Trustee. Such Global Security may be exchanged in whole or in part for Notes due 2005 registered, and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than such Depositary or a nominee thereof only under the circumstances set forth in Clause (2) of the last paragraph of Section 305 of the Indenture, or such other circumstances in addition to or in lieu of those set forth in Clause (2) of the last paragraph of Section 305 of the Indenture as to which the Company shall agree, such agreement to be confirmed in writing to the Trustee. Principal of, and premium, if any, and interest on the Notes due 2005 will be payable, the transfer of Notes due 2005 will be registrable and Notes due 2005 will be exchangeable for Notes due 2005 bearing identical terms and provisions, at the office or agency of the Company in the Borough of Manhattan, The City and State of New York; PROVIDED, HOWEVER, that payment of interest may be made at the option of the Company by check mailed to the registered holder at such address as shall appear in the Security Register.

SECTION 104. Each Note due 2005 will bear interest at a per annum rate (the "Rate of Interest") determined by the Calculation Agent (as described below) from November 12, 2003 or from the most recent Interest Payment Date to which interest has been paid or duly provided for until the principal thereof is paid or made available for payment and at the same per annum rate determined by the Calculation Agent on any overdue principal and premium and on any overdue installment of interest, payable on February 1, May 1, August 1 and November 1 of each year (each, an "Interest Payment Date"), commencing on February 1, 2004, to the person in whose name such Note due 2005 or any Predecessor Security is registered, at the close of business on the fifteenth calendar day preceding each Interest Payment Date (each, a "Regular Record Date"). Any such interest installment not punctually paid or duly provided for shall forthwith cease to be payable to the registered Holders on such Regular Record Date, and shall instead be paid to the person in whose name the Note due 2005 (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date to be fixed by the Trustee for the payment of such Defaulted Interest, notice whereof shall be given to the registered Holders of the Notes due 2005 (or one or more Predecessor Securities) not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes due 2005 may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

The Notes due 2005 will bear interest for each Interest Period at a per annum rate determined by the Calculation Agent. The per annum interest rate will be equal to LIBOR on the relevant Interest Determination Date plus 0.80%; PROVIDED, HOWEVER, that in certain circumstances described below, the interest rate will be determined by the Calculation Agent in an alternative manner without reference to LIBOR. Promptly upon such determination, the Calculation Agent will notify the Trustee of the interest rate for the new Interest Period. The interest rate determined by the Calculation Agent, absent manifest error, shall be binding and conclusive upon the beneficial owners and Holders of the Notes due 2005, the Company and the Trustee.

If the following circumstances exist on any Interest Determination Date, the Calculation Agent shall determine the interest rate for the Notes due 2005 as follows:

(1) In the event LIBOR cannot be determined from the Moneyline Telerate service as described herein as of approximately 11:00 a.m. London time on such Interest Determination Date, the Calculation Agent shall request the principal London offices of each of four major banks in the London interbank market selected by the Calculation Agent (after consultation with the Company) to provide a quotation of the rate (the "Rate Quotation") at which Three Month Deposits in amounts of not less than \$1,000,000 are offered by it to prime banks in the London interbank market, at approximately 11:00 a.m. London time on such Interest Determination Date, that is representative of single transactions at such time (the "Representative Amounts"). If at least two Rate Quotations are provided, the interest rate will be the arithmetic mean of the Rate Quotations obtained by the Calculation Agent, plus 0.80%.

(2) In the event LIBOR cannot be determined from the Moneyline Telerate service as described herein and fewer than two Rate Quotations are available as provided in (1) above, the interest rate will be the arithmetic mean of the rates quoted at approximately 11:00 a.m. New York City time on such Interest Determination Date, by three major banks in New York City, selected by the Calculation Agent (after consultation with the Company), for loans in Representative Amounts in U.S. dollars to leading European banks, having an index maturity of three months for a period commencing on the second London Business Day immediately following such Interest Determination Date, plus 0.80% PROVIDED, HOWEVER, that if fewer than three banks selected by the Calculation Agent are quoting such rates, the interest rate for the applicable Interest Period will be the same as the interest rate in effect for the immediately preceding Interest Period.

Upon the request of a Holder of the Notes due 2005, the Calculation Agent will provide to such Holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next Interest Period.

Interest on the Notes due 2005 will be calculated on the basis of the actual number of days for which interest is payable in the relevant Interest Period, divided by 360. All dollar amounts resulting from such calculations will be rounded, if necessary, to the nearest cent with one-half cent rounded upward. In the event that any date on which interest is payable on the Notes due 2005 is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of any such delay), in each case with the same force and effect as if made on such date. If the Maturity Date of the Notes due 2005 or any redemption date falls on a day that is not a Business Day, the payment of principal and interest (to the extent payable with respect to the principal amount being redeemed if on a redemption date) will be made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after the maturity date or such redemption date.

SECTION 105. The Company may not redeem the Notes due 2005 prior to November 1, 2004. The Company may redeem the Notes due 2005, in whole, on not less than 30 days' nor more than 60 days' notice, beginning on November 1, 2004 and on each Interest Payment Date thereafter, prior to the Maturity Date of the Notes due 2005, at a redemption price equal to 100% of

the principal amount plus accrued and unpaid interest thereon to the date of redemption (the "Redemption Price").

The Company will mail notice of the redemption, first-class mail postage prepaid, to each Holder of Notes due 2005 to be redeemed at the Holder's address in the Securities Register. Notice to the Holders will be given at least 30 but not more than 60 days before the Redemption Date. Notes due 2005 to be redeemed become due on the Redemption Date, and interest will cease to accrue on those Notes due 2005 on the Redemption Date.

