

# PINNACLE WEST CAPITAL CORP

## FORM 8-K (Current report filing)

Filed 10/28/02 for the Period Ending 09/30/02

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 10/28/2002 For Period Ending 9/30/2002

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): September 30, 2002

## PINNACLE WEST CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Arizona  
(State or other jurisdiction  
of incorporation)

1-8962  
(Commission  
File Number)

86-0512431  
(IRS Employer  
Identification Number)

400 North Fifth Street, P.O. Box 53999, Phoenix, Arizona 85072-3999  
(Address of principal executive offices) (Zip Code)

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

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

## ITEM 5. OTHER EVENTS

### DIVIDEND INCREASE AND POLICY

On October 23, 2002, the Company's board of directors increased the common dividend by \$0.10 per share per year effective with the dividends payable on December 1, 2002. This increase results in an indicated annual dividend of \$1.70 per share. The Company intends to continue growing the common dividends in the future; such growth will be dependent on a number of factors including, but not limited to, payout ratio trends, free cash flow, and financial market conditions.

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

### (c) EXHIBITS.

EXHIBIT NO.	DESCRIPTION
99.1	Pinnacle West Capital Corporation quarterly consolidated statistical summary (cover page and list of contents).
99.2	Pinnacle West Capital Corporation quarterly consolidated statistical summary for the periods ended September 30, 2002 and 2001.
99.3	Pinnacle West Capital Corporation consolidated statistics by quarter for 2002 (year-to-date).
99.4	Pinnacle West Capital Corporation consolidated statistics by quarter for 2001.
99.5	Pinnacle West Capital Corporation consolidated statistics by quarter for 2000.
99.6	Pinnacle West Capital Corporation consolidated statistics by quarter for 1999.
99.7	Pinnacle West Capital Corporation earnings variance explanations for the periods ended September 30, 2002 and 2001 and condensed consolidated statements of income for the three months, nine months and twelve months ended September 30, 2002 and 2001.
99.8	Glossary of Terms.

## ITEM 9. REGULATION FD DISCLOSURE

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

## **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: October 25, 2002 By: Barbara M. Gomez Barbara M. Gomez Treasurer

**PINNACLE WEST CAPITAL CORPORATION**  
**QUARTERLY CONSOLIDATED STATISTICAL SUMMARY**  
**PERIODS ENDED SEPTEMBER 30, 2002 AND 2001**

**LIST OF CONTENTS**

**2002 THIRD-QUARTER SUMMARY**

**2002 YEAR-TO-DATE**

**2001 BY QUARTER**

**2000 BY QUARTER**

**1999 BY QUARTER**

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

## PINNACLE WEST CAPITAL CORPORATION

QUARTERLY CONSOLIDATED STATISTICAL SUMMARY  
PERIODS ENDED SEPTEMBER 30, 2002 AND 2001

Line	3 MO. ENDED SEPTEMBER 30			9 MO. ENDED SEPTEMBER 30			
	2002	2001	INCR (DECR)	2002	2001	INCR (DECR)	
EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ MILLIONS)							
1	Arizona Public Service	\$ 87	\$ 108	\$ (21)	\$ 183	\$ 242	\$ (59)
2	Pinnacle West Energy	10	13	(3)	12	15	(3)
3	APS Energy Services	7	(3)	10	20	(10)	30
4	SunCor	(1)	2	(3)	9	3	6
5	El Dorado	(15)	--	(15)	(18)	--	(18)
6	Parent Company	13	42	(29)	24	41	(17)
7	Income Before Accounting Change	101	162	(61)	230	291	(61)
8	Cumulative Effect of Change in Accounting - Net of Tax	--	(12)	12	--	(15)	15
9	Net Income	\$ 101	\$ 150	\$ (49)	\$ 230	\$ 276	\$ (46)
EARNINGS PER SHARE BY SUBSIDIARY - DILUTED							
10	Arizona Public Service	\$ 1.02	\$ 1.27	\$ (0.25)	\$ 2.15	\$ 2.85	\$ (0.70)
11	Pinnacle West Energy	0.12	0.16	(0.04)	0.14	0.17	(0.03)
12	APS Energy Services	0.08	(0.03)	0.11	0.24	(0.12)	0.36
13	SunCor	(0.01)	0.03	(0.04)	0.11	0.03	0.08
14	El Dorado	(0.18)	--	(0.18)	(0.22)	--	(0.22)
15	Parent Company	0.16	0.49	(0.33)	0.29	0.50	(0.21)
16	Income Before Accounting Change	1.19	1.92	(0.73)	2.71	3.43	(0.72)
17	Cumulative Effect of Change in Accounting - Net of Tax	--	(0.15)	0.15	--	(0.18)	0.18
18	Net Income	\$ 1.19	\$ 1.77	\$ (0.58)	\$ 2.71	\$ 3.25	\$ (0.54)
19	BOOK VALUE PER SHARE	\$ 31.39	\$ 29.37	\$ 2.02	\$ 31.39	\$ 29.37	\$ 2.02
COMMON SHARES OUTSTANDING - DILUTED (THOUSANDS)							
20	Average	84,797	84,909	(112)	84,859	84,972	(113)
21	End of Period	84,756	84,663	93	84,756	84,663	93
12 MO. ENDED SEPTEMBER 30							
Line		2002	2001	INCR (DECR)			
EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ MILLIONS)							
1	Arizona Public Service	\$ 222	\$ 296	\$ (74)			
2	Pinnacle West Energy	15	14	1			
3	APS Energy Services	21	(19)	40			
4	SunCor	10	6	4			
5	El Dorado	(19)	(5)	(14)			
6	Parent Company	17	42	(25)			
7	Income Before Accounting Change	266	334	(68)			
8	Cumulative Effect of Change in Accounting - Net of Tax	--	(15)	15			
9	Net Income	\$ 266	\$ 319	\$ (53)			
EARNINGS PER SHARE BY SUBSIDIARY - DILUTED							
10	Arizona Public Service	\$ 2.61	\$ 3.48	\$ (0.87)			
11	Pinnacle West Energy	0.18	0.16	0.02			
12	APS Energy Services	0.24	(0.23)	0.47			

13	SunCor	0.11	0.07	0.04
14	El Dorado	(0.22)	(0.06)	(0.16)
15	Parent Company	0.21	0.51	(0.30)
		-----	-----	-----
16	Income Before Accounting Change	3.13	3.93	(0.80)
17	Cumulative Effect of Change in Accounting - Net of Tax	--	(0.18)	0.18
		-----	-----	-----
18	Net Income	\$ 3.13	\$ 3.75	\$ (0.62)
		=====	=====	=====
19	BOOK VALUE PER SHARE	\$ 31.39	\$ 29.37	\$ 2.02
	COMMON SHARES OUTSTANDING - DILUTED (THOUSANDS)			
20	Average	84,851	84,984	(133)
21	End of Period	84,756	84,663	93

See Glossary of Terms. Page 1 of 7



PINNACLE WEST CAPITAL CORPORATION

QUARTERLY CONSOLIDATED STATISTICAL SUMMARY  
PERIODS ENDED SEPTEMBER 30, 2002 AND 2001

Line	3 MO. ENDED SEPTEMBER 30			9 MO. ENDED SEPTEMBER 30		
	2002	2001	INCR (DECR)	2002	2001	INCR (DECR)
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)						
Retail						
22	\$ 337	\$ 328	\$ 9	\$ 734	\$ 735	\$ (1)
23	270	276	(6)	716	733	(17)
24	607	604	3	1,450	1,468	(18)
Wholesale revenue on delivered electricity						
25	3	(10)	13	6	71	(65)
26	99	364	(265)	112	551	(439)
Marketing and trading -- delivered						
27	8	4	4	18	142	(124)
28	5	(5)	10	46	24	22
29	53	51	2	126	300	(174)
30	66	50	16	190	466	(276)
31	168	404	(236)	308	1,088	(780)
Other marketing and trading						
32	(3)	(1)	(2)	2	(18)	20
33	3	(37)	40	(34)	13	(47)
34	22	130	(108)	55	173	(118)
35	22	92	(70)	23	168	(145)
36	6	9	(3)	18	18	--
37	4	6	(2)	10	17	(7)
38	\$ 807	\$ 1,115	\$ (308)	\$ 1,809	\$ 2,759	\$ (950)
ELECTRIC SALES (GWH)						
Retail sales						
39	3,806	3,597	209	8,388	8,185	203
40	3,681	3,724	(43)	9,881	9,993	(112)
41	7,487	7,321	166	18,269	18,178	91
Wholesale electricity delivered						
42	142	(37)	179	334	1,130	(796)
43	1,958	1,847	111	2,346	2,658	(312)
Marketing and trading -- delivered						
44	291	73	218	740	1,132	(392)
45	5,908	3,553	2,355	12,613	8,203	4,410
46	905	267	638	2,406	1,836	569
47	7,104	3,893	3,211	15,759	11,171	4,587
48	9,204	5,703	3,501	18,439	14,959	3,479
49	16,691	13,024	3,667	36,708	33,137	3,570
12 MO. ENDED SEPTEMBER 30						
Line	2002	2001	INCR (DECR)			
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)						
Retail						
22	\$ 914	\$ 907	\$ 7			
23	935	944	(9)			
24	1,849	1,851	(2)			
Wholesale revenue on delivered electricity						
25	8	87	(79)			
26	139	597	(458)			
Marketing and trading -- delivered						
27	24	222	(198)			
28	84	34	50			
29	155	406	(251)			
30	263	662	(399)			
31	410	1,346	(936)			
Other marketing and trading						

32	Realized margins on delivered commodities other than electricity (a)	6	(19)	25
33	Prior period mark-to-market (gains) losses on contracts delivered during current period (a)	(96)	11	(107)
34	Change in mark-to-market for future-period deliveries	57	162	(105)
		-----	-----	-----
32	Total other marketing and trading	(33)	154	(187)
		-----	-----	-----
36	Transmission for others	26	22	4
37	Other miscellaneous services	11	24	(13)
		-----	-----	-----
38	Total electric operating revenues	\$ 2,263	\$ 3,397	\$ (1,134)
		=====	=====	=====
ELECTRIC SALES (GWH)				
Retail sales				
39	Residential	10,537	10,213	324
40	Business	12,952	12,958	(6)
		-----	-----	-----
41	Total retail	23,489	23,171	318
		-----	-----	-----
Wholesale electricity delivered				
42	Traditional contracts	417	1,481	(1,064)
43	Retail load hedge management	2,728	3,360	(632)
Marketing and trading -- delivered				
44	Generation sales other than native load	996	1,852	(856)
45	Electricity trading	16,441	10,292	6,149
46	Other delivered electricity	3,152	2,796	356
		-----	-----	-----
47	Total delivered marketing and trading	20,589	14,940	5,649
		-----	-----	-----
48	Total delivered wholesale electricity	23,734	19,781	3,953
		-----	-----	-----
49	Total electric sales	47,223	42,952	4,271
		=====	=====	=====

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 38 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not revenue recognition. The arithmetic opposites of amounts included in line 33 are included in lines 28 and 32. For example, line 33 shows that a prior-period mark-to-market loss of \$3 million was transferred to "realized" for the third quarter of 2002. Lines 28 and 32 include amounts totaling \$2 million of realized revenues for the third quarter of 2002.

See Glossary of Terms. Page 2 of 7

PINNACLE WEST CAPITAL CORPORATION

QUARTERLY CONSOLIDATED STATISTICAL SUMMARY  
PERIODS ENDED SEPTEMBER 30, 2002 AND 2001

Line	3 MO. ENDED SEPTEMBER 30			9 MO. ENDED SEPTEMBER 30			
	2002	2001	INCR (DECR)	2002	2001	INCR (DECR)	
MARKETING AND TRADING PRETAX GROSS MARGIN ANALYSIS (DOLLARS IN MILLIONS)							
REALIZED AND MARK-TO-MARKET COMPONENTS							
Current Period Effects							
Realized margin on delivered commodities							
Electricity							
50	Generation sales other than native load	\$ 3	\$ 3	\$ --	\$ 5	\$ 77	\$ (72)
51	Other electricity marketing and trading (a)	19	14	5	76	61	15
52	Total electricity	22	17	5	81	138	(57)
53	Other commodities (a)	(3)	(1)	(2)	2	(18)	20
54	Total realized margin	19	16	3	83	120	(37)
Prior-period mark-to-market (gains) losses on contracts delivered during current period							
Electricity (a)							
55	Electricity (a)	(4)	(38)	34	(31)	(2)	(29)
56	Other commodities (a)	6	1	5	(4)	22	(26)
57	Charge related to trading activities with Enron and its affiliates	--	--	--	--	--	--
58	Subtotal	2	(37)	39	(35)	20	(55)
59	Total current period effects (b)	21	(21)	42	48	140	(92)
Change in mark-to-market gains (losses) for future period deliveries (b)							
61	Electricity	25	126	(101)	62	178	(116)
61	Other commodities	(2)	3	(5)	(7)	(5)	(2)
62	Subtotal	23	129	(106)	55	173	(118)
63	Total gross margin	\$ 44	\$ 108	\$ (64)	\$ 103	\$ 313	\$ (210)

Line	12 MO. ENDED SEPTEMBER 30			
	2002	2001	INCR (DECR)	
MARKETING AND TRADING PRETAX GROSS MARGIN ANALYSIS (DOLLARS IN MILLIONS)				
REALIZED AND MARK-TO-MARKET COMPONENTS				
Current Period Effects				
Realized margin on delivered commodities				
Electricity				
50	Generation sales other than native load	\$ 8	\$ 116	\$ (108)
51	Other electricity marketing and trading (a)	132	66	66
52	Total electricity	140	182	(42)
53	Other commodities (a)	6	(19)	25
54	Total realized margin	146	163	(17)
Prior-period mark-to-market (gains) losses on contracts delivered during current period				
Electricity (a)				
55	Electricity (a)	(80)	(5)	(75)
56	Other commodities (a)	(16)	23	(39)
57	Charge related to trading activities with Enron and its affiliates	--	--	--
58	Subtotal	(96)	18	(114)
59	Total current period effects (b)	50	181	(131)
Change in mark-to-market gains (losses) for future period deliveries (b)				
61	Electricity	66	168	(102)
61	Other commodities	(9)	(6)	(3)
62	Subtotal	57	162	(105)
63	Total gross margin	\$ 107	\$ 343	\$ (236)

## FUTURE MARKETING AND TRADING MARK-TO-MARKET REALIZATION

As of September 30, 2002, Pinnacle West had accumulated mark-to-market net gains of \$159 million related to our power marketing and trading activities. We estimate that these gains will be reclassified to realized gains as the underlying commodities are delivered, as follows: remainder of 2002, \$15 million; 2003, \$30 million; 2004, \$34 million; 2005 and thereafter, \$80 million.

