

PINNACLE WEST CAPITAL CORP

FORM 11-K (Annual Report of Employee Stock Plans)

Filed 06/30/97 for the Period Ending 12/31/96

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 11-K

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED EFFECTIVE OCTOBER 7, 1996].

For the fiscal year ended December 31, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission file number 1-8962

The Savings Plan for Employees of

Pinnacle West Capital Corporation

Pinnacle West Capital Corporation

(Name of issuer)

400 E. Van Buren Street

P. O. Box 52132

Phoenix, Arizona 85072-2132

(Address of issuer's principal executive office)

**THE SAVINGS PLAN FOR EMPLOYEES
OF ARIZONA PUBLIC SERVICE COMPANY,**

**THE SAVINGS PLAN FOR UNION EMPLOYEES OF
ARIZONA PUBLIC SERVICE COMPANY**

AND

**THE SAVINGS PLAN FOR EMPLOYEES OF
PINNACLE WEST CAPITAL CORPORATION**

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INDEPENDENT AUDITORS' REPORT

Arizona Public Service Company
Phoenix, Arizona

We have audited the accompanying combined statements of net assets available for benefits of The Savings Plan for Employees of Arizona Public Service Company, The Savings Plan for Union Employees of Arizona Public Service Company and The Savings Plan for Employees of Pinnacle West Capital Corporation (the "Plans") as of December 31, 1996 and 1995, and the related combined statements of changes in net assets available for benefits for each of the three years in the period ended December 31, 1996. These combined financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the net assets available for benefits of the Plans as of December 31, 1996 and 1995, and the changes in net assets available for benefits for each of the three years in the period ended December 31, 1996 in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The supplemental combining information by fund is presented for the purpose of additional analysis of the basic combined financial statements rather than to present information regarding the net assets available for benefits and changes in net assets available for benefits of the individual funds, and is not a required part of the basic financial statements. This supplemental information is the responsibility of the Plans' management. Such supplemental combining information by fund has been subjected to the auditing procedures applied in our audits of the basic combined financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic combined financial statements taken as a whole.

DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Phoenix, Arizona

June 23, 1997

THE SAVINGS PLAN FOR EMPLOYEES OF ARIZONA PUBLIC SERVICE COMPANY, THE SAVINGS PLAN FOR UNION
 EMPLOYEES OF ARIZONA PUBLIC SERVICE COMPANY AND THE SAVINGS PLAN FOR EMPLOYEES OF PINNACLE WEST
 CAPITAL CORPORATION

 COMBINED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS WITH SUPPLEMENTAL COMBINING INFORMATION
 DECEMBER 31, 1996

	SUPPLEMENTAL COMBINING INFORMATION				
	COMBINED	PINNACLE WEST STOCK FUND	INDEX FUND	FIXED INCOME FUND	AGGRESSIVE EQUITY FUND
ASSETS:					
Investments at fair value except for Fixed Income Fund that is at contract value which approximates fair value (cost, Pinnacle West Stock Fund, \$67,839,594; Index Fund, \$43,143,965; Fixed Income Fund, \$52,542,392; Aggressive Equity Fund, \$33,506,467; International Equity Fund, \$3,159,997; Lifestyle Conservative Fund, \$1,297,857; Lifestyle Moderate Fund, \$3,483,624; Lifestyle Aggressive Fund, \$2,496,232; Participant Loan Feature, \$18,564,771)	\$ 306,635,785	\$ 114,661,023	\$ 73,255,751	\$ 52,542,392	\$ 36,879,918
Temporary investments (at cost which approximates fair value)	15,173,420	1,703,669		13,469,751	
Interest receivable	336,604	6,821		329,783	
Total assets	322,145,809	116,371,513	73,255,751	66,341,926	36,879,918
LIABILITIES:					
Interfund transfers and other liabilities	543,692	534,074	9,070	(14,520)	(19,464)
NET ASSETS AVAILABLE FOR BENEFITS	\$ 321,602,117	\$ 115,837,439	\$ 73,246,681	\$ 66,356,446	\$ 36,899,382

SUPPLEMENTAL COMBINING INFORMATION						
BALANCED FUND	INTERNATIONAL EQUITY FUND	LIFESTYLE CONSERVATIVE FUND	LIFESTYLE MODERATE FUND	LIFESTYLE AGGRESSIVE FUND	PARTICIPANT LOAN FEATURE	
ASSETS:						
Investments at fair value except for Fixed Income Fund that is at contract value which approximates fair value (cost,						
Pinnacle West Stock Fund, \$67,839,594;						
Index Fund, \$43,143,965;						
Fixed Income Fund, \$52,542,392;						
Aggressive Equity Fund, \$33,506,467;						
International Equity Fund, \$3,159,997;						
Lifestyle Conservative Fund, \$1,297,857;						
Lifestyle Moderate Fund, \$3,483,624;						
Lifestyle Aggressive Fund, \$2,496,232;						
Participant Loan Feature, \$18,564,771)						
\$	\$ 3,269,793	\$ 1,284,840	\$ 3,574,423	\$ 2,602,874	\$ 18,564,771	
Temporary investments (at cost which approximates fair value)						
Interest receivable						
Total assets						
	3,269,793	1,284,840	3,574,423	2,602,874	18,564,771	
LIABILITIES:						
Interfund transfers and other liabilities						
	860		(2,820)	943	35,549	
NET ASSETS AVAILABLE FOR BENEFITS						
\$	\$ 3,268,933	\$ 1,284,840	\$ 3,577,243	\$ 2,601,931	\$ 18,529,222	

See notes to combined financial statements.