The Company agrees that so long as any of the Notes due 2005 remain outstanding, there shall at all times be a calculation agent for the Notes due 2005. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails duly to establish the rate of interest for any Interest Period, the Company shall appoint another leading commercial or investment bank engaged in the London interbank market to act as such in its place. In accordance with the agreement between the Company and the Calculation Agent, the Calculation Agent may not resign its duties without a successor calculation agent having been appointed as aforesaid.

SECTION 106. The Notes due 2005 shall be defeasible pursuant to Section 1302 or 1303 of the Indenture.

ARTICLE TWO

FORM OF NOTES DUE 2005

SECTION 201. The Notes due 2005 and the Trustee's certificate of authentication to be endorsed thereon are to be substantially in the following forms:

Form of Face of Security:

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO PINNACLE WEST CAPITAL CORPORATION OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PINNACLE WEST CAPITAL CORPORATION

Floating Rate Senior Note due 2005

No. _____ \$165,000,000

CUSIP No. _____

Pinnacle West Capital Corporation, a corporation duly organized and existing under the laws of Arizona (herein called the "Company" which term includes any successor person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or registered assigns, the principal sum of One Hundred Sixty-Five Million Dollars on November 1, 2005 (the "Maturity Date"), and to pay interest at the rate set forth below on the outstanding principal amount hereof from time to time from and including November 12, 2003 or from the most recent Interest Payment Date (as defined below) to which interest has been paid or duly provided for, quarterly in arrears on February 1, May 1, August 1 and November 1 in each year, commencing February 1, 2004, and on the Maturity Date (each, an "Interest Payment Date"), until the principal hereof is paid or made available for payment and at the same per annum rate set forth below on any overdue principal and premium and on any overdue installment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided herein, be paid to the person in whose name this Note (or one or more predecessor Notes) is registered at the close of business on the fifteenth calendar day preceding each Interest Payment Date, (each a "Regular Record Date"); PROVIDED, HOWEVER, that interest payable on the Maturity Date, or any redemption date, shall be payable to the person to whom the principal amount of this Note is payable. Any interest payable on any Interest Payment Date other than the Maturity Date and not so punctually paid or duly provided for shall forthwith cease to be payable to the person in whose name this Note is registered at the close of business on such Regular Record Date and shall instead be payable to the person in whose name this Note (or one or more predecessor Notes) is registered at the close of business on a special record date for the payment of such interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the registered holder of this Note (or one or more predecessor Notes) not less than ten days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which this Note may be listed and upon such notice as may be required by such exchange, as more fully provided in the Indenture. Principal of this Note shall be payable against surrender hereof at the corporate trust office of the Trustee or at such other office or agency of the Company as may be designated by it for such purpose in the Borough of Manhattan, The City of New York.

"Business Day" means any day other than a Saturday or a Sunday or a day on which banking institutions in The City of New York are authorized or required by law or executive order to remain closed or a day on which the corporate trust office of the Trustee is closed for business.

"Calculation Agent" means The Bank of New York or its successor appointed by the Company, acting as calculation agent.

"Interest Determination Date" means the second London Business Day immediately

preceding the first day of the relevant Interest Period.

"Interest Period" means the period commencing on an Interest Payment Date for this Note (or commencing on the issue date for this Note, if no interest has been paid or duly made available for payment since that date) and ending on the day before the next succeeding Interest Payment Date for this Note.

"LIBOR" for any Interest Determination Date will be the London interbank offered rate for deposits in U.S. dollars having an index maturity of three months for a period commencing on the second London Business Day immediately following such Interest Determination Date (the "Three Month Deposits") in amounts of not less than \$1,000,000, as such rate appears on Telerate Page 3750, at approximately 11:00 a.m., London time, on such Interest Determination Date.

"London Business Day" means a day on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date, are expected to be transacted, in the London interbank market.

"Telerate Page 3750" means the display designated on page "3750" on Moneyline Telerate (or such other page as may replace the 3750 page on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

Payment of the principal of and any interest on this Note will be made at the corporate trust office of the Trustee or at such other office or agency of the Company as may be designated by it for such purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; PROVIDED, HOWEVER, that, at the option of the Company payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear in the register for the Notes.

If any Interest Payment Date falls on a day that is not a Business Day, the Interest Payment Date will be the next succeeding Business Day (without any interest or other payment in respect of such delay). If the maturity date of the Notes or any redemption date falls on a day that is not a Business Day, the payment of principal and interest (to the extent payable with respect to the principal amount being redeemed if on a redemption date) will be made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after the maturity date or such redemption date.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

PINNACLE WEST CAPITAL CORPORATION

By
Vice President

Attest:

Associate Secretary

Form of Reverse of Security.

This Note is one of a duly authorized issue of securities of the Company (herein called the "Notes"), issued and to be issued in one or more series under an Indenture, dated as of December 1, 2000, as amended and supplemented from time to time (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and The Bank of New York, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof, limited in aggregate principal amount to \$165,000,000, subject to increase as provided in Section 101 of the Second Supplemental Indenture, dated as of November 1, 2003, providing for the Notes.

The Notes are not redeemable prior to November 1, 2004. The Notes will be redeemable at the Company's option in whole, on not less than 30 days' nor more than 60 days' notice, beginning on November 1, 2004 and on each Interest Payment Date thereafter, prior to maturity of the Notes, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon to the date of redemption.