---

(a) The net effect on pretax gross margin from realization of prior-period mark-to-market included in line 59 and in line 64 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not earnings recognition. The arithmetic opposites of amounts included in line 55 are included in line 51. The opposites of amounts included in line 56 are included in line 53. For example, line 55 shows that a prior-period mark-to-market gain of \$4 million was transferred to "realized" for the third quarter of 2002. A \$4 million realized gain is included in the \$19 million on line 51 for the third quarter of 2002.

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

See Glossary of Terms. Page 3 of 7

PINNACLE WEST CAPITAL CORPORATION

QUARTERLY CONSOLIDATED STATISTICAL SUMMARY  
PERIODS ENDED SEPTEMBER 30, 2002 AND 2001

Line	3 MO. ENDED SEPTEMBER 30			9 MO. ENDED SEPTEMBER 30			
	2002	2001	INCR (DECR)	2002	2001	INCR (DECR)	
MARKETING AND TRADING PRETAX GROSS MARGIN ANALYSIS (CONTINUED) (DOLLARS IN MILLIONS)							
BY COMMODITY SOLD OR TRADED							
64	Electricity	\$ 43	\$ 105	\$ (62)	\$ 113	\$ 314	\$ (201)
65	Natural gas	3	9	(6)	(1)	(6)	5
66	Coal	1	(2)	3	(2)	14	(16)
67	Emission allowances	(3)	(4)	1	(7)	(9)	2
68	Other	--	--	--	--	--	--
69	Total Gross Margin	\$ 44	\$ 108	\$ (64)	\$ 103	\$ 313	\$ (210)
BY PINNACLE WEST ENTITY							
Parent company marketing and trading division							
70	Generation sales other than native load	\$ 2	\$ --	\$ 2	\$ 3	\$ --	\$ 3
71	Other marketing and trading	30	74	(44)	73	84	(11)
APS							
72	Generation sales other than native load	1	2	(1)	2	76	(74)
73	Other marketing and trading	--	32	(32)	--	153	(153)
Pinnacle West Energy							
74	Generation sales other than native load	--	--	--	--	--	--
75	Other marketing and trading	--	--	--	--	--	--
APS ES							
76	Other marketing and trading	11	--	11	25	--	25
77	Total gross margin before income taxes	\$ 44	\$ 108	\$ (64)	\$ 103	\$ 313	\$ (210)
12 MO. ENDED SEPTEMBER 30							
Line		2002	2001	INCR (DECR)			
MARKETING AND TRADING PRETAX GROSS MARGIN ANALYSIS (CONTINUED) (DOLLARS IN MILLIONS)							
BY COMMODITY SOLD OR TRADED							
64	Electricity	\$ 128	\$ 345	\$ (217)			
65	Natural gas	(4)	(2)	(2)			
66	Coal	(8)	13	(21)			
67	Emission allowances	(9)	(13)	4			
68	Other	--	--	--			
69	Total Gross Margin	\$ 107	\$ 343	\$ (236)			
BY PINNACLE WEST ENTITY							
Parent company marketing and trading division							
70	Generation sales other than native load	\$ 3	\$ --	\$ 3			
71	Other marketing and trading	67	82	(15)			
APS							
72	Generation sales other than native load	5	115	(110)			
73	Other marketing and trading	3	146	(143)			
Pinnacle West Energy							
74	Generation sales other than native load	--	--	--			
75	Other marketing and trading	--	--	--			
APS ES							
76	Other marketing and trading	29	--	29			
77	Total gross margin before income taxes	\$ 107	\$ 343	\$ (236)			

PINNACLE WEST CAPITAL CORPORATION

QUARTERLY CONSOLIDATED STATISTICAL SUMMARY  
PERIODS ENDED SEPTEMBER 30, 2002 AND 2001

Line	3 MO. ENDED SEPTEMBER 30			9 MO. ENDED SEPTEMBER 30			
	2002	2001	INCR (DECR)	2002	2001	INCR (DECR)	
AVERAGE ELECTRIC CUSTOMERS							
Retail customers							
78	Residential	798,590	773,321	25,269	798,424	772,991	25,433
79	Business	100,318	98,874	1,444	99,916	98,054	1,862
80	Total	898,908	872,195	26,713	898,340	871,045	27,295
81	Wholesale customers	67	66	1	67	67	--
82	Total customers	898,975	872,261	26,714	898,407	871,112	27,295
83	Customer Growth (% over prior year)	3.1%	3.7%	(0.6)%	3.1%	3.9%	(0.8)%
RETAIL ELECTRIC SALES (GWH) - WEATHER NORMALIZED							
84	Residential	3,602	3,307	295	8,153	7,548	605
85	Business	3,675	3,618	57	9,841	9,764	77
86	Total	7,277	6,925	352	17,994	17,312	682
RETAIL ELECTRICITY USAGE (KWH/AVERAGE CUSTOMER)							
87	Residential	4,766	4,651	115	10,506	10,590	(84)
88	Business	36,691	37,666	(975)	98,902	101,915	(3,013)
RETAIL ELECTRICITY USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)							
89	Residential	4,510	4,276	234	10,211	9,764	447
90	Business	36,638	36,595	43	98,500	99,580	(1,080)
ELECTRICITY DEMAND (MW)							
91	System peak demand	5,803	5,687	116	5,803	5,687	116
12 MO. ENDED SEPTEMBER 30							
Line		2002	2001	INCR (DECR)			
AVERAGE ELECTRIC CUSTOMERS							
Retail customers							
78	Residential	795,414	770,090	25,324			
79	Business	99,592	97,546	2,046			
80	Total	895,006	867,636	27,370			
81	Wholesale customers	67	67	--			
82	Total customers	895,073	867,703	27,370			
83	Customer Growth (% over prior year)	3.2%	3.9%	(0.7)%			
RETAIL ELECTRIC SALES (GWH) - WEATHER NORMALIZED							
84	Residential	10,282	9,474	808			
85	Business	12,854	12,769	85			
86	Total	23,136	22,243	893			
RETAIL ELECTRICITY USAGE (KWH/AVERAGE CUSTOMER)							
87	Residential	13,247	13,263	(16)			
88	Business	130,056	132,843	(2,787)			
RETAIL ELECTRICITY USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)							

89	Residential	12,927	12,303	624
90	Business	129,066	130,901	(1,835)

ELECTRICITY DEMAND (MW)

91	System peak demand	5,803	5,687	116
----	--------------------	-------	-------	-----

See Glossary of Terms. Page 5 of 7

PINNACLE WEST CAPITAL CORPORATION

QUARTERLY CONSOLIDATED STATISTICAL SUMMARY  
PERIODS ENDED SEPTEMBER 30, 2002 AND 2001

Line	3 MO. ENDED SEPTEMBER 30			9 MO. ENDED SEPTEMBER 30			
	2002	2001	INCR (DECR)	2002	2001	INCR (DECR)	
ENERGY SOURCES (GWH)							
Generation production							
92	Nuclear	2,387	2,320	67	6,885	6,566	319
93	Coal	3,280	3,223	57	8,873	9,369	(496)
94	Gas, oil and other	1,647	1,157	490	2,548	3,420	(872)
95	Total	7,314	6,700	614	18,306	19,355	(1,049)
Purchased power							
96	Firm load	859	1,734	(875)	1,776	2,749	(973)
97	Marketing and trading	8,771	5,667	3,104	17,364	12,698	4,666
98	Total	9,630	7,401	2,229	19,140	15,447	3,693
99	Total energy sources	16,944	14,101	2,843	37,446	34,802	2,644
POWER PLANT PERFORMANCE							
Capacity Factors							
100	Nuclear	100%	97%	3%	97%	92%	5%
101	Coal	87%	85%	2%	79%	84%	(4)%
102	Gas, oil and other	38%	38%	0%	25%	41%	(16)%
103	System average	69%	73%	(4)%	65%	72%	(8)%
Generation Capacity Out of Service and Replaced for Native Load (average MW/day)							
104	Nuclear	12	26	(14)	47	88	(41)
105	Coal	88	129	(41)	184	193	(9)
106	Gas	106	24	82	45	37	8
107	Total	206	179	27	276	319	(42)
108	Generation Fuel Cost (\$/MWh)	\$ 14.84	\$ 13.21	\$ 1.63	\$ 12.99	\$ 17.30	\$ (4.30)
12 MO. ENDED SEPTEMBER 30							
Line		2002	2001	INCR (DECR)			
ENERGY SOURCES (GWH)							
Generation production							
92	Nuclear	8,705	8,644	61			
93	Coal	12,077	12,544	(467)			
94	Gas, oil and other	3,132	4,309	(1,177)			
95	Total	23,914	25,497	(1,583)			
Purchased power							
96	Firm load	1,988	2,845	(857)			
97	Marketing and trading	22,319	16,448	5,871			
98	Total	24,307	19,293	5,014			
99	Total energy sources	48,221	44,790	3,431			
POWER PLANT PERFORMANCE							
Capacity Factors							
100	Nuclear	92%	91%	1%			
101	Coal	81%	84%	(3)%			
102	Gas, oil and other	24%	39%	(15)%			
103	System average	64%	72%	(8)%			
Generation Capacity Out of Service and Replaced for Native Load (average MW/day)							
104	Nuclear	97	102	(5)			
105	Coal	160	192	(32)			
106	Gas	38	33	5			
107	Total	295	327	(32)			
108	Generation Fuel Cost (\$/MWh)	\$ 12.88	\$ 17.07	\$ (4.19)			



PINNACLE WEST CAPITAL CORPORATION

QUARTERLY CONSOLIDATED STATISTICAL SUMMARY  
PERIODS ENDED SEPTEMBER 30, 2002 AND 2001

Line	3 MO. ENDED SEPTEMBER 30			9 MO. ENDED SEPTEMBER 30			
	2002	2001	INCR (DECR)	2002	2001	INCR (DECR)	
ENERGY MARKET INDICATORS (a)							
Electricity Average Daily Spot Prices (\$/MWh)							
On-Peak							
109	Palo Verde	\$ 35.45	\$ 49.80	\$ (14.35)	\$ 30.98	\$ 446.72	\$ (117.92)
110	SP15	\$ 35.55	\$ 45.61	\$ (10.06)	\$ 31.84	\$ 451.57	\$ (118.69)
Off-Peak							
111	Palo Verde	\$ 18.21	\$ 27.22	\$ (9.01)	\$ 18.16	\$ 227.94	\$ (57.82)
112	SP15	\$ 19.54	\$ 28.92	\$ (9.38)	\$ 19.42	\$ 273.50	\$ (71.75)
WEATHER INDICATORS							
Actual							
113	Cooling degree-days	2,647	2,663	(16)	4,477	4,502	(25)
114	Heating degree-days	--	--	--	472	700	(228)
115	Average humidity	27%	31%	(4)%	24%	35%	(11)%
10-Year Averages							
116	Cooling degree-days	2,454	2,454	--	3,983	3,983	--
117	Heating degree-days	--	--	--	591	591	--
118	Average humidity	34%	34%	0%	35%	35%	0%
ECONOMIC INDICATORS							
Building Permits -- Metro Phoenix (b) (d)							
119	Single-family	6,062	5,288	774	23,142	23,239	(97)
120	Multi-family	1,045	1,450	(405)	4,031	7,188	(3,157)
121	Total	7,107	6,738	369	27,173	30,427	(3,254)
Arizona Job Growth (c) (d)							
122	Payroll job growth (% over prior year)	(1.0)%	0.4%	(1.4)%	(1.1)%	1.7%	(2.8)%
123	Unemployment rate (% , seasonally adjusted)	5.9%	4.1%	1.8%	5.9%	4.2%	1.7%

Line	12 MO. ENDED SEPTEMBER 30			
	2002	2001	INCR (DECR)	
ENERGY MARKET INDICATORS (a)				
Electricity Average Daily Spot Prices (\$/MWh)				
On-Peak				
109	Palo Verde	\$ 29.96	\$ 102.07	\$ (72.11)
110	SP15	\$ 30.97	\$ 104.10	\$ (73.13)
Off-Peak				
111	Palo Verde	\$ 18.20	\$ 61.47	\$ (56.12)
112	SP15	\$ 19.67	\$ 74.32	\$ 19.67
WEATHER INDICATORS				
Actual				
113	Cooling degree-days	5,097	4,755	342
114	Heating degree-days	932	1,200	(268)
115	Average humidity	28%	38%	(10)%
10-Year Averages				
116	Cooling degree-days	4,381	4,381	--
117	Heating degree-days	1,026	1,026	--
118	Average humidity	36%	36%	0%
ECONOMIC INDICATORS				
Building Permits -- Metro Phoenix (b) (d)				
119	Single-family	29,382	29,649	(267)
120	Multi-family	4,748	9,140	(4,392)
121	Total	34,130	38,789	(4,659)
Arizona Job Growth (c) (d)				
122	Payroll job growth (% over prior year)	(1.0)%	2.2%	(3.2)%
123	Unemployment rate (% , seasonally adjusted)	5.7%	4.0%	1.7%

Sources:

- (a) This price is an average of daily prices obtained and used with permission from Dow Jones & Company, Inc.
- (b) Arizona Real Estate Center, Arizona State University College of Business
- (c) Arizona Department of Economic Security
- (d) The economic indicators reflect latest available data through periods ending August 2002 and August 2001.



## PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER  
2002

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
		-----	-----	-----	-----	-----	-----
EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ MILLIONS)							
1	Arizona Public Service	\$ 32	\$ 64	\$ 87		\$ 183	\$ (59)
2	Pinnacle West Energy	1	1	10		12	(3)
3	APS Energy Services	2	11	7		20	30
4	SunCor	2	8	(1)		9	6
5	El Dorado	--	(3)	(15)		(18)	(18)
6	Parent Company	17	(6)	13		24	(17)
		-----	-----	-----	-----	-----	-----
7	Income Before Accounting Change	54	75	101		230	(61)
8	Cumulative Effect of Change in Accounting - Net of Tax	--	--	--		--	15
		-----	-----	-----	-----	-----	-----
9	Net Income	\$ 54	\$ 75	\$ 101		\$ 230	\$ (46)
		=====	=====	=====	=====	=====	=====
EARNINGS PER SHARE BY SUBSIDIARY - DILUTED							
10	Arizona Public Service	\$ 0.37	\$ 0.76	\$ 1.02		\$ 2.15	\$ (0.70)
11	Pinnacle West Energy	0.01	0.01	0.12		0.14	(0.03)
12	APS Energy Services	0.03	0.13	0.08		0.24	0.36
13	SunCor	0.02	0.10	(0.01)		0.11	0.08
14	El Dorado	--	(0.04)	(0.18)		(0.22)	(0.22)
15	Parent Company	0.20	(0.07)	0.16		0.29	(0.21)
		-----	-----	-----	-----	-----	-----
16	Income Before Accounting Change	0.63	0.89	1.19		2.71	(0.72)
17	Cumulative Effect of Change in Accounting - Net of Tax	--	--	--		--	0.18
		-----	-----	-----	-----	-----	-----
18	Net Income	\$ 0.63	\$ 0.89	\$ 1.19		\$ 2.71	\$ (0.54)
		=====	=====	=====	=====	=====	=====
19	BOOK VALUE PER SHARE	\$ 30.06	\$ 30.54	\$ 31.39		\$ 31.39	\$ 2.02
COMMON SHARES OUTSTANDING - DILUTED (THOUSANDS)							
20	Average	84,884	84,926	84,797		84,859	(113)
21	End of Period	84,789	84,768	84,756		84,756	93

See Glossary of Terms. Page 1 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

2002

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
	-----	-----	-----	-----	-----	-----
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)						
Retail						
22 Residential	\$ 171	\$ 226	\$ 337		\$ 734	\$ (1)
23 Business	195	251	270		716	(17)
24 Total retail	366	477	607		1,450	(18)
Wholesale revenue on delivered electricity						
25 Traditional contracts	2	1	3		6	(65)
26 Retail load hedge management	2	11	99		112	(439)
Marketing and trading -- delivered						
27 Generation sales other than native load	8	2	8		18	(124)
28 Realized margin on electricity trading	27	14	5		46	22
29 Other delivered electricity (a)	34	39	53		126	(174)
30 Total delivered marketing and trading	69	55	65		190	(276)
31 Total delivered wholesale electricity	73	67	167		308	(780)
Other marketing and trading						
32 Realized margins on delivered commodities other than electricity (a)	4	1	(3)		2	20
33 Prior period mark-to-market (gains) losses on contracts delivered during current period (a)	(22)	(8)	3		(34)	(47)
34 Change in mark-to-market for future-period deliveries	25	1	22		55	(118)
35 Total other marketing and trading	7	(6)	22		23	(145)
36 Transmission for others	6	6	6		18	--
37 Other miscellaneous services	4	2	4		10	(7)
38 Total electric operating revenues	\$ 456	\$ 546	\$ 806		\$ 1,809	\$ (950)
	=====	=====	=====	=====	=====	=====
ELECTRIC SALES (GWH)						
Retail sales						
39 Residential	2,141	2,441	3,806		8,388	203
40 Business	2,771	3,429	3,681		9,881	(112)
41 Total retail	4,912	5,870	7,487		18,269	91
Wholesale electricity delivered						
42 Traditional contracts	71	121	142		334	(796)
43 Retail load hedge management	158	230	1,958		2,346	(312)
Marketing and trading -- delivered						
44 Generation sales other than native load	376	73	291		740	(392)
45 Electricity trading	3,109	3,596	5,908		12,613	4,410
46 Other delivered electricity	727	774	905		2,406	569
47 Total delivered marketing and trading	4,212	4,443	7,104		15,759	4,587
48 Total delivered wholesale electricity	4,441	4,794	9,204		18,439	3,479
49 Total electric sales	9,353	10,664	16,691		36,708	3,570
	=====	=====	=====	=====	=====	=====

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 38 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not revenue recognition. The arithmetic opposites of amounts included in line 33 are included in lines 28 and 32. For example, line 33 shows that a prior-period mark-to-market loss of \$3 million was transferred to "realized" for the third quarter of 2002. Lines 28 and 32 include amounts totaling \$2 million of realized revenues for the third quarter of 2002.

See Glossary of Terms. Page 2 of 7

**PINNACLE WEST CAPITAL CORPORATION**

**CONSOLIDATED STATISTICS BY QUARTER**

2002

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
	-----	-----	-----	-----	-----	-----
MARKETING AND TRADING						
PRETAX GROSS MARGIN ANALYSIS						
(DOLLARS IN MILLIONS)						
REALIZED AND MARK-TO-MARKET COMPONENTS						
Current Period Effects						
Realized margin on delivered commodities						
Electricity						
50						
51	\$ 2	\$ --	\$ 3		\$ 5	\$ (72)
51	33	24	19		76	15
	-----	-----	-----	-----	-----	-----
52	35	24	22		81	(57)
53	4	1	(3)		2	20
	-----	-----	-----	-----	-----	-----
54	39	25	19		83	(37)
	-----	-----	-----	-----	-----	-----
Prior-period mark-to-market (gains) losses on contracts delivered during current period						
55	(26)	(9)	(4)		(31)	(29)
56	(6)	--	6		(4)	(26)
57	--	--	--		--	--
	-----	-----	-----	-----	-----	-----
58	(32)	(9)	2		(35)	(55)
	-----	-----	-----	-----	-----	-----
59	7	16	21		48	(92)
	-----	-----	-----	-----	-----	-----
Change in mark-to-market gains (losses) for future period deliveries (b)						
61	34	10	25		62	(116)
61	(2)	(7)	(2)		(7)	(2)
	-----	-----	-----	-----	-----	-----
62	32	3	23		55	(118)
	-----	-----	-----	-----	-----	-----
63	\$ 40	\$ 19	\$ 44		\$ 103	\$ (210)
	=====	=====	=====	=====	=====	=====

**FUTURE MARKETING AND TRADING MARK-TO-MARKET REALIZATION**

As of September 30, 2002, Pinnacle West had accumulated mark-to-market net gains of \$159 million related to our power marketing and trading activities. We estimate that these gains will be reclassified to realized gains as the underlying commodities are delivered, as follows: remainder of 2002, \$15 million; 2003, \$30 million; 2004, \$34 million; 2005 and thereafter, \$80 million.

(a) The net effect on pretax gross margin from realization of prior-period mark-to-market included in line 59 and in line 64 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not earnings recognition. The arithmetic opposites of amounts included in line 55 are included in line 51. The opposites of amounts included in line 56 are included in line 53. For example, line 55 shows that a prior-period mark-to-market gain of \$4 million was transferred to "realized" for the third quarter of 2002. A \$4 million realized gain is included in the \$19 million on line 51 for the third quarter of 2002.

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

See Glossary of Terms. Page 3 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

2002

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
	-----	-----	-----	-----	-----	-----
MARKETING AND TRADING						
PRETAX GROSS MARGIN ANALYSIS (CONTINUED)						
(DOLLARS IN MILLIONS)						
BY COMMODITY SOLD OR TRADED						
64	Electricity	\$ 45	\$ 25	\$ 43	\$ 113	\$(201)
65	Natural gas	(5)	1	3	(1)	5
66	Coal	(1)	(2)	1	(2)	(16)
67	Emission allowances	1	(5)	(3)	(7)	2
68	Other	--	--	--	--	--
69	Total gross margin	\$ 40	\$ 19	\$ 44	\$ 103	\$(210)
		=====	=====	=====	=====	=====
BY PINNACLE WEST ENTITY						
Parent company marketing and trading division						
70	Generation sales other than native load	\$ 1	\$ --	\$ 2	\$ 3	\$ 3
71	Other marketing and trading	34	9	30	73	(11)
APS						
72	Generation sales other than native load	1	--	1	2	(74)
73	Other marketing and trading	--	--	--	--	(153)
Pinnacle West Energy						
74	Generation sales other than native load	--	--	--	--	--
75	Other marketing and trading	--	--	--	--	--
APS ES						
76	Other marketing and trading	4	10	11	25	25
77	Total gross margin before income taxes	\$ 40	\$ 19	\$ 44	\$ 103	\$(210)
		=====	=====	=====	=====	=====

See Glossary of Terms. Page 4 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER  
2002

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
	-----	-----	-----	-----	-----	-----
AVERAGE ELECTRIC CUSTOMERS						
Retail customers						
78 Residential	801,000	795,681	798,590		798,424	25,433
79 Business	99,335	100,096	100,318		99,916	1,862
80 Total	900,335	895,777	898,908		898,340	27,295
81 Wholesale customers	67	67	67		67	--
82 Total customers	900,402	895,844	898,975		898,403	27,295
	=====	=====	=====	=====	=====	=====
83 Customer Growth (% over prior year)	3.2%	3.2%	3.1%		3.1%	(0.8)%
RETAIL ELECTRIC SALES (GWH) - WEATHER NORMALIZED						
84 Residential	2,164	2,387	3,602		8,153	605
85 Business	2,774	3,392	3,675		9,841	77
86 Total	4,938	5,779	7,277		17,994	682
	=====	=====	=====	=====	=====	=====
RETAIL ELECTRICITY USAGE (KWH/AVERAGE CUSTOMER)						
87 Residential	2,673	3,068	4,766		10,506	(84)
88 Business	27,896	34,258	36,691		98,902	(3,013)
RETAIL ELECTRICITY USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)						
89 Residential	2,702	3,000	4,510		10,211	447
90 Business	27,926	33,886	36,638		98,500	(1,080)
ELECTRICITY DEMAND (MW)						
91 System peak demand	3,921	5,425	5,803		5,803	116

See Glossary of Terms. Page 5 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER  
2002

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
	-----	-----	-----	-----	-----	-----
ENERGY SOURCES (GWH)						
Generation production						
92	Nuclear	2,257	2,242	2,387	6,886	320
93	Coal	2,890	2,703	3,280	8,873	(496)
94	Gas, oil and other	337	564	1,647	2,548	(872)
95	Total	5,484	5,509	7,314	18,307	(1,048)
Purchased power						
96	Firm load	429	846	859	1,776	(973)
97	Marketing and trading	3,993	4,599	8,771	17,364	4,666
98	Total	4,422	5,445	9,630	19,140	3,693
99	Total energy sources	9,906	10,954	16,944	37,447	2,645
POWER PLANT PERFORMANCE						
Capacity Factors						
100	Nuclear	96%	95%	100%	97%	5%
101	Coal	78%	72%	87%	79%	(4)%
102	Gas, oil and other	12%	20%	38%	25%	(16)%
103	System average	62%	62%	69%	65%	(8)%
Generation Capacity Out of Service and Replaced for Native Load (average MW/day)						
104	Nuclear	62	66	12	47	(41)
105	Coal	184	279	88	184	(9)
106	Gas	12	18	106	45	8
107	Total	258	363	206	276	(42)
108	Generation Fuel Cost (\$/MWh)	\$ 11.57	\$ 11.89	\$ 14.84	\$ 12.99	\$ (4.30)

See Glossary of Terms. Page 6 of 7



**PINNACLE WEST CAPITAL CORPORATION**

**CONSOLIDATED STATISTICS BY QUARTER**

2002

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	YEAR-TO-DATE	INCREASE (DECREASE) VS PRIOR YTD
	-----	-----	-----	-----	-----	-----
ENERGY MARKET INDICATORS (a)						
Electricity Average Daily Spot Prices (\$/MWh)						
On-Peak						
109	\$ 26.86	\$ 30.65	\$ 35.45		\$ 30.98	\$ (117.92)
110	\$ 28.46	\$ 31.51	\$ 35.55		\$ 31.84	\$ (118.69)
Off-Peak						
111	\$ 22.17	\$ 14.10	\$ 18.21		\$ 18.16	\$ (57.82)
112	\$ 22.76	\$ 15.95	\$ 19.54		\$ 19.42	\$ (71.75)
WEATHER INDICATORS						
Actual						
113	89	1,741	2,647		4,477	(25)
114	472	--	--		472	(228)
115	28%	16%	27%		24%	(11)%
10-Year Averages						
116	71	1,458	2,454		3,983	--
117	556	35	--		591	--
118	45%	25%	34%		35%	0%
ECONOMIC INDICATORS						
Building Permits -- Metro Phoenix (b) (d)						
119	7,514	6,456	6,062		23,142	(97)
120	985	662	1,045		4,031	(3,157)
121	8,499	7,118	7,107		27,173	(3,254)
	=====	=====	=====	=====	=====	=====
Arizona Job Growth (c) (d)						
122	(1.7)%	(1.1)%	(1.0)%		(1.1)%	(2.8)%
123	5.9%	5.7%	5.9%		5.9%	1.7%

**Sources:**

- (a) This price is an average of daily prices obtained and used with permission from Dow Jones & Company, Inc.
- (b) Arizona Real Estate Center, Arizona State University College of Business
- (c) Arizona Department of Economic Security
- (d) The economic indicators reflect latest available data through periods ending August 2002 and August 2001.

See Glossary of Terms. Page 7 of 7

## PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER  
2001

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	INCREASE (DECREASE) VS PRIOR YEAR
		-----	-----	-----	-----	-----	-----
EARNINGS CONTRIBUTION BY SUBSIDIARY (\$ MILLIONS)							
1	Arizona Public Service	\$ 65	\$ 70	\$ 108	\$ 39	\$ 282	\$ (25)
2	Pinnacle West Energy	--	1	13	3	17	19
3	APS Energy Services	(8)	--	(3)	--	(11)	2
4	SunCor	--	--	2	1	3	(8)
5	El Dorado	1	--	--	--	1	(1)
6	Parent Company	4	(4)	42	(7)	35	38
		-----	-----	-----	-----	-----	-----
7	Income Before Accounting Change	62	67	162	36	327	25
8	Cumulative Effect of Change in Accounting - Net of Tax	(3)	--	(12)	--	(15)	(15)
		-----	-----	-----	-----	-----	-----
9	Net Income	\$ 59	\$ 67	\$ 150	\$ 36	\$ 312	\$ 10
		=====	=====	=====	=====	=====	=====
EARNINGS PER SHARE BY SUBSIDIARY - DILUTED							
10	Arizona Public Service	\$ 0.76	\$ 0.82	\$ 1.27	\$ 0.46	\$ 3.30	\$ (0.31)
11	Pinnacle West Energy	--	0.02	0.16	0.04	0.21	0.24
12	APS Energy Services	(0.10)	--	(0.03)	--	(0.12)	0.04
13	SunCor	0.01	--	0.03	0.01	0.04	(0.10)
14	El Dorado	0.01	--	--	--	--	(0.02)
15	Parent Company	0.05	(0.05)	0.49	(0.09)	0.42	0.44
		-----	-----	-----	-----	-----	-----
16	Income Before Accounting Change	0.73	0.79	1.92	0.42	3.85	0.29
17	Cumulative Effect of Change in Accounting - Net of Tax	(0.03)	--	(0.15)	--	(0.17)	(0.17)
		-----	-----	-----	-----	-----	-----
18	Net Income	\$ 0.70	\$ 0.79	\$ 1.77	\$ 0.42	\$ 3.68	\$ 0.12
		=====	=====	=====	=====	=====	=====
19	BOOK VALUE PER SHARE	\$ 28.83	\$ 28.17	\$ 29.37	\$ 29.46	\$ 29.46	\$ 1.37
COMMON SHARES OUTSTANDING - DILUTED (THOUSANDS)							
20	Average	84,966	85,042	84,909	84,824	84,930	(5)
21	End of Period	84,718	84,713	84,663	84,724	84,724	9

See Glossary of Terms. Page 1 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER  
2001

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	INCREASE (DECREASE) VS PRIOR YEAR
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)						
Retail						
22 Residential	\$ 173	\$ 234	\$ 328	\$ 180	\$ 915	\$ 34
23 Business	199	258	276	219	952	17
24 Total retail	372	492	604	399	1,867	51
Wholesale revenue on delivered electricity						
25 Traditional contracts	26	55	(10)	2	73	(48)
26 Retail load hedge management	5	182	364	27	578	17
Marketing and trading -- delivered						
27 Generation sales other than native load	87	51	4	6	148	32
28 Realized margin on electricity trading	12	17	(5)	38	62	6
29 Other delivered electricity (a)	111	138	51	29	329	87
30 Total delivered marketing and trading	210	206	50	73	539	125
31 Total delivered wholesale electricity	241	443	404	102	1,190	94
Other marketing and trading						
32 Realized margins on delivered commodities other than electricity (a)	(5)	(12)	(1)	4	(14)	(5)
33 Prior period mark-to-market (gains) losses on contracts delivered during current period (a)	6	5	(37)	(51)	(1)	1
34 Change in mark-to-market for future-period deliveries	47	35	130	(9)	127	113
32 Total other marketing and trading	48	28	92	(56)	112	109
36 Transmission for others	4	5	9	8	26	11
37 Other miscellaneous services	6	5	6	1	18	(9)
38 Total electric operating revenues	\$ 671	\$ 973	\$ 1,115	\$ 454	\$ 3,213	\$ 256
ELECTRIC SALES (GWH)						
Retail sales						
39 Residential	2,121	2,467	3,597	2,149	10,334	553
40 Business	2,824	3,445	3,724	3,071	13,064	310
41 Total retail	4,945	5,912	7,321	5,220	23,398	863
Wholesale electricity delivered						
42 Traditional contracts	569	598	(37)	83	1,214	(396)
43 Retail load hedge management	75	736	1,847	382	3,040	(3,634)
Marketing and trading -- delivered						
44 Generation sales other than native load	623	436	73	256	1,388	(106)
45 Electricity trading	2,291	2,359	3,553	3,828	12,031	2,772
46 Other delivered electricity	759	810	267	746	3,659	698
47 Total delivered marketing and trading	3,673	3,605	3,893	4,830	17,078	3,364
48 Total delivered wholesale electricity	4,318	4,939	5,703	5,295	21,332	(666)
49 Total electric sales	9,263	10,851	13,024	10,515	44,730	197

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 38 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not revenue recognition. The arithmetic opposites of amounts included in line 33 are included in lines 29 and 32. For example, line 33 shows that a prior-period mark-to-market gain of \$1 million was transferred to "realized" for the total year 2001. Lines 29 and 32 include amounts totaling \$1 million of realized revenues for the year 2001.

See Glossary of Terms. Page 2 of 7

**PINNACLE WEST CAPITAL CORPORATION**

**CONSOLIDATED STATISTICS BY QUARTER**

2001

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

**FUTURE MARKETING AND TRADING MARK-TO-MARKET REALIZATION**

As of December 31, 2001, Pinnacle West had accumulated mark-to-market net gains of \$138.0 million related to our power marketing and trading activities. We estimate that these gains will be reclassified to realized gains as the underlying commodities are delivered, as follows: 2002, \$43.0 million; 2003, \$22.6 million; 2004, \$23.6 million; 2005 and thereafter, \$48.8 million.

(a) The net effect on pretax gross margin from realization of prior-period mark-to-market included in line 59 and in line 63 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not earnings recognition. The arithmetic opposites of amounts included in line 55 are included in line 51. The opposites of amounts included in line 56 are included in line 53. For example, line 55 shows that a prior-period mark-to-market gain of \$11 million was transferred to "realized" for the total year 2001. A \$11 million realized gain is included in the \$117 million on line 51 for the total year 2001.

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

See Glossary of Terms. Page 3 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER  
2001

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

See Glossary of Terms. Page 4 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

2001

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	INCREASE (DECREASE) VS PRIOR YEAR
----		-----	-----	-----	-----	----	-----
	AVERAGE ELECTRIC CUSTOMERS						
	Retail customers						
78	Residential	775,317	770,335	773,321	786,382	776,339	27,054
79	Business	97,222	98,065	98,874	98,631	98,198	4,070
80	Total	872,539	868,400	872,195	885,013	874,537	31,124
81	Wholesale customers	68	66	66	66	66	(1)
82	Total customers	872,607	868,466	872,261	885,079	874,603	31,123
		=====	=====	=====	=====	=====	=====
83	Customer Growth (% over prior year)	4.0%	3.9%	3.7%	3.2%	3.7%	(0.4)%
	RETAIL ELECTRIC SALES (GWH) - WEATHER NORMALIZED						
84	Residential	2,037	2,204	3,307	2,129	9,677	207
85	Business	2,825	3,321	3,618	3,013	12,777	134
86	Total	4,862	5,525	6,925	5,142	22,454	341
		=====	=====	=====	=====	=====	=====
	RETAIL ELECTRICITY USAGE (KWH/AVERAGE CUSTOMER)						
87	Residential	2,737	3,203	4,651	2,733	13,312	259
88	Business	29,047	35,130	37,666	31,136	133,037	(2,459)
	RETAIL ELECTRICITY USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)						
89	Residential	2,627	2,861	4,276	2,707	12,465	(174)
90	Business	29,057	33,865	36,595	30,548	130,115	(4,202)
	ELECTRICITY DEMAND (MW)						
91	System peak demand	3,661	5,358	5,687	3,898	5,687	209

See Glossary of Terms. Page 5 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

2001

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	INCREASE (DECREASE) VS PRIOR YEAR
	-----	-----	-----	-----	-----	-----
ENERGY SOURCES (GWH)						
Generation production						
92	Nuclear	2,261	1,985	2,320	1,818	8,384 (457)
93	Coal	2,901	3,245	3,223	3,203	12,572 63
94	Gas, oil and other	1,007	1,256	1,157	583	4,003 1,219
		-----	-----	-----	-----	-----
95	Total	6,169	6,486	6,700	5,604	24,959 825
		-----	-----	-----	-----	-----
Purchased power						
96	Firm load	170	845	1,734	212	2,961 446
97	Marketing and trading	3,126	3,905	5,667	4,955	17,653 (1,240)
		-----	-----	-----	-----	-----
98	Total	3,296	4,750	7,401	5,167	20,614 (794)
		-----	-----	-----	-----	-----
99	Total energy sources	9,465	11,236	14,101	10,771	45,573 31
		=====	=====	=====	=====	=====
POWER PLANT PERFORMANCE						
Capacity Factors						
100	Nuclear	96%	84%	97%	76%	88% (5)%
101	Coal	78%	87%	85%	85%	84% 1%
102	Gas, oil and other	39%	46%	38%	20%	37% 10%
103	System average	71%	73%	73%	62%	70% 1%
Generation Capacity Out of Service and Replaced for Native Load (average MW/day)						
104	Nuclear	57	180	26	246	127 47
105	Coal	284	166	129	90	167 13
106	Gas	36	52	24	16	32 10
107	Total	376	398	179	352	326 70
108	Generation Fuel Cost (\$/MWh)	\$19.64	\$19.28	\$13.21	\$12.51	\$16.22 \$ 2.50

See Glossary of Terms. Page 6 of 7

**PINNACLE WEST CAPITAL CORPORATION**

**CONSOLIDATED STATISTICS BY QUARTER  
2001**

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR	INCREASE (DECREASE) VS PRIOR YEAR
	-----	-----	-----	-----	----	-----
ENERGY MARKET INDICATORS (A)						
Electricity Average Daily Spot Prices (\$/MWh)						
On-Peak						
109	\$214.21	\$182.71	\$49.80	\$26.89	\$118.41	\$ 6.98
110	\$219.66	\$186.30	\$45.61	\$28.38	\$119.99	\$12.64
Off-Peak						
111	\$130.40	\$ 70.32	\$27.22	\$18.33	\$61.57	\$ 8.55
112	\$159.80	\$ 84.78	\$28.92	\$20.41	\$73.48	\$12.74
WEATHER INDICATORS						
Actual						
113	106	1,733	2,663	620	5,122	539
114	657	43	--	460	1,160	192
115	50%	25%	31%	39%	36%	2%
10-Year Averages						
116	71	1,458	2,454	398	4,381	--
117	556	35	--	435	1,026	--
118	45%	25%	34%	40%	36%	0%
ECONOMIC INDICATORS						
Building Permits -- Metro Phoenix (b)						
119	8,681	9,270	8,264	6,240	32,455	(54)
120	3,918	1,820	2,514	717	8,969	(1,259)
121	-----	-----	-----	-----	-----	-----
	12,599	11,090	10,778	6,957	41,424	(1,313)
	=====	=====	=====	=====	=====	=====
Arizona Job Growth (c)						
122	Payroll job growth (% over prior year)	2.9%	1.4%	0.2%	(0.9)%	0.9%
123	Unemployment rate (% , seasonally adjusted)	4.1%	4.3%	4.2%	5.4%	4.5%

**Sources:**

- (a) This price is an average of daily prices obtained and used with permission from Dow Jones & Company, Inc.
- (b) Arizona Real Estate Center, Arizona State University College of Business
- (c) Arizona Department of Economic Security

See Glossary of Terms. Page 7 of 7



## PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER  
2000

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

See Glossary of Terms. Page 1 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