If notice has been given as provided in the Indenture and funds for the redemption of Notes shall have been made available on the redemption date referred to in such notice, the Notes will cease to bear interest on the date fixed for such redemption specified in such notice and the only right of the holders of the Notes will be to receive payment of the redemption price.

The Company will mail notice of the redemption, first-class mail postage prepaid, to each holder of Notes at the holder's address in the register for the Notes. Notice to the holders will be given at least 30 but not more than 60 days before the redemption date. Notes to be redeemed become due on the redemption date, and interest will cease to accrue on the Notes on the redemption date.

The Notes will not be subject to any sinking fund.

The Notes will bear interest for each Interest Period at a per annum rate determined by the Calculation Agent as described below (the "Rate of Interest"). The per annum interest rate will be equal to LIBOR on the relevant Interest Determination Date plus 0.80%; PROVIDED, HOWEVER, that in certain circumstances described below, the interest rate will be determined by the Calculation Agent in an alternative manner without reference to LIBOR. Promptly upon such determination, the Calculation Agent will notify the Trustee of the interest rate for the new Interest Period. The interest rate determined by the Calculation Agent, absent manifest error, shall be binding and conclusive upon the beneficial owners and holders of the Notes, the Company and the Trustee.

If the following circumstances exist on any Interest Determination Date, the Calculation Agent shall determine the interest rate for the Notes as follows:

(1) In the event LIBOR cannot be determined from the Moneyline Telerate service as described herein as of approximately 11:00 a.m. London time on such Interest Determination Date, the Calculation Agent shall request the principal London offices of each of four major banks in the London interbank market selected by the Calculation Agent (after consultation with the Company) to provide a quotation of the rate (the "Rate Quotation") at which Three Month Deposits in amounts of not less than \$1,000,000 are offered by it to prime banks in the London interbank market, at approximately 11:00 a.m. London time on such Interest Determination Date, that is representative of single transactions at such time (the "Representative Amounts"). If at least two Rate Quotations are provided, the interest rate will be the arithmetic mean of the Rate Quotations obtained by the Calculation Agent, plus 0.80%.

(2) In the event LIBOR cannot be determined from the Moneyline Telerate service as described herein and fewer than two Rate Quotations are available as provided in (1) above, the interest rate will be the arithmetic mean of the rates quoted at approximately 11:00 a.m. New York City time on such Interest Determination Date, by three major banks in New York City, selected by the Calculation Agent (after consultation with the Company), for loans in Representative Amounts in U.S. dollars to leading European banks, having an index maturity of three months for a period commencing on the second London Business Day immediately following such Interest Determination Date, plus 0.80% PROVIDED, HOWEVER, that if fewer than three banks selected by the Calculation Agent are quoting such rates, the interest rate for the applicable Interest Period will be the same as the interest rate in effect for the immediately preceding Interest Period.

Upon the request of a holder of the Notes, the Calculation Agent will provide to such holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next Interest Period.

No liability shall (in the absence of gross negligence, willful misconduct or bad faith) attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Note or certain restrictive covenants and events of default with respect to this Note, in each case upon compliance with certain conditions set forth in the Indenture.

If an event of default with respect to the Notes shall occur and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the holders of the Notes to be affected under the Indenture at any time by the Company and the Trustee without the consent of such Holders in certain limited circumstances or with the consent of the Holders of $66 \frac{2}{3}\%$ in principal amount of the securities at the time outstanding of each series to be affected. The Indenture also contains provisions permitting the holders of specified percentages in principal amount of the securities of each series at the time outstanding, on behalf of the holders of all securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Note shall be conclusive and binding upon such holder and upon all future holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

As provided in and subject to the provisions of the Indenture, the holder of this Note shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such holder shall have previously given the Trustee written notice of a continuing event of default with respect to the Notes, the holders of not less than 25% in principal amount of the Notes at the time outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the holders of a majority in principal amount of Notes at the time outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the holder of this Note for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay

the principal of and any premium and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the register of the Notes, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the registrar of the Notes duly executed by the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes and of like tenor of a different authorized denomination, as requested by the holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

This Note shall be governed by and construed in accordance with the law of the State of New York, without regard to conflicts of laws principles thereof.

Form of Trustee's Certificate of Authentication.

CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the series designated therein referred to in the within-mentioned Indenture.

Dated: _____ **THE BANK OF NEW YORK**

AS TRUSTEE

By
AUTHORIZED SIGNATORY

ARTICLE THREE

ORIGINAL ISSUE OF NOTES DUE 2005

SECTION 301. Notes due 2005 in the aggregate principal amount of \$165,000,000 (subject to increase as provided in Section 101) may, upon execution of this Second Supplemental Indenture, or from time to time thereafter, be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Notes due 2005 in accordance with a Company Order delivered to the Trustee by the Company, without any further action by the Company.

ARTICLE FOUR

PAYING AGENT AND REGISTRAR

SECTION 401. The Bank of New York will be the Paying Agent and Security Registrar for the Notes due 2005.

ARTICLE FIVE

SUNDRY PROVISIONS

SECTION 501. Except as otherwise expressly provided in this Second Supplemental Indenture or in the form of Notes due 2005 or otherwise clearly required by the context hereof or thereof, all terms used herein or in said form of Notes due 2005 that are defined in the Indenture shall have the several meanings respectively assigned to them thereby.

SECTION 502. The Indenture, as heretofore supplemented and amended, and as supplemented by this Second Supplemental Indenture, is in all respects ratified and confirmed, and this Second Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided.

SECTION 503. The Trustee hereby accepts the trusts herein declared, provided, created, supplemented, or amended and agrees to perform the same upon the terms and conditions herein and in the Indenture, as heretofore supplemented and amended, set forth and upon the following terms and conditions:

The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Second Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made by the Company solely. In general, each and every term and condition contained in Article Six of the Indenture shall apply to and form a part of this Second Supplemental Indenture with the same force and effect as if the same were herein set forth in full with such omissions, variations, and insertions, if any, as may be appropriate to make the same conform to the provisions of this Second Supplemental Indenture.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

PINNACLE WEST CAPITAL CORPORATION

Attest:

/s/ Betsy A. Pregulman

Betsy A. Pregulman
Associate Secretary

By: */s/ Barbara M. Gomez*

Barbara M. Gomez
Treasurer

THE BANK OF NEW YORK, as Trustee

Attest:

/s/ Barbara Bevelaqua

Barbara Bevelaqua
Vice President

By: */s/ Van K. Brown*

Van K. Brown
Vice President

STATE OF ARIZONA)
) ss.:
COUNTY OF MARICOPA)

On the 10th day of November, 2003, before me personally came Barbara M. Gomez, to me known, who, being by me duly sworn, did depose and say that she is the Treasurer of Pinnacle West Capital Corporation, one of the corporations described in and which executed the foregoing instrument; that she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that she signed her name thereto by like authority.

/s/ Linda K. Redman

Notary Public

My Commission Expires:

February 8, 2007

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 10th day of November, 2003, before me personally came Van K. Brown, to me known, who, being by me duly sworn, did depose and say that he is a Vice President of The Bank of New York, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

/s/ Robert Hirsch

Notary Public

My Commission Expires:

July 1, 2006

Exhibit 4.21

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO PINNACLE WEST CAPITAL CORPORATION OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED

OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

PINNACLE WEST CAPITAL CORPORATION

Floating Rate Senior Note due 2005

No. 1

\$165,000,000

CUSIP No. 723484 AF 8

Pinnacle West Capital Corporation, a corporation duly organized and

existing under the laws of Arizona (herein called the "Company" which term includes any successor person under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or registered assigns, the principal sum of One Hundred Sixty-Five Million Dollars on November 1, 2005 (the "Maturity Date"), and to pay interest at the rate set forth below on the outstanding principal amount hereof from time to time from and including November 12, 2003 or from the most recent Interest Payment Date (as defined below) to which interest has been paid or duly provided for, quarterly in arrears on February 1, May 1, August 1 and November 1 in each year, commencing February 1, 2004, and on the Maturity Date (each, an "Interest Payment Date"), until the principal hereof is paid or made available for payment and at the same per annum rate set forth below on any overdue principal and premium and on any overdue installment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date shall, as provided herein, be paid to the person in whose name this Note (or one or more predecessor Notes) is registered at the close of business on the fifteenth calendar day preceding each Interest Payment Date, (each a "Regular Record Date"); PROVIDED, HOWEVER, that interest payable on the Maturity Date, or any redemption date, shall be payable to the person to whom the principal amount of this Note is payable. Any interest payable on any Interest Payment Date other than the Maturity Date and not so punctually paid or duly provided for shall forthwith cease to be payable to the person in whose name this Note is registered at the close of business on such Regular Record Date and shall instead be payable to the person in whose name this Note (or one or more predecessor Notes) is registered at the close of business on a special record date for the payment of such interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the registered holder of this Note (or one or more predecessor Notes) not less than ten days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which this Note may be listed and upon such notice as may be required by such exchange, as more fully provided in the Indenture. Principal of this Note shall be payable against surrender hereof at the corporate trust office of the Trustee or at such other office or agency of the Company as may be designated by it for such purpose in the Borough of Manhattan, The City of New York.

"Business Day" means any day other than a Saturday or a Sunday or a day on which banking institutions in The City of New York are authorized or required by law or executive order to remain closed or a day on which the corporate trust office of the Trustee is closed for business.

"Calculation Agent" means The Bank of New York or its successor appointed by the Company, acting as calculation agent.

"Interest Determination Date" means the second London Business Day immediately

preceding the first day of the relevant Interest Period.

"Interest Period" means the period commencing on an Interest Payment Date for this Note (or commencing on the issue date for this Note, if no interest has been paid or duly made available for payment since that date) and ending on the day before the next succeeding Interest Payment Date for this Note.

"LIBOR" for any Interest Determination Date will be the London interbank offered rate for deposits in U.S. dollars having an index maturity of three months for a period commencing on the second London Business Day immediately following such Interest Determination Date (the "Three Month Deposits") in amounts of not less than \$1,000,000, as such rate appears on Telerate Page 3750, at approximately 11:00 a.m., London time, on such Interest Determination Date.

"London Business Day" means a day on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date, are expected to be transacted, in the London interbank market.

"Telerate Page 3750" means the display designated on page "3750" on Moneyline Telerate (or such other page as may replace the 3750 page on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

Payment of the principal of and any interest on this Note will be made at the corporate trust office of the Trustee or at such other office or agency of the Company as may be designated by it for such purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; PROVIDED, HOWEVER, that, at the option of the Company payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear in the register for the Notes.