2000

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
ELECTRIC OPERATING REVENUES (DOLLARS IN MILLIONS)					
Retail					
22 Residential	\$ 157	\$ 228	\$ 324	\$ 172	\$ 881
23 Business	196	253	275	211	935
24 Total retail	353	481	599	383	1,816
Wholesale revenue on delivered electricity					
25 Traditional contracts	12	18	75	16	121
26 Retail load hedge management	7	36	472	46	561
Marketing and trading -- delivered					
27 Generation sales other than native load	9	13	14	80	116
28 Realized margin on electricity trading	3	11	32	10	56
29 Other delivered electricity (a)	22	55	59	106	242
30 Total delivered marketing and trading	34	79	105	196	414
31 Total delivered wholesale electricity	53	133	652	258	1,096
Other marketing and trading					
32 Realized margins on delivered commodities other than electricity (a)	(5)	1	(4)	(1)	(9)
33 Prior period mark-to-market (gains) losses on contracts delivered during current period (a)	--	--	(17)	(2)	(2)
34 Change in mark-to-market for future-period deliveries	7	25	10	(11)	14
32 Total other marketing and trading	2	26	(11)	(14)	3
36 Transmission for others	3	4	4	4	15
37 Other miscellaneous services	4	8	8	7	27
38 Total electric operating revenues	\$ 415	\$ 652	\$ 1,252	\$ 638	\$ 2,957
ELECTRIC SALES (GWH)					
Retail sales					
39 Residential	1,877	2,370	3,506	2,028	9,781
40 Business	2,736	3,379	3,674	2,965	12,754
41 Total retail	4,613	5,749	7,180	4,993	22,535
Wholesale electricity delivered					
42 Traditional contracts	331	391	537	351	1,610
43 Retail load hedge management	232	585	5,155	702	6,674
Marketing and trading -- delivered					
44 Generation sales other than native load	396	215	163	720	1,494
45 Electricity trading	1,294	1,803	4,073	2,089	9,259
46 Other delivered electricity	735	601	665	960	2,961
47 Total delivered marketing and trading	2,425	2,619	4,901	3,769	13,714
48 Total delivered wholesale electricity	2,988	3,595	10,593	4,822	21,998
49 Total electric sales	7,601	9,344	17,773	9,815	44,533

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 38 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not revenue recognition. The arithmetic opposites of amounts included in line 33 are included in lines 29 and 32. For example, line 33 shows that a prior-period mark-to-market gain of \$2 million was transferred to "realized" for the total year 2000. Lines 29 and 32 include amounts totaling \$2 million of realized revenues for the year 2000.

See Glossary of Terms. Page 2 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

2000

Line ----	1ST QTR -----	2ND QTR -----	3RD QTR -----	4TH QTR -----	TOTAL YEAR -----
MARKETING AND TRADING					
PRETAX GROSS MARGIN ANALYSIS					
(DOLLARS IN MILLIONS)					
REALIZED AND MARK-TO-MARKET COMPONENTS					
Current Period Effects					
Realized margin on delivered commodities					
Electricity					
50	\$ 2	\$ 6	\$ 7	\$ 39	\$ 54
51	3	28	33	5	69
	-----	-----	-----	-----	-----
52	5	34	40	44	123
53	(5)	1	(4)	(1)	(9)
	-----	-----	-----	-----	-----
54	--	35	36	43	114
	-----	-----	-----	-----	-----
Prior-period mark-to-market (gains) losses on contracts delivered during current period (b)					
55	--	--	(18)	(2)	(2)
56	--	--	1	--	--
57	--	--	--	--	--
	-----	-----	-----	-----	-----
58	--	--	(17)	(2)	(2)
	-----	-----	-----	-----	-----
59	--	35	19	41	112
	-----	-----	-----	-----	-----
Change in mark-to-market gains (losses) for future period deliveries (b)					
61	2	27	6	(10)	7
61	5	(2)	4	(1)	7
	-----	-----	-----	-----	-----
62	7	25	10	(11)	14
	-----	-----	-----	-----	-----
63	\$ 7	\$ 60	\$ 29	\$ 30	\$ 126
	=====	=====	=====	=====	=====

(a) The net effect on pretax gross margin from realization of prior-period mark-to-market included in line 59 and in line 63 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not earnings recognition. The arithmetic opposites of amounts included in line 55 are included in line 51. The opposites of amounts included in line 56 are included in line 53. For example, line 55 shows that a prior-period mark-to-market gain of \$2 million was transferred to "realized" for the total year 2000. A \$2 million realized gain is included in the \$69 million on line 51 for the total year 2000.

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

See Glossary of Terms. Page 3 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

2000

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

See Glossary of Terms. Page 4 of 7

**PINNACLE WEST CAPITAL CORPORATION**

**CONSOLIDATED STATISTICS BY QUARTER**

2000

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
	AVERAGE ELECTRIC CUSTOMERS					
	Retail customers					
78	Residential	746,528	742,485	746,742	761,386	749,285
79	Business	92,667	93,343	94,479	96,024	94,128
		-----	-----	-----	-----	-----
80	Total	839,195	835,828	841,221	857,410	843,413
81	Wholesale customers	67	67	67	67	67
		-----	-----	-----	-----	-----
82	Total customers	839,262	835,895	841,288	857,477	843,480
		=====	=====	=====	=====	=====
83	Customer Growth (% over prior year)	4.0%	4.1%	4.1%	4.2%	4.1%
	RETAIL ELECTRIC SALES (GWH) - WEATHER NORMALIZED					
84	Residential	1,933	2,218	3,393	1,926	9,470
85	Business	2,736	3,276	3,626	3,005	12,643
		-----	-----	-----	-----	-----
86	Total	4,669	5,494	7,019	4,931	22,113
		=====	=====	=====	=====	=====
	RETAIL ELECTRICITY USAGE (KWH/AVERAGE CUSTOMER)					
87	Residential	2,514	3,192	4,695	2,664	13,054
88	Business	29,525	36,200	38,887	30,878	135,496
	RETAIL ELECTRICITY USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)					
89	Residential	2,589	2,987	4,544	2,530	12,639
90	Business	29,525	35,096	38,379	31,294	134,317
	ELECTRICITY DEMAND (MW)					
91	System peak demand	3,315	5,095	5,478	4,331	5,478

See Glossary of Terms. Page 5 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

2000

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

See Glossary of Terms. Page 6 of 7

**PINNACLE WEST CAPITAL CORPORATION**

**CONSOLIDATED STATISTICS BY QUARTER**

2000

Line	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
	-----	-----	-----	-----	-----
ENERGY MARKET INDICATORS (A)					
Electricity Average Daily Spot Prices (\$/MWh)					
On-Peak					
109	\$30.52	\$90.49	\$170.40	\$154.33	\$111.44
110	\$31.40	\$82.67	\$152.74	\$162.59	\$107.35
Off-Peak					
111	\$22.97	\$31.91	\$61.48	\$95.72	\$53.02
112	\$24.52	\$32.45	\$66.28	\$119.72	\$60.74
WEATHER INDICATORS					
Actual					
113	71	1,712	2,547	253	4,583
114	459	9	--	500	968
115	37%	23%	29%	46%	34%
10-Year Averages					
116	71	1,458	2,454	398	4,381
117	556	35	--	435	1,026
118	45%	25%	34%	40%	36%
ECONOMIC INDICATORS					
Building Permits -- Metro Phoenix (b)					
119	8,163	9,605	8,331	6,410	32,509
120	3,208	2,651	2,417	1,952	10,228
	-----	-----	-----	-----	-----
121	11,371	12,256	10,748	8,362	42,737
	=====	=====	=====	=====	=====
Arizona Job Growth (c)					
122	4.4%	4.0%	3.9%	3.4%	3.9%
123	4.1%	3.9%	3.8%	3.7%	3.9%

**Sources:**

(a) This price is an average of daily prices obtained and used with permission from Dow Jones & Company, Inc.

(b) Arizona Real Estate Center, Arizona State University College of Business

(c) Arizona Department of Economic Security

See Glossary of Terms. Page 7 of 7

## PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER  
1999

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

See Glossary of Terms. Page 1 of 7



PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

1999

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
ELECTRIC OPERATING REVENUES						
(DOLLARS IN MILLIONS)						
Retail						
22	Residential	\$ 157	\$ 189	\$ 295	\$ 164	\$ 805
23	Business	190	237	269	216	912
		-----	-----	-----	-----	-----
24	Total retail	347	426	564	380	1,717
Wholesale revenue on delivered electricity						
25	Traditional contracts	11	16	21	13	61
26	Retail load hedge management	--	--	108	--	108
Marketing and trading -- delivered						
27	Generation sales other than native load	7	6	6	11	30
28	Realized margin on electricity trading	4	(2)	5	3	10
29	Other delivered electricity (a)	17	22	45	27	111
		-----	-----	-----	-----	-----
30	Total delivered marketing and trading	28	26	56	41	151
		-----	-----	-----	-----	-----
31	Total delivered wholesale electricity	39	42	185	53	320
Other marketing and trading						
32	Realized margins on delivered commodities other than electricity (a)	(1)	--	(2)	5	2
33	Prior period mark-to-market (gains) losses on contracts delivered during current period (a)	--	--	--	--	--
34	Change in mark-to-market for future-period deliveries	--	6	(1)	(4)	1
		-----	-----	-----	-----	-----
32	Total other marketing and trading	(1)	6	(3)	1	3
		-----	-----	-----	-----	-----
36	Transmission for others	3	3	3	3	11
37	Other miscellaneous services	3	4	6	5	18
		-----	-----	-----	-----	-----
38	Total electric operating revenues	\$ 391	\$ 481	\$ 755	\$ 442	\$ 2,069
		=====	=====	=====	=====	=====
ELECTRIC SALES (GWH)						
Retail sales						
39	Residential	1,796	1,939	3,160	1,880	8,775
40	Business	2,664	3,239	3,464	2,932	12,300
		-----	-----	-----	-----	-----
41	Total retail	4,460	5,178	6,624	4,812	21,075
Wholesale electricity delivered						
42	Traditional contracts	309	351	441	321	1,422
43	Retail load hedge management	--	--	631	--	631
Marketing and trading -- delivered						
44	Generation sales other than native load	348	255	171	494	1,566
45	Electricity trading	1,287	1,198	2,165	1,029	5,679
46	Other delivered electricity	902	1,192	2,937	1,664	6,695
		-----	-----	-----	-----	-----
47	Total delivered marketing and trading	2,537	2,645	5,273	3,187	13,940
		-----	-----	-----	-----	-----
48	Total delivered wholesale electricity	2,846	2,996	6,345	3,508	15,993
		-----	-----	-----	-----	-----
49	Total electric sales	7,306	8,174	12,969	8,320	37,068
		=====	=====	=====	=====	=====

(a) The net effect on net electric operating revenues from realization of prior-period mark-to-market included in line 38 is zero. Realization of prior-period mark-to-market relates to cash flow recognition, not revenue recognition. The arithmetic opposites of amounts included in line 33 are included in lines 29 and 32. For example, line 33 shows that a prior-period mark-to-market gain of \$0 million was transferred to "realized" for the total year 1999. Lines 29 and 32 include amounts totaling \$0 million of realized revenues for the year 1999.

See Glossary of Terms. Page 2 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

1999

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

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

See Glossary of Terms. Page 3 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

1999

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

See Glossary of Terms. Page 4 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

1999

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
	AVERAGE ELECTRIC CUSTOMERS					
	Retail customers					
78	Residential	717,540	713,259	717,204	731,092	719,774
79	Business	89,046	89,949	91,076	91,914	90,496
		-----	-----	-----	-----	-----
80	Total	806,586	803,208	808,280	823,006	810,270
81	Wholesale customers	67	67	71	73	70
		-----	-----	-----	-----	-----
82	Total customers	806,653	803,275	808,351	823,079	810,340
		=====	=====	=====	=====	=====
83	Customer Growth (% over prior year)	4.2%	4.3%	4.2%	4.0%	4.2%
	RETAIL ELECTRIC SALES (GWH) - WEATHER NORMALIZED					
84	Residential	1,859	1,952	3,124	1,916	8,851
85	Business	2,669	3,264	3,448	2,886	12,267
		-----	-----	-----	-----	-----
86	Total	4,528	5,216	6,572	4,802	21,118
		=====	=====	=====	=====	=====
	RETAIL ELECTRICITY USAGE (KWH/AVERAGE CUSTOMER)					
87	Residential	2,503	2,719	4,406	2,571	12,191
88	Business	29,928	36,009	38,034	31,899	135,918
	RETAIL ELECTRICITY USAGE - WEATHER NORMALIZED (KWH/AVERAGE CUSTOMER)					
89	Residential	2,591	2,737	4,356	2,621	12,297
90	Business	29,973	36,287	37,858	31,399	135,553
	ELECTRICITY DEMAND (MW)					
91	System peak demand	3,343	4,885	4,935	3,881	4,935

See Glossary of Terms. Page 5 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

1999

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

See Glossary of Terms. Page 6 of 7

PINNACLE WEST CAPITAL CORPORATION

CONSOLIDATED STATISTICS BY QUARTER

1999

Line		1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL YEAR
		-----	-----	-----	-----	-----
ENERGY MARKET INDICATORS (A)						
Electricity Average Daily Spot Prices (\$/MWh)						
On-Peak						
109	Palo Verde	\$21.57	\$29.02	\$38.46	\$33.31	\$30.59
110	SP15	\$21.26	\$27.17	\$35.01	\$33.84	\$29.32
Off-Peak						
111	Palo Verde	\$13.94	\$15.33	\$20.73	\$22.26	\$18.07
112	SP15	\$13.68	\$14.47	\$20.60	\$25.06	\$18.45
WEATHER INDICATORS						
Actual						
113	Cooling degree-days	71	1,312	2,353	589	4,325
114	Heating degree-days	459	112	--	359	930
115	Average humidity	34%	27%	40%	28%	32%
10-Year Averages						
116	Cooling degree-days	71	1,458	2,454	398	4,381
117	Heating degree-days	556	35	--	435	1,026
118	Average humidity	45%	25%	34%	40%	36%
ECONOMIC INDICATORS						
Building Permits -- Metro Phoenix (b)						
119	Single-family	8,873	9,299	8,223	6,855	33,250
120	Multi-family	2,337	2,396	1,861	3,011	9,605
		-----	-----	-----	-----	-----
121	Total	11,210	11,695	10,084	9,866	42,855
		=====	=====	=====	=====	=====
Arizona Job Growth (c)						
122	Payroll job growth (% over prior year)	3.9%	4.4%	4.6%	4.2%	4.3%
123	Unemployment rate (% , seasonally adjusted)	4.4%	4.4%	4.3%	4.3%	4.4%

Sources:

(a) This price is an average of daily prices obtained and used with permission from Dow Jones & Company, Inc.