If any Interest Payment Date falls on a day that is not a Business Day, the Interest Payment Date will be the next succeeding Business Day (without any interest or other payment in respect of such delay). If the maturity date of the Notes or any redemption date falls on a day that is not a Business Day, the payment of principal and interest (to the extent payable with respect to the principal amount being redeemed if on a redemption date) will be made on the next succeeding Business Day, and no interest on such payment shall accrue for the period from and after the maturity date or such redemption date.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

PINNACLE WEST CAPITAL CORPORATION

By */s/ Nancy C. Loftin*

Vice President

Attest:

/s/ Betsy A. Pregulman

Associate Secretary

This Note is one of a duly authorized issue of securities of the Company (herein called the "Notes"), issued and to be issued in one or more series under an Indenture, dated as of December 1, 2000, as amended and supplemented from time to time (herein called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and The Bank of New York, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the holders of the Notes and of the terms upon which the Notes are, and are to be, authenticated and delivered. This Note is one of the series designated on the face hereof, limited in aggregate principal amount to \$165,000,000, subject to increase as provided in Section 101 of the Second Supplemental Indenture, dated as of November 1, 2003, providing for the Notes.

The Notes are not redeemable prior to November 1, 2004. The Notes will be redeemable at the Company's option in whole, on not less than 30 days' nor more than 60 days' notice, beginning on November 1, 2004 and on each Interest Payment Date thereafter, prior to maturity of the Notes, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon to the date of redemption.

If notice has been given as provided in the Indenture and funds for the redemption of Notes shall have been made available on the redemption date referred to in such notice, the Notes will cease to bear interest on the date fixed for such redemption specified in such notice and the only right of the holders of the Notes will be to receive payment of the redemption price.

The Company will mail notice of the redemption, first-class mail postage prepaid, to each holder of Notes at the holder's address in the register for the Notes. Notice to the holders will be given at least 30 but not more than 60 days before the redemption date. Notes to be redeemed become due on the redemption date, and interest will cease to accrue on the Notes on the redemption date.

The Notes will not be subject to any sinking fund.

The Notes will bear interest for each Interest Period at a per annum rate determined by the Calculation Agent as described below (the "Rate of Interest"). The per annum interest rate will be equal to LIBOR on the relevant Interest Determination Date plus 0.80%; PROVIDED, HOWEVER, that in certain circumstances described below, the interest rate will be determined by the Calculation Agent in an alternative manner without reference to LIBOR. Promptly upon such determination, the Calculation Agent will notify the Trustee of the interest rate for the new Interest Period. The interest rate determined by the Calculation Agent, absent manifest error, shall be binding and conclusive upon the beneficial owners and holders of the Notes, the Company and the Trustee.

If the following circumstances exist on any Interest Determination Date, the Calculation Agent shall determine the interest rate for the Notes as follows:

(1) In the event LIBOR cannot be determined from the Moneyline Telerate service as described herein as of approximately 11:00 a.m. London time on such Interest Determination Date, the Calculation Agent shall request the principal London offices of each of four major banks in the London interbank market selected by the Calculation Agent (after consultation with the Company) to provide a quotation of the rate (the "Rate Quotation") at which Three Month Deposits in amounts of not less than \$1,000,000 are offered by it to prime banks in the London interbank market, at approximately 11:00 a.m. London time on such Interest Determination Date, that is representative of single transactions at such time (the "Representative Amounts"). If at least two Rate Quotations are provided, the interest rate will be the arithmetic mean of the Rate Quotations obtained by the Calculation Agent, plus 0.80%.

(2) In the event LIBOR cannot be determined from the Moneyline Telerate service as described herein and fewer than two Rate Quotations are available as provided in (1) above, the interest rate will be the arithmetic mean of the rates quoted at approximately 11:00 a.m. New York City time on such Interest Determination Date, by three major banks in New York City, selected by the Calculation Agent (after consultation with the Company), for loans in Representative Amounts in U.S. dollars to leading European banks, having an index maturity of three months for a period commencing on the second London Business Day immediately following such Interest Determination Date, plus 0.80% PROVIDED, HOWEVER, that if fewer than three banks selected by the Calculation Agent are quoting such rates, the interest rate for the applicable Interest Period will be the same as the interest rate in effect for the immediately preceding Interest Period.

Upon the request of a holder of the Notes, the Calculation Agent will provide to such holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next Interest Period.

No liability shall (in the absence of gross negligence, willful misconduct or bad faith) attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Note or certain restrictive covenants and events of default with respect to this Note, in each case upon compliance with certain conditions set forth in the Indenture.

If an event of default with respect to the Notes shall occur and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the holders of the Notes to be affected under the Indenture at any time by the Company and the Trustee without the consent of such Holders in certain limited circumstances or with the consent of the Holders of 66 2/3% in principal amount of the securities at the time outstanding of each series to be affected. The Indenture also contains provisions permitting the holders of specified percentages in principal amount of the securities of each series at the time outstanding, on behalf of the holders of all securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Note shall be conclusive and binding upon such holder and upon all future holders of this Note and of any Note issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

As provided in and subject to the provisions of the Indenture, the holder of this Note shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such holder shall have previously given the Trustee written notice of a continuing event of default with respect to the Notes, the holders of not less than 25% in principal amount of the Notes at the time outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the holders of a majority in principal amount of Notes at the time outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the holder of this Note for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay

the principal of and any premium and interest on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note is registrable in the register of the Notes, upon surrender of this Note for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Note are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the registrar of the Notes duly executed by the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Notes and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Notes are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Notes are exchangeable for a like aggregate principal amount of Notes and of like tenor of a different authorized denomination, as requested by the holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the person in whose name this Note is registered as the owner hereof for all purposes, whether or not this Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

This Note shall be governed by and construed in accordance with the law of the State of New York, without regard to conflicts of laws principles thereof.

CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the series designated therein referred to in the within-mentioned Indenture.

Dated: November 12, 2003 THE BANK OF NEW YORK
AS TRUSTEE

By Van K. Brown
AUTHORIZED SIGNATORY

Exhibit 4.22

**CALCULATION AGENCY AGREEMENT
BETWEEN
PINNACLE WEST CAPITAL CORPORATION
AND
THE BANK OF NEW YORK
FLOATING RATE SENIOR NOTES DUE 2005**

THIS AGREEMENT is made as of November 1, 2003, between PINNACLE WEST CAPITAL CORPORATION, an Arizona corporation, whose principal executive office is at 400 North Fifth Street, Phoenix, Arizona 85004 (the "Corporation"), and THE BANK OF NEW YORK, a New York banking corporation, whose principal corporate trust office is at 101 Barclay Street, New York, New York 10286 (together with any successor, called the "Calculation Agent").

WITNESSETH:

WHEREAS, the Corporation proposes to issue and sell certain of its securities designated as Floating Rate Senior Notes due 2005 (the "Notes"). The Notes are to be issued under an Indenture dated as of December 1, 2000, between the Corporation and The Bank of New York, as Trustee (the "Trustee"), as amended and supplemented to the date hereof and as further amended and supplemented by the Second Supplemental Indenture thereto dated as of November 1, 2003 (collectively, the "Indenture"). Terms used but not defined herein shall have the meanings assigned to them in the Indenture and the Notes.

For the purpose of appointing an agent to calculate the Rate of Interest on the Notes, the Corporation and The Bank of New York agree as follows:

1. Upon the terms and subject to the conditions contained herein, the Corporation hereby appoints the Calculation Agent as its Calculation Agent and Calculation Agent hereby accepts such appointment as the Corporation's agent for the purpose of calculating the Rate of Interest on the Notes. The Calculation Agent shall determine the Rate of Interest in the manner and at the times provided in the Second Supplemental Indenture and the Notes.
2. The Calculation Agent shall exercise due care to determine the Rate of Interest on the Notes and shall communicate the same to the Corporation, the Trustee, The Depository Trust Company and any paying agent identified to it in writing promptly after each determination. The Calculation Agent will, upon the request of the holder of any Note, provide the Rate of Interest then in effect with respect to such Note and, if determined, the Rate of Interest with respect to such Floating Rate Note which will become effective on the next Interest Payment Date. No amendment to the

provisions of the Notes relating to the duties or obligations of the Calculation Agent hereunder may become effective without the prior written consent of the Calculation Agent, which consent shall not be unreasonably withheld.

3. The Calculation Agent accepts its obligations set forth herein, upon the terms and subject to the conditions hereof, including the following, to all of which the Corporation agrees:

(a) The Calculation Agent shall be entitled to such compensation as may be agreed upon with the Corporation for all services rendered by the Calculation Agent, and the Corporation promises to pay such compensation and to reimburse the Calculation Agent for the out-of-pocket expenses (including reasonable attorneys' and other professionals' fees and expenses) incurred by it in connection with the services rendered by it hereunder upon receipt of such invoices as the Corporation shall reasonably require. The Corporation also agrees to indemnify the Calculation Agent for, and to hold it harmless against, any and all loss, liability, damage, claim or expense (including the costs and expenses of defending against any claim (regardless of who asserts such claim) of liability) incurred by the Calculation Agent that arises out of or in connection with its accepting appointment as, or acting as, Calculation Agent hereunder, except such as may result from the gross negligence, willful misconduct or bad faith of the Calculation Agent or any of its agents or employees. The Calculation Agent shall incur no liability and shall be indemnified and held harmless by the Corporation for, or in respect of, any actions taken, omitted to be taken or suffered to be taken in good faith by the Calculation Agent in reliance upon (i) the opinion or advice of legal or other professional advisors satisfactory to it or (ii) written instructions from the Corporation. The Calculation Agent shall not be liable for any error resulting from the use of or reliance on a source of information used in good faith and with due care to calculate any Rate of Interest hereunder. The provisions of this section shall survive the termination of this Agreement.

(b) In acting under this Agreement and in connection with the Notes, the Calculation Agent is acting solely as agent of the Corporation and does not assume any obligations to or relationship of agency or trust for or with any of the owners or holders of the Notes.

(c) The Calculation Agent shall be protected and shall incur no liability for or in respect of any action taken or omitted to be taken or anything suffered by it in reliance upon the terms of the Notes, any notice, direction, certificate, affidavit, statement or other paper, document or communication reasonably believed by it to be genuine and to have been approved or signed by the proper party or parties.

(d) The Calculation Agent, its officers, directors, employees and shareholders may become the owners of, or acquire any interest in, any Notes, with the same rights that it or they would have if it were not the Calculation Agent, and may engage or be interested in any financial or other transaction with the Corporation as freely as if it were not the Calculation Agent.

(e) Neither the Calculation Agent nor its officers, directors, employees, agents or attorneys shall be liable to the Corporation for any act or omission hereunder, or for any error of judgment made in good faith by it or them, except in the case of its or their gross negligence, willful misconduct or bad faith.