(b) Arizona Real Estate Center, Arizona State University College of Business

(c) Arizona Department of Economic Security

See Glossary of Terms. Page 7 of 7

**PINNACLE WEST CAPITAL CORPORATION**  
**EARNINGS VARIANCE EXPLANATIONS**  
**FOR PERIODS ENDED SEPTEMBER 30, 2002 AND 2001**

This discussion explains the changes in our earnings for the three, nine and twelve months ended September 30, 2002 and 2001. Consolidated income statements for the three, nine and twelve months ended September 30, 2002 and 2001 follow this discussion. We will file our Quarterly Report on Form 10-Q on or before November 14, 2002. We suggest this section be read in connection with the Pinnacle West Capital Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and the Pinnacle West Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2002 and June 30, 2002. We have reclassified certain prior period amounts to conform to current period presentation. Additional operating and financial statistics and a glossary of terms are available on our website ([www.pinnaclewest.com](http://www.pinnaclewest.com)).

**EARNINGS CONTRIBUTIONS BY SUBSIDIARY AND BUSINESS SEGMENT**

We have two principal business segments (determined by products, services and the regulatory environment), which consist of our regulated retail electricity business, regulated traditional wholesale electricity business and related activities (electric retail segment) and our competitive business activities (marketing and trading segment). Our electric retail business segment includes activities related to electricity transmission and distribution, as well as electricity generation. Our marketing and trading business segment includes activities related to wholesale marketing and trading and APS Energy Services' commodity related energy services. The other amounts primarily include activities related to SunCor and El Dorado.

The following tables summarize net income and segment details for the three, nine and twelve months ended September 30, 2002 and the comparable prior year periods for Pinnacle West and each of our subsidiaries (dollars in millions):

THREE MONTHS ENDED SEPTEMBER 30,	TOTAL		ELECTRIC RETAIL		MARKETING AND TRADING		OTHER	
	2002	2001	2002	2001	2002	2001	2002	2001
Arizona Public Service (a)	\$ 87	\$ 108	\$ 86	\$ 87	\$ 1	\$ 21	\$ --	\$ --
Pinnacle West Energy (a)	10	13	10	13	--	--	--	--
APS Energy Services	7	(3)	--	--	7	(3)	--	--
SunCor	(1)	2	--	--	--	--	(1)	2
El Dorado	(15)	--	--	--	--	--	(15)	--
Parent company	13	42	(8)	(1)	16	43	5	--
Income before accounting change	101	162	88	99	24	61	(11)	2
Cumulative effect of change in accounting net of income taxes (b)	--	(12)	--	(12)	--	--	--	--
Net Income	\$ 101	\$ 150	\$ 88	\$ 87	\$ 24	\$ 61	\$ (11)	\$ 2

NINE MONTHS ENDED SEPTEMBER 30,	TOTAL		ELECTRIC RETAIL		MARKETING AND TRADING		OTHER	
	2002	2001	2002	2001	2002	2001	2002	2001
	-----	-----	-----	-----	-----	-----	-----	-----
Arizona Public Service (a)	\$ 183	\$ 242	\$ 182	\$ 103	\$ 1	\$ 139	\$ --	\$ --
Pinnacle West Energy (a)	12	14	12	14	--	--	--	--
APS Energy Services	20	(10)	--	--	18	(11)	2	1
SunCor	9	3	--	--	--	--	9	3
El Dorado	(18)	--	--	--	--	--	(18)	--
Parent company	24	42	(9)	(5)	30	47	3	--
	-----	-----	-----	-----	-----	-----	-----	-----
Income before accounting change	230	291	185	112	49	175	(4)	4
Cumulative effect of change in accounting net of income taxes (b)	--	(15)	--	(15)	--	--	--	--
	-----	-----	-----	-----	-----	-----	-----	-----
Net Income	\$ 230	\$ 276	\$ 185	\$ 97	\$ 49	\$ 175	\$ (4)	\$ 4
	=====	=====	=====	=====	=====	=====	=====	=====

TWELVE MONTHS ENDED SEPTEMBER 30,	TOTAL		ELECTRIC RETAIL		MARKETING AND TRADING		OTHER	
	2002	2001	2002	2001	2002	2001	2002	2001
	-----	-----	-----	-----	-----	-----	-----	-----
Arizona Public Service (a)	\$ 222	\$ 296	\$ 218	\$ 136	\$ 4	\$ 160	\$ --	\$ --
Pinnacle West Energy (a)	15	14	15	14	--	--	--	--
APS Energy Services	21	(19)	--	--	20	(21)	1	2
SunCor	10	6	--	--	--	--	10	6
El Dorado	(19)	(5)	--	--	--	--	(19)	(5)
Parent company	17	42	(11)	(5)	22	48	6	(1)
	-----	-----	-----	-----	-----	-----	-----	-----
Income before accounting change	266	334	222	145	46	187	(2)	2
Cumulative effect of change in accounting net of income taxes (b)	--	(15)	--	(15)	--	--	--	--
	-----	-----	-----	-----	-----	-----	-----	-----
Net Income	\$ 266	\$ 319	\$ 222	\$ 130	\$ 46	\$ 187	\$ (2)	\$ 2
	=====	=====	=====	=====	=====	=====	=====	=====

(a) Consistent with APS' October 2001 ACC filing, APS entered into agreements with its affiliates to buy power. The agreements reflect a price based on the fully-dispatchable dedication of the Pinnacle West Energy generating assets to APS' native load customers.

(b) APS recorded the cumulative effects of a change in accounting for derivatives related to the adoption in 2001 of Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities."



## EARNINGS VARIANCE EXPLANATIONS

Throughout these explanations, we refer to "gross margin." With respect to our electric retail segment and marketing and trading segment, gross margin refers to electric operating revenues less purchased power and fuel costs. In June 2002, the Financial Accounting Standards Board's - Emerging Issues Taskforce (EITF) finalized certain guidance related to energy trading activities in EITF 02-3 "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." The new guidance, which was effective July 1, 2002, required all energy trading activities to be presented on a net basis in revenues and that prior period amounts be restated. We have implemented this presentation change effective in the third quarter of 2002. Real estate gross margin refers to real estate revenues less real estate operations costs. Other gross margin refers to other operating revenues less other operating expenses, which includes El Dorado's investment in NAC International, Inc. (NAC), which we began consolidating on our financial statements in July 2002. It also includes amounts related to APS Energy Services' energy consulting services.

### **OPERATING RESULTS - THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2002 COMPARED WITH THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2001**

Our consolidated net income for the three months ended September 30, 2002 was \$101 million compared with \$150 million for the same period in the prior year. We recognized a \$12 million after-tax loss in the three months ended September 30, 2001 as a cumulative effect of a change in accounting for derivatives, as required by SFAS No. 133.

Our income before accounting change for the three months ended September 30, 2002 was \$101 million compared with \$162 million for the same period in the prior year. The period-to-period decrease was primarily the result of lower earnings contributions from our marketing and trading activities, severance costs of \$25 million pretax recorded in the third quarter of 2002 related to a voluntary workforce reduction and losses at El Dorado primarily related to its investment in its subsidiary, NAC, in the third quarter of 2002. The comparison for marketing and trading activities reflects lower prices in the wholesale power markets in the western United States. The regulated retail comparison was negatively impacted by higher costs for purchased power and gas, weather impacts and the 1.5% electric retail price reduction that took effect July 1, 2002. These factors were offset by lower replacement costs for power plant outages, lower operating costs related to generation reliability, customer growth of 3.1% and higher average usage per customer for the third quarter of 2002.

The major factors that increased (decreased) income before accounting change were as follows (dollars in millions):

	Increase (Decrease)
	-----
Marketing and trading segment gross margin:	
Increase in other realized marketing and trading in the current period primarily due to higher volumes	\$ 3(a)
Change related to prior period mark-to-market gains on contracts delivered during the current period (b)	39(a)
Lower mark-to-market gains for future period deliveries (b)	(106)
	-----
Net decrease in marketing and trading segment gross margin	(64)
	-----
Electric retail segment gross margin:	
Lower replacement power costs for plant outages due to lower market prices and fewer unplanned outages	15
Lower hedge management margin, partially offset by lower purchased power and fuel costs due to lower spot market prices	(14)
Effects of weather on retail sales	(10)
Higher retail sales volumes due to customer growth and higher average usage, excluding weather effects	22
Retail price reduction effective July 1, 2002	(9)
Change in mark-to-market for hedged natural gas and purchased power costs for future period deliveries	(10)
Miscellaneous factors, net	(6)
	-----
Net decrease in electric retail segment gross margin	(12)
	-----
Total decrease in electric retail and marketing and trading segments' gross margins	(76)
Lower other gross margin primarily related to losses recorded on El Dorado's investment in NAC	(13)
Lower operations and maintenance expense primarily related to lower generation reliability costs, partially offset by 2002 severance costs of \$25 million and other costs	6
Higher other expense	(7)
Higher net interest expense primarily due to higher debt balances	(8)
Miscellaneous items, net	(1)
	-----
Decrease in income before income taxes	(99)
Lower income taxes primarily due to lower pretax income	38
	-----
Decrease in income before accounting change	\$ (61)
	=====

(a) Net recognized marketing and trading gains (excluding the effects of generation sales other than native load) increased \$42 million.

(b) Essentially all of our marketing and trading activities are structured activities. This means our portfolio of forward sales positions is economically hedged with a portfolio of forward purchases that protects the economic value of the sales transactions.

## **MARKETING AND TRADING SEGMENT GROSS MARGIN**

Marketing and trading segment revenues were \$54 million lower in the three-month period ended September 30, 2002, compared with the same period in the prior year as a result of:

- \* increased revenues from generation sales other than native load due to higher sales volumes (\$4 million);
- \* increased realized revenues from other realized marketing and trading in the current period primarily due to higher sales volumes (\$10 million);
- \* change in prior period mark-to-market gains on contracts delivered during the current period due to lower unit margins on higher volumes being delivered (\$40 million increase); and
- \* lower mark-to-market gains for future period deliveries primarily as a result of lower market liquidity and lower price volatility, resulting in lower volumes (\$108 million).

Marketing and trading segment purchased power and fuel costs were \$10 million higher in the three-month period ended September 30, 2002, compared to the same period in the prior year as a result of:

- \* increased fuel costs related to generation sales other than native load primarily because of higher sales volumes and higher natural gas prices (\$4 million);
- \* increased purchased power costs related to other realized marketing activities in the current period primarily due to higher sales volumes (\$7 million); and
- \* other miscellaneous factors (\$1 million decrease).

## **ELECTRIC RETAIL SEGMENT GROSS MARGIN**

Revenues related to our regulated retail and wholesale electricity businesses were \$254 million lower in the three-month period ended September 30, 2002, compared with the same period in the prior year as a result of:

- \* decreased revenues related to wholesale sales for retail load hedge management, as a result of lower prices (\$265 million);
- \* decreased retail revenues related to milder weather (\$15 million);
- \* increased retail revenues related to customer growth and higher average usage, excluding weather effects (\$33 million);
- \* decreased retail revenues related to a reduction in retail electricity prices (\$9 million); and
- \* other miscellaneous factors (\$2 million net increase).

Electric retail segment purchased power and fuel costs were \$242 million lower in the three-month period ended September 30, 2002, compared with the same period in the prior year as a result of:

- \* decreased costs related to lower prices for hedged natural gas and purchased power (\$251 million);
- \* decreased costs related to the effects of milder weather on retail sales (\$5 million);

- \* increased costs related to retail sales growth, excluding weather effects (\$11 million);
- \* change in mark-to-market for hedged natural gas and purchased power costs for future period deliveries (\$10 million increase);
- \* decreased replacement power costs for power plant outages due to lower market prices and fewer unplanned nuclear and coal plant outages (\$15 million); and
- \* other miscellaneous factors (\$8 million net increase).

The decrease in other gross margin of \$13 million was primarily due to losses recorded on El Dorado's investment in NAC.

The decrease in operations and maintenance expense of \$6 million was due to lower costs related to generation reliability, plant outages and maintenance costs of \$24 million. These factors were partially offset by severance costs of \$25 million related to a 2002 voluntary workforce reduction and other costs.