(f) The Calculation Agent may consult with counsel of its selection and the advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(g) The Calculation Agent shall be obligated to perform such duties and only such duties as are herein specifically set forth, and no implied duties or obligations shall be read into this Agreement against the Calculation Agent.

(h) Unless herein otherwise specifically provided, any order, certificate, notice, request, direction or other communication from the Corporation made or given by it under any provision of this Agreement shall be sufficient if signed by any officer of the Corporation.

(i) The Calculation Agent may perform any duties hereunder either directly or by or through agents or attorneys, and the Calculation Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(j) The Corporation will not, without first obtaining the prior written consent of the Calculation Agent, make any change to the Notes in the forms filed as exhibits to the Corporation's Form S-3 Registration Statement No. 333-101457 by Form 8-K dated November 6, 2003 if such change would materially and adversely affect the Calculation Agent's duties and obligations under this Agreement.

4. (a) The Calculation Agent may at any time resign as Calculation Agent by giving written notice to the Corporation of such intention on its part, specifying the date on which its desired resignation shall become effective; provided, however, that such date shall never be earlier than 30 days after the receipt of such notice by the Corporation, unless the Corporation agrees to accept less notice. The

Calculation Agent may be removed at any time by the filing with it of any instrument in writing signed on behalf of the Corporation and specifying such removal and the date when it is intended to become effective. Such resignation or removal shall take effect upon the date of the appointment by the Corporation, as hereinafter provided, of a successor Calculation Agent. If within 30 days after notice of resignation or removal has been given, a successor Calculation Agent has not been appointed, the Calculation Agent may, at the expense of the Corporation, petition a court of competent jurisdiction to appoint a successor Calculation Agent. A successor Calculation Agent shall be appointed by the Corporation by an instrument in writing signed on behalf of the Corporation and the successor Calculation Agent. Upon the appointment of a successor Calculation Agent and acceptance by it of such appointment, the Calculation Agent so succeeded shall cease to be such Calculation Agent hereunder. Upon its resignation or removal, the Calculation Agent shall be entitled to the payment by the Corporation of its compensation, if any is owed to it, for services rendered hereunder and to the reimbursement of all out-of-pocket expenses incurred in connection with the services rendered by it hereunder and to the payment of all other amounts owed to it hereunder.

(b) Any successor Calculation Agent appointed hereunder shall execute and deliver to its predecessor and to the Corporation an instrument accepting such appointment hereunder, and thereupon such successor Calculation Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of such predecessor with like effect as if originally named as such Calculation Agent hereunder, and such predecessor, upon payment of its charges and disbursements then unpaid, shall thereupon become obliged to transfer and deliver, and such successor Calculation Agent shall be entitled to receive, copies of any relevant records maintained by such predecessor Calculation Agent.

(c) Any corporation into which the Calculation Agent may be merged, or any corporation with which the Calculation Agent may be consolidated, or any corporation resulting from any merger or consolidation or to which the Calculation Agent shall sell or otherwise transfer all or substantially all of its corporate trust assets or business shall, to the extent permitted by applicable law, be the successor Calculation Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notice of any such merger, consolidation or sale shall forthwith be given to the Corporation and the Trustee.

5. Any notice required to be given hereunder shall be delivered in person, sent by letter or telecopy or communicated by telephone (subject, in the case of communication by telephone, to confirmation dispatched within twenty-four hours by letter or by telecopy), in the case of the Corporation, 400 North Fifth Street, Phoenix,

Arizona 85004, telephone: (602) 250-5677, teletype: (602) 250-5640, Attention: Treasurer, in the case of The Bank of New York, to Corporate Trust Administration, 101 Barclay Street, New York, New York 10286, telephone: (212) 815-5498, teletype: (212) 815-5131 and, in the case of The Depository Trust Company, to Manager Announcements, Dividend Department, The Depository Trust Company, 55 Water Street - 25th Floor, New York, New York 10041, teletype: (212) 855-4555 or (212) 709-1263, or to any other address of which any party shall have notified the others in writing as herein provided. Any notice hereunder given by telephone, teletype or letter shall be deemed to be received when in the ordinary course of transmission or post, as the case may be, it would be received.

6. This Agreement and your appointment as Calculation Agent hereunder shall be construed and enforced in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such state, and without regard to conflicts of laws principles, and shall inure to the benefit of, and the obligations created hereby shall be binding upon, the successors and assigns of each of the parties hereto.

7. This Agreement may be executed by each of the parties hereto in any number of counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all such counterparts shall together constitute one and the same agreement.

8. In the event of any conflict relating to the rights or obligations of the Calculation Agent in connection with the calculation of the Rate of Interest on the Notes, the relevant terms of this Agreement shall govern such rights and obligations.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

PINNACLE WEST CAPITAL CORPORATION

By: Barbara M. Gomez

Name: Barbara M. Gomez Title: Treasurer

**THE BANK OF NEW YORK,
as Calculation Agent**

By: Van Brown

Name: Van Brown Title: Vice President

November 6, 2003

Pinnacle West Capital Corporation
400 North 5th Street
Phoenix, Arizona 85004

Ladies and Gentlemen:

Reference is made to (a) your proposed offering of up to \$600,000,000 of your securities, as contemplated by the registration statement (the "Registration Statement") on Form S-3, No. 333-101457 filed by you with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), on November 25, 2002, and declared effective by the Commission on December 5, 2002, which securities include debt securities, preferred stock, common stock, purchase contracts, units or any combination thereof; and (b) your issuance and sale of \$165,000,000 aggregate principal amount of Floating Rate Senior Notes due 2005 (the "Notes"), pursuant to the Underwriting Agreement dated November 6, 2003 (the "Underwriting Agreement") between you and the underwriters named therein and the Indenture dated as of December 1, 2000, as amended and supplemented to the date hereof and as further amended and supplemented by the Second Supplemental Indenture thereto dated as of November 1, 2003, in substantially the form filed by you as Exhibit 4.20 to your Form 8-K Report dated November 6, 2003 (the "Indenture").

We have examined the definitive prospectus, dated December 5, 2002, and the prospectus supplement, dated November 6, 2003 (the prospectus and prospectus supplement, and all material incorporated therein by reference being hereinafter referred to as the "Prospectus"), relating to the Notes. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such corporate records, agreements, and other instruments, certificates, orders, opinions, correspondence with public officials, certificates provided by your officers and representatives, and other documents as we have deemed necessary or advisable for the purposes of rendering the opinions set forth herein.

Based on the foregoing, it is our opinion that upon the issuance and delivery of the Notes in accordance with the Underwriting Agreement and the Indenture, and receipt by you of the consideration set forth in the Prospectus, the Notes will be validly issued and will constitute your legal, valid, and binding obligations except as the same may be limited by (a) general principles of equity or by bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws or equitable principles relating to or affecting the enforcement of creditors' rights generally, and (b) the qualification that certain waivers, procedures, remedies, and other provisions of the Notes may be unenforceable under or limited by the law of the State of

Pinnacle West Capital Corporation
November 6, 2003

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Arizona; however, such law does not in our opinion substantially prevent the practical realization of the benefits thereof.

Consent is hereby given to the use of this opinion as part of the Registration Statement, and to the use of our name wherever it appears in said Registration Statement and the related Prospectus.

Very truly yours,

Snell & Wilmer L.L.P.

EXHIBIT 12.3

PINNACLE WEST CAPITAL CORPORATION
COMPUTATION OF EARNINGS TO FIXED CHARGES
(THOUSANDS OF DOLLARS)

	Nine Months Ended September 30, 2003	Twelve Months Ended December 31,				
		2002	2001	2000	1999	1998
Earnings:						
Income from Continuing Operations	\$184,580	\$206,198	\$327,367	\$302,332	\$269,772	\$242,892
Income Taxes	98,530	132,228	213,535	194,200	141,592	138,589
Fixed Charges	174,982	219,651	211,958	202,804	194,070	201,184
Total	458,092	558,077	752,860	699,336	605,434	582,665
Fixed Charges:						
Interest Expense	151,539	187,512	175,822	166,447	157,142	163,975
Estimated Interest Portion of Annual Rents	23,443	32,139	36,136	36,357	36,928	37,209
Total Fixed Charges	174,982	219,651	211,958	202,804	194,070	201,184
Ratio of Earnings to Fixed Charges (rounded down)	2.61	2.54	3.55	3.44	3.11	2.89

EXHIBIT 12.4

**PINNACLE WEST CAPITAL CORPORATION
COMPUTATION OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDEND REQUIREMENTS
(THOUSANDS OF DOLLARS)**

	Nine Months Ended 9/30/03 -----	2002 ----	2001 ----	2000 ----	1999 ----	1998 ----
Earnings:						
Income from Continuing Operations	\$184,580	\$206,198	\$327,367	\$302,332	\$269,772	\$242,892
Income Taxes	98,530	132,228	213,535	194,200	141,592	138,589
Fixed Charges	174,982	219,651	211,958	202,804	194,070	201,184
	-----	-----	-----	-----	-----	-----
Total	\$458,092	\$558,077	\$752,860	\$699,336	\$605,434	\$582,665
	=====	=====	=====	=====	=====	=====
Fixed Charges:						
Interest Expense	\$151,539	\$187,512	\$175,822	\$166,447	157,142	\$163,975
Estimated Interest Portion of Annual Rents	23,443	32,139	36,136	36,357	36,928	37,209
	-----	-----	-----	-----	-----	-----
Total	\$174,982	\$219,651	\$211,958	\$202,804	\$194,070	\$201,184
	=====	=====	=====	=====	=====	=====
Preferred Stock Dividend Requirements:						
Income before income taxes	\$283,110	\$338,426	\$540,902	\$496,532	\$411,364	\$281,481
Net income from continuing Operations	184,580	206,198	327,367	302,332	269,772	242,892
	-----	-----	-----	-----	-----	-----
Ratio of income before income taxes to net income	1.533	1.641	1.652	1.642	1.525	1.571
Preferred stock dividends	--	--	--	--	1,016	9,703
	-----	-----	-----	-----	-----	-----
Preferred stock dividend requirements - ratio (above) times preferred stock dividends	--	--	--	--	1,549	15,239
	=====	=====	=====	=====	=====	=====
Fixed Charges and Preferred Stock Dividend Requirements:						
Fixed charges	\$174,982	\$219,651	\$211,958	\$202,804	\$194,070	\$201,184
Preferred stock dividend requirements	--	--	--	--	1,549	15,239
	-----	-----	-----	-----	-----	-----
Total	174,982	219,651	211,958	202,804	195,619	216,423
	=====	=====	=====	=====	=====	=====
Ratio of Earnings to combined fixed charges and preferred stock dividend requirements (rounded down)	2.61	2.54	3.55	3.44	3.09	2.69
	=====	=====	=====	=====	=====	=====

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