Other expense increased \$7 million primarily due to higher net investment losses in the current period and higher miscellaneous non-operating costs.

Interest expense, net of amounts capitalized, increased \$8 million primarily due to higher debt balances.

### **OPERATING RESULTS - NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2002 COMPARED WITH NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2001**

Our consolidated net income for the nine months ended September 30, 2002 was \$230 million compared with \$276 million for the same period in the prior year. We recognized a \$15 million after-tax loss in the nine months ended September 30, 2001 as a cumulative effect of a change in accounting for derivatives, as required by SFAS No. 133.

Our income before accounting change for the nine months ended September 30, 2002 was \$230 million compared with \$291 million for the same period in 2001. The period-to-period decrease was the result of lower earnings contributions from our marketing and trading activities, severance costs of \$25 million pretax recorded in the third quarter of 2002 related to a voluntary workforce reduction, and losses related to El Dorado's investment in NAC, partially offset by increased earnings contributions from our regulated retail electricity and real estate operations. The regulated retail comparison was favorably impacted by lower replacement costs for power plant outages, customer growth and higher average usage per customer, lower costs for purchased power and gas related to lower market prices, and lower generation reliability expenses, partially offset by the effects of milder weather and retail electricity price decreases. The real estate results benefited primarily from more sales activities. The comparison for marketing and trading activities reflects lower volumes and prices in the wholesale power markets in the western United States.

The major factors that increased (decreased) income before accounting change were as follows (dollars in millions):

	Increase (Decrease)
	-----
Marketing and trading segment gross margin:	
Decrease in generation sales other than native load due to lower market prices and resulting lower sales volumes	\$ (72)
Increase in other realized marketing and trading in the current period primarily due to higher unit margins on increased volumes	35(a)
Change in prior period mark-to-market gains on contracts delivered during the current period (b)	(55)(a)
Lower mark-to-market gains for future period deliveries (b)	(118)
	-----
Net decrease in marketing and trading segment gross margin	(210)
	-----
Electric retail segment gross margin:	
Lower replacement power costs for plant outages due to lower market prices and fewer unplanned outages	123
Lower purchased power and fuel costs related to lower prices, net of hedge management sales	2
Effects of weather on retail sales	(21)
Higher retail sales volumes due to 3.1% customer growth and higher average usage, excluding weather effects	37
Retail price reductions effective July 1, 2001 and July 1, 2002	(22)
Change in mark-to-market for hedged natural gas and purchased power costs for future period deliveries	5
Miscellaneous factors, net	(12)
	-----
Net increase in electric retail segment gross margin	112
	-----
Total decrease in electric retail and marketing and trading segments' gross margins	(98)
Higher real estate margin primarily due to increased sales activities	10
Lower other gross margin primarily related to losses recorded on El Dorado's investment in NAC	(13)
Lower operations and maintenance expense primarily related to lower generation reliability costs, partially offset by 2002 severance costs of \$25 million and other costs	17
Lower depreciation and amortization expense primarily due to lower regulatory asset amortization, partially offset by higher depreciation on higher plant balances	8
Lower other income	(9)
Higher other expense	(7)
Higher net interest expense primarily due to higher debt balances, partially offset by lower interest rates	(8)
Miscellaneous factor, net	1
	-----
Decrease in income before income taxes	(99)
Lower income taxes primarily due to lower pretax income	38
	-----
Decrease in income before accounting change	\$ (61)
	=====

(a) Net recognized marketing and trading gains (excluding the effects of generation sales other than native load) decreased \$20 million.

(b) Essentially all of our marketing and trading activities are structured activities. This means our portfolio of forward sales positions is economically hedged with a portfolio of forward purchases that protects the economic value of the sales transactions.

### **MARKETING AND TRADING SEGMENT GROSS MARGIN**

Marketing and trading segment revenues were \$421 million lower in the nine-month period ended September 30, 2002, compared with the same period in the prior year as a result of:

- \* decreased revenues from generation sales other than native load due to lower market prices and resulting lower sales volumes (\$124 million);
- \* decreased revenues from other realized marketing and trading in the current period primarily due to lower prices (\$132 million);
- \* change in prior period mark-to-market gains on contracts delivered during the current period due to higher volumes being delivered (\$47 million decrease); and
- \* lower mark-to-market gains for future period deliveries primarily as a result of lower market liquidity and lower price volatility, resulting in lower volumes (\$118 million).

Marketing and trading segment purchased power and fuel costs were \$211 million lower in the nine-month period ended September 30, 2002, compared with the same period in the prior year as a result of:

- \* decreased fuel costs related to generation sales other than native load primarily because of lower natural gas prices and lower sales volumes (\$52 million);
- \* decreased purchased power costs related to other realized marketing activities in the current period primarily due to lower prices (\$167 million); and
- \* change in prior period mark-to-market fuel costs for current period deliveries (\$8 million net increase).

### **ELECTRIC RETAIL SEGMENT GROSS MARGIN**

Revenues related to our regulated retail and wholesale electricity businesses were \$529 million lower in the nine-month period ended September 30, 2002, compared with the same period in the prior year as a result of:

- \* decreased revenues related to traditional wholesale sales as a result of lower sales volumes and lower prices (\$65 million);
- \* decreased revenues related to wholesale sales for retail load hedge management, as a result of lower prices and lower sales volumes (\$439 million);
- \* decreased retail revenues related to milder weather (\$50 million);
- \* increased retail revenues related to customer growth and higher average usage, excluding weather effects (\$68 million);
- \* decreased retail revenues related to reductions in retail electricity prices (\$22 million); and
- \* other miscellaneous factors (\$21 million net decrease).

Electric retail segment purchased power and fuel costs were \$641 million lower in the nine-month period ended September 30, 2002, compared with the same period in the prior year as a result of:

- \* decreased costs related to traditional wholesale sales as a result of lower sales volumes and lower prices (\$65 million);
- \* decreased costs related to lower prices for hedged natural gas and purchased power (\$441 million);
- \* decreased costs related to the effects of milder weather on retail sales (\$29 million);
- \* increased costs related to retail sales growth, excluding weather effects (\$31 million);
- \* change in mark-to-market for hedged natural gas and purchased power costs for future period deliveries (\$5 million decrease);
- \* decreased replacement power costs for power plant outages due to lower market prices and fewer unplanned nuclear and coal plant outages (\$123 million); and
- \* other miscellaneous factors (\$9 million net decrease).

The increase in real estate gross margin of \$10 million was primarily due to increased sales activities.

The decrease in other gross margin of \$13 million was primarily due to losses recorded on El Dorado's investment in NAC.

The decrease in operations and maintenance expense of \$17 million was primarily due to lower costs related to generation reliability, plant outages and maintenance costs of \$38 million. Operation and maintenance expense was also lower as a result of the reversal of \$4 million of a \$10 million reserve recorded in the prior period for the California energy situation. These decreases were partially offset by severance costs of \$25 million related to a 2002 voluntary workforce reduction and other costs.

The decrease in depreciation and amortization expense of \$8 million primarily related to lower regulatory asset amortization, in accordance with APS' 1999 regulatory settlement, partially offset by increased depreciation on higher plant balances.

Other income decreased \$9 million primarily due to an insurance recovery recorded in the prior period related to environmental remediation costs.

Other expense increased \$7 million primarily due to losses recorded on El Dorado's investments in the current period, partially offset by lower miscellaneous non-operating costs.

Interest expense increased \$8 million primarily due to higher debt balances, partially offset by lower interest rates.

**OPERATING RESULTS - TWELVE-MONTH PERIOD ENDED SEPTEMBER 30, 2002 COMPARED  
WITH TWELVE-MONTH PERIOD ENDED SEPTEMBER 30, 2001**

Our consolidated net income for the twelve months ended September 30, 2002 was \$266 million compared with \$319 million for the same period in the prior year. We recognized a \$15 million after-tax loss in the twelve months ended September 30, 2001 as a cumulative effect of a change in accounting for derivatives, as required by SFAS No. 133.

Our income before accounting change for the twelve months ended September 30, 2002 was \$266 million compared with \$334 million for the same period a year earlier. The period-to-period comparison was lower due to lower earnings contributions from our marketing and trading activities, severance costs of \$25 million pretax recorded in the third quarter of 2002 relating to a voluntary workforce reduction, and losses related to El Dorado's investment in NAC, partially offset by increased earnings contributions from our regulated retail electricity and real estate operations. The regulated retail comparison was favorably impacted by lower replacement costs for power plant outages, lower costs for purchased power and gas related to lower market prices, customer growth and higher average usage per customer, partially offset by the effects of milder weather and retail electricity price decreases. The real estate results benefited primarily from more sales activities. The comparison for marketing and trading activities reflects lower volumes and prices in the wholesale power markets in the western United States.



The major factors that increased (decreased) income before accounting change were as follows (dollars in millions):

	Increase (Decrease)
	-----
Marketing and trading segment gross margin:	
Decrease in generation sales other than native load due to lower market prices and resulting lower sales volumes	\$ (108)
Increase in other realized marketing and trading in the current period primarily due to higher unit margins on increased volumes	91(a)
Change in prior period mark-to-market gains on contracts delivered during the current period (b)	(114)(a)
Lower mark-to-market gains for future period deliveries (b)	(105)
	-----
Net decrease in marketing and trading segment gross margin	(236)
	-----
Electric retail segment gross margin:	
Lower replacement power costs for plant outages due to lower market prices and fewer unplanned outages	148
Lower hedge management margins, partially offset by lower purchased power and fuel costs due to lower market prices	(12)
Effects of milder weather on retail sales	(21)
Higher retail sales volumes due to customer growth and higher average usage, excluding weather effects	39
Retail price reductions effective July 1, 2001 and July 1, 2002	(28)
Change in mark-to-market for hedged natural gas and purchase power costs for future period deliveries	4
Miscellaneous factors, net	(7)
	-----
Net increase in electric retail segment gross margin	123
	-----
Total decrease in electric retail and marketing and trading segments' gross margins	(113)
Higher real estate gross margin primarily due to increased sales activities	12
Lower other gross margin primarily related to losses recorded on El Dorado's investment in NAC	(13)
Lower operations and maintenance expense primarily related to lower generation reliability costs, partially offset by 2002 severance costs of \$25 million and other costs	15
Lower depreciation and amortization primarily due to lower regulatory asset amortization, partially offset by increased depreciation and amortization on higher property, plant and equipment balances	5
Lower other income	(5)
Higher net interest expense primarily due to higher debt balances, partially offset by higher capitalized interest and lower interest rates	(7)
Miscellaneous factors, net	(2)
	-----
Decrease in income before income taxes	(108)
Lower income taxes primarily due to lower income	40
	-----
Decrease in income before accounting change	\$ (68)
	=====

(a) Net marketing and trading gains (excluding the effects of generation sales other than native load) recognized for the current period decreased \$23 million.

(b) Essentially all of our marketing and trading activities are structured activities. This means our portfolio of forward sales positions is economically hedged with a portfolio of forward purchases that protects the economic value of the sales transactions.

### **MARKETING AND TRADING SEGMENT GROSS MARGIN**

Marketing and trading segment revenues were \$586 million lower in the twelve-month period ended September 30, 2002, compared to the same period in the prior year as a result of:

- \* decreased revenues from generation sales other than native load due to lower market prices and resulting lower sales volumes (\$198 million);
- \* decreased revenues from other realized marketing and trading in the current period primarily due to lower prices (\$176 million);
- \* change in prior period mark-to-market gains on contracts delivered during the current period due to higher volumes being delivered (\$107 million decrease); and
- \* lower mark-to-market gains for future period deliveries primarily as a result of lower market liquidity and lower price volatility, resulting in lower volumes (\$105 million).

Marketing and trading segment purchased power and fuel costs were \$350 million lower in the twelve-month period ended September 30, 2002, compared to the same period in the prior year as a result of:

- \* decreased fuel costs related to generation sales other than native load primarily because of lower sales volumes and lower natural gas prices (\$90 million);
- \* decreased purchased power costs related to other realized marketing activities in the current period primarily due to lower prices (\$267 million); and
- \* change in prior period mark-to-market fuel costs for current period deliveries (\$7 million increase).

### **ELECTRIC RETAIL SEGMENT GROSS MARGIN**

Revenues related to our regulated retail and wholesale electricity businesses were \$548 million lower in the twelve-month period ended September 30, 2002, compared to the same period in the prior year as a result of:

- \* decreased revenues related to traditional wholesale sales as a result of lower sales volumes and lower prices (\$79 million);
- \* decreased revenues related to retail load hedge management wholesale sales, as a result of lower sales volumes and lower prices (\$458 million);
- \* decreased retail revenues related to milder weather (\$50 million);
- \* increased retail revenues related to customer growth and higher average usage, excluding weather effects (\$82 million);
- \* decreased retail revenues related to reductions in retail electricity prices (\$28 million); and
- \* other miscellaneous factors (\$15 million net decrease).

Electric retail segment purchased power and fuel costs were \$671 million lower in the twelve-month period ended September 30, 2002, compared with the same period in the prior year as a result of:

- \* decreased costs related to traditional wholesale sales as a result of lower sales volumes and lower prices (\$79 million);
- \* decreased costs related to lower prices for hedged natural gas and purchased power prices (\$446 million);
- \* decreased costs related to the effects of milder weather on retail sales (\$29 million);
- \* increased costs related to retail sales growth, excluding weather effects (\$43 million);
- \* change in mark-to-market for hedged natural gas and purchased power costs for future period deliveries (\$4 million decrease);
- \* decreased replacement power costs for power plant outages due to lower market prices and fewer unplanned outages (\$148 million); and
- \* miscellaneous factors (\$8 million net decrease).

The increase in real estate gross margin of \$12 million was primarily due to increased sales activities.

The decrease in other gross margin of \$13 million was primarily due to losses on El Dorado's investment in NAC.

The decrease in operations and maintenance expense of \$15 million was primarily due to lower costs related to generation reliability, plant outages and maintenance costs of \$37 million. Operations and maintenance expense was also lower as a result of the reversal of \$4 million of a \$10 million reserve recorded in the prior period for the California energy situation, partially offset by severance costs of \$25 million related to a 2002 voluntary workforce reduction and other costs.

The decrease in depreciation and amortization expenses of \$5 million primarily related to lower regulatory asset amortization, in accordance with APS' 1999 regulatory settlement, partially offset by increased depreciation and amortization on higher property, plant and equipment balances.

Other income decreased \$5 million primarily due to an insurance recovery recorded in the prior period related to environmental remediation costs and other costs.

Net interest expense increased \$7 million primarily because of higher debt balances related to our generation expansion program, partially offset by the increase in capitalized interest on our generation expansion program and lower interest rates.

**PINNACLE WEST CAPITAL CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(unaudited)

(in thousands, except per share amounts)

	Three Months Ended September 30,	
	2002	2001
Operating Revenues		
Electric retail segment	\$ 719,361	\$ 973,398
Marketing and trading segment	87,258	141,674
Real estate	45,108	43,024
Other revenues	21,224	2,682
	-----	-----
Total	872,951	1,160,778
	-----	-----
Operating Expenses		
Electric retail segment purchased power and fuel	257,484	499,789
Marketing and trading segment purchased power and fuel	43,361	33,714
Operations and maintenance	144,438	150,916
Real estate operations	44,928	37,803
Depreciation and amortization	108,812	107,932
Taxes other than income taxes	26,757	29,336
Other expenses	34,146	2,536
	-----	-----
Total	659,926	862,026
	-----	-----
Operating Income	213,025	298,752
	-----	-----
Other		
Other income	3,038	1,527
Other expense	(10,713)	(3,603)
	-----	-----
Total	(7,675)	(2,076)
	-----	-----
Interest Expense		
Interest charges	49,465	42,531
Capitalized interest	(11,015)	(12,450)
	-----	-----
Total	38,450	30,081
	-----	-----
Income Before Income Taxes	166,900	266,595
Income Taxes	65,984	104,096
	-----	-----
Income Before Accounting Change	100,916	162,499
Cumulative Effect of a Change in Accounting for Derivatives		
- Net of Income Tax Benefit of \$8,099	--	(12,446)
	-----	-----
Net Income	\$ 100,916	\$ 150,053
	=====	=====
Weighted-Average Common Shares Outstanding - Basic	84,768	84,721
Weighted-Average Common Shares Outstanding - Diluted	84,797	84,909
Earnings Per Weighted-Average Common Share Outstanding		
Income Before Accounting Change - Basic	\$ 1.19	\$ 1.92
Net Income - Basic	1.19	1.77
Income Before Accounting Change - Diluted	1.19	1.91
Net Income - Diluted	1.19	1.77

**PINNACLE WEST CAPITAL CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(unaudited)

(in thousands, except per share amounts)

	Nine Months Ended September 30,	
	2002	2001
Operating Revenues		
Electric retail segment	\$ 1,596,440	\$ 2,125,522
Marketing and trading segment	212,576	633,811
Real estate	155,445	107,813
Other revenues	28,382	5,878
Total	1,992,843	2,873,024
Operating Expenses		
Electric retail segment purchased power and fuel	423,611	1,064,238
Marketing and trading segment purchased power and fuel	109,626	320,855
Operations and maintenance	390,864	408,305
Real estate operations	138,499	101,248
Depreciation and amortization	310,812	318,842
Taxes other than income taxes	81,147	80,101
Other expenses	39,115	4,027
Total	1,493,674	2,297,616
Operating Income	499,169	575,408
Other		
Other income	10,313	18,826
Other expense	(26,782)	(20,108)
Total	(16,469)	(1,282)
Interest Expense		
Interest charges	141,149	129,103
Capitalized interest	(39,143)	(35,404)
Total	102,006	93,699
Income Before Income Taxes	380,694	480,427
Income Taxes	150,656	188,866
Income Before Accounting Change	230,038	291,561
Cumulative Effect of a Change in Accounting for Derivatives		
- Net of Income Tax Benefit of \$9,892	--	(15,201)
Net Income	\$ 230,038	\$ 276,360
Weighted-Average Common Shares Outstanding - Basic	84,768	84,731
Weighted-Average Common Shares Outstanding - Diluted	84,859	84,972
Earnings Per Weighted-Average Common Share Outstanding		
Income Before Accounting Change - Basic	\$ 2.71	\$ 3.44
Net Income - Basic	2.71	3.26
Income Before Accounting Change - Diluted	2.71	3.43
Net Income - Diluted	2.71	3.25

**PINNACLE WEST CAPITAL CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(unaudited)

(in thousands, except per share amounts)

	Twelve Months Ended September 30,	
	2002	2001
Operating Revenues		
Electric retail segment	\$ 2,033,006	\$ 2,581,094
Marketing and trading segment	229,996	816,413
Real estate	216,540	148,519
Other revenues	34,275	6,640
	-----	-----
Total	2,513,817	3,552,666
	-----	-----
Operating Expenses		
Electric retail segment purchased power and fuel	520,236	1,191,788
Marketing and trading segment purchased power and fuel	122,980	473,288
Operations and maintenance	512,654	527,206
Real estate operations	190,713	134,296
Depreciation and amortization	419,873	424,678
Taxes other than income taxes	102,114	103,238
Other expenses	45,463	4,510
	-----	-----
Total	1,914,033	2,859,004
	-----	-----
Operating Income	599,784	693,662
	-----	-----
Other		
Other income	17,903	23,108
Other expense	(40,251)	(38,700)
	-----	-----
Total	(22,348)	(15,592)
	-----	-----
Interest Expense		
Interest charges	187,868	172,265
Capitalized interest	(51,601)	(43,167)
	-----	-----
Total	136,267	129,098
	-----	-----
Income Before Income Taxes	441,169	548,972
Income Taxes	175,325	215,099
	-----	-----
Income Before Accounting Change	265,844	333,873
Cumulative Effect of a Change in Accounting for Derivatives		
- Net of Income Tax Benefit of \$9,892	--	(15,201)
	-----	-----
Net Income	\$ 265,844	\$ 318,672
	=====	=====
Weighted-Average Common Shares Outstanding - Basic	84,746	84,730
Weighted-Average Common Shares Outstanding - Diluted	84,851	84,984
Earnings Per Weighted-Average Common Share Outstanding		
Income Before Accounting Change - Basic	\$ 3.14	\$ 3.94
Net Income - Basic	3.14	3.76
Income Before Accounting Change - Diluted	3.13	3.93
Net Income - Diluted	3.13	3.75

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

Arizona Job Growth	Percentage growth over the prior year in total non-farm payroll employment for the state of Arizona, non-seasonally adjusted.
Building Permits - Metro Phoenix	The number of residential dwellings permitted to be built by authorized agencies in Maricopa County, Arizona. Single-family refers to detached buildings intended to be occupied by one family each. Multi-family permits represent the number of units authorized to be built in condominium, townhouse and apartment complexes.
Capacity Factor	The ratio of the average operating load of an electric power generating unit for a period of time to the capacity rating of the unit during that period.
Change in Mark-To-Market Gains (Losses) For Future-Period Deliveries	The gross margin related to the change in mark-to-market value in the current period of transactions which have been entered into during the current period or prior periods for which the commodities are scheduled for delivery in a future period.
Current Period Effects	The net effect of the total revenue or gross margins realized on delivery of commodities in the period being measured, and the amount of prior-period mark-to-market (gains) losses on contracts delivered during period. The net effect of transferring prior-period mark-to-market to realized does not affect total revenues, gross margin or earnings.
Degree-Days -- Cooling	A measure of temperatures designed to indicate the amount of electricity demand for cooling purposes. Cooling degree-days are calculated by summing the difference between each day's actual average temperature and a base temperature of 65(degree)F for the month. Average temperatures less than the base temperature are ignored.
Degree-Days -- Heating	A measure of temperatures designed to indicate the amount of electricity demand for heating purposes. Heating degree-days are calculated by summing the difference between each day's actual average temperature and a base temperature of 65(degree)F for the month. Average temperatures greater than the base temperature are ignored.

Electricity Marketing and Trading  
- Delivered

All wholesale sales of electricity not accounted for in sales under traditional contracts or retail load hedge management. These sales are made to other electric companies, power marketers, or public entities for the purpose of resale. Measured in gigawatt-hours.

Electricity Spot Prices -- Palo Verde Electricity average daily spot prices at - Off-Peak Palo Verde substation during off-peak hours. It measures electric prices at the producer level and is the result of real time prices used for benchmarking, price comparisons, and establishing price contracts. Measured in dollars per megawatt-hour.

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

- On-Peak

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

Electricity Spot Prices -- SP15  
- Off-Peak

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

Electricity Spot Prices -- SP15  
- On-Peak

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

Generation Capacity Out of Service and Replaced for Native Load

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

Generation Sales Other Than Native Load

Sales of electricity from generation owned by the company that is over and above the amount required to serve retail customers and traditional wholesale contracts.

Generation Production -- Coal

Amount of net energy produced by coal-fueled generators. Measured in gigawatt-hours.



Generation Production -- Gas/Oil/Other	Amount of net energy predominately produced by natural gas and oil-fueled generators. A small amount of energy from hydroelectric and solar power plants is also included. Measured in gigawatt-hours.
Generation Production -- Nuclear	Amount of net energy produced by nuclear-fueled generators. Measured in gigawatt-hours.
Gigawatt-hour (GWH)	A unit of energy equivalent to 1,000 megawatt-hours or 1,000,000 kilowatt-hours.
Marketing and Trading Gross Margin - Pretax	Revenues from marketing and trading activities (other than retail sales, traditional wholesale sales and retail load hedge management) less the costs of the related commodities, with mark-to-market gains or losses, before income taxes.
Marketing and Trading Gross Margin by Commodity -- Pretax	Marketing and trading gross margin, before income taxes, for generation sales other than native load and for sales and purchases of electricity and other commodities by the company in the wholesale market, summarized by the underlying commodities.
Realized and Mark-to-Market Components	Marketing and trading gross margin, before income taxes, for generation sales other than native load and for sales and purchases of electricity and other commodities by the company in the wholesale market, summarized by the period of delivery and whether the margin is realized or mark-to-market. Realized margins relate to commodities that have been delivered. Mark-to-market margins relate to commodities that have delivery dates in future periods.
Mark-To-Market	Adjustments to revenues or costs to recognize value of sales and purchase contracts, for which the commodities are scheduled for delivery in a future period, at current forward wholesale prices.
Megawatt (MW)	One million watts.
Megawatt-hour (MWh)	A unit of energy equivalent to 1,000 kilowatt-hours.

Prior Period Mark-To-Market (Gains) Losses on Contracts Delivered During Current Period	The reversal of the gross margin related to mark-to-market transactions entered into in prior periods for which the commodities were delivered in the current period. Realization of prior-period mark-to-market relates to cash flow recognition, not revenue recognition or earnings recognition, because in accordance with mark-to-market accounting, the margin was already recorded in the prior period. A negative amount shown in this category represents the arithmetic opposite of a gain recognized in the period in which the commodities were delivered; an equal positive amount is reflected in the realized revenue or margin for delivered commodities. A positive amount shown in this category represents the arithmetic opposite of a loss recognized in the period in which the commodities were delivered; an equal negative amount is reflected in the realized revenue or margin for delivered commodities.
Purchased Power - Firm Load	Power purchased from wholesale market sources used to serve regulated retail demand and traditional wholesale contracts. Measured in gigawatt-hours.
Purchased Power - Marketing and Trading	Power purchased from wholesale market sources used to serve marketing and trading sales not served by company-owned generation. Measured in gigawatt-hours.
Realized Margin on Delivered Commodities	Marketing and trading gross margin related to electricity and other commodities that were delivered in the then-current period.
Retail Customer Growth	Percentage growth over the prior year in the number of retail customers.
Retail Electricity Usage	Total retail sales for a period divided by the average retail customers for the same period. Measured in kilowatt-hours per average customer.
Retail Load Hedge Management	Wholesale sales to liquidate electricity purchases originally intended to meet firm load during peak times, which purchases were not needed ultimately for firm load. These sales are made to other electric companies, power marketers, or public entities for the purpose of resale. Measured in gigawatt-hours.
Retail Sales	Sales of electricity made directly to retail customers or ultimate customers. Residential retail sales are sales to households. Business retail sales include commercial, industrial, irrigation, and streetlighting sales. Measured in gigawatt-hours.

System Peak Demand	The demand for electricity during the one hour of highest use each month. Measured in megawatts.
Traditional Contracts	Wholesale sales resulting from unique cost-based, long-term contracts held by the company with various entities for the supply of electricity at agreed-upon prices.
Weather Normalized	Adjusted to exclude the effects of abnormal weather patterns.

---

**End of Filing**

Powered By **EDGAR**  
Online

© 2005 | EDGAR Online, Inc.