THE SAVINGS PLAN FOR EMPLOYEES OF ARIZONA PUBLIC SERVICE COMPANY, THE SAVINGS PLAN FOR UNION
 EMPLOYEES OF ARIZONA PUBLIC SERVICE COMPANY AND THE SAVINGS PLAN FOR EMPLOYEES OF PINNACLE WEST
 CAPITAL CORPORATION

 COMBINED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS WITH SUPPLEMENTAL COMBINING INFORMATION
 DECEMBER 31, 1995

	SUPPLEMENTAL COMBINING INFORMATION			
	COMBINED	PINNACLE WEST STOCK FUND	INDEX FUND	FIXED INCOME FUND
	-----	-----	-----	-----
ASSETS:				
Investments at fair value except for Fixed Income Fund that is at contract value which approximates fair value (cost, Pinnacle West Stock Fund, \$68,736,455; Index Fund, \$33,262,541; Fixed Income Fund, \$63,401,164; Aggressive Equity Fund, \$17,706,804; Balanced Fund, \$5,881,302; Participant Loan Feature, \$16,679,670)	\$ 266,911,402	\$ 107,739,786	\$ 52,227,708	\$ 63,401,164
Temporary investments (at cost which approximates fair value)	1,626,939	1,505,568		121,371
Contributions receivable	1,103,604	432,779	230,289	229,659
Interest receivable	310,179	8,634		301,545
	-----	-----	-----	-----
Total assets	269,952,124	109,686,767	52,457,997	64,053,739
	-----	-----	-----	-----
LIABILITIES:				
Interfund transfers and other liabilities	872,875	406,947	(99,811)	189,814
	-----	-----	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 269,079,249	\$ 109,279,820	\$ 52,557,808	\$ 63,863,925
	=====	=====	=====	=====

 SUPPLEMENTAL COMBINING INFORMATION

	AGGRESSIVE EQUITY FUND	BALANCED FUND	PARTICIPANT LOAN FEATURE
	-----	-----	-----
ASSETS:			
Investments at fair value except for Fixed Income Fund that is at contract value which approximates fair value (cost, Pinnacle West Stock Fund, \$68,736,455; Index Fund, \$33,262,541; Fixed Income Fund, \$63,401,164; Aggressive Equity Fund, \$17,706,804; Balanced Fund, \$5,881,302; Participant Loan Feature, \$16,679,670)	\$ 20,693,479	\$ 6,169,595	\$ 16,679,670
Temporary investments (at cost which approximates fair value)			
Contributions receivable	162,733	48,144	
Interest receivable			
Total assets	20,856,212	6,217,739	16,679,670
LIABILITIES:			
Interfund transfers and other liabilities	77,954	34,016	263,955
NET ASSETS AVAILABLE FOR BENEFITS	\$ 20,778,258	\$ 6,183,723	\$ 16,415,715

See notes to combined financial statements.

THE SAVINGS PLAN FOR EMPLOYEES OF ARIZONA PUBLIC SERVICE COMPANY, THE SAVINGS PLAN FOR UNION
EMPLOYEES OF ARIZONA PUBLIC SERVICE COMPANY AND THE SAVINGS PLAN FOR EMPLOYEES OF PINNACLE WEST
CAPITAL CORPORATION

COMBINED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS WITH SUPPLEMENTAL COMBINING INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 1996

	SUPPLEMENTAL COMBINING INFORMATION					
	COMBINED	PINNACLE WEST STOCK FUND	INDEX FUND	FIXED INCOME FUND	AGGRESSIVE EQUITY FUND	BALANCED FUND
ADDITIONS TO NET ASSETS						
ATTRIBUTED TO:						
Investment income (Note 1):						
Dividends	\$ 6,557,131	\$ 3,761,585			\$ 2,322,589	\$ 158,356
Interest income	5,370,324	59,289		\$ 3,747,325		
Income from settlement (Note 3)	957,427	351,831	\$ 154,273	324,919	101,025	
Realized gain on sale of investments	5,832,026	3,180,929	1,977,669		489,947	96,850
Unrealized appreciation (depreciation) of investments (Note 5)	19,357,421	7,818,099	11,146,619		386,776	(288,293)
Total investment income (loss)	38,074,329	15,171,733	13,278,561	4,072,244	3,300,337	(33,087)
Contributions (Note 2):						
Employers	7,225,732	7,225,732				
Participants	22,693,280	3,720,945	6,509,011	5,416,753	5,809,125	627,436
Total contributions	29,919,012	10,946,677	6,509,011	5,416,753	5,809,125	627,436
Total additions	67,993,341	26,118,410	19,787,572	9,488,997	9,109,462	594,349
DEDUCTIONS FROM NET ASSETS						
ATTRIBUTED TO:						
Benefit payments	15,425,820	8,533,725	1,863,410	3,741,062	669,266	128,928
Administrative expenses	44,653	3,444	8,217	30,082	1,975	935
Interfund transfers		11,023,622	(2,772,928)	3,225,332	(7,682,903)	6,648,209
Total deductions	15,470,473	19,560,791	(901,301)	6,996,476	(7,011,662)	6,778,072
Net increase (decrease)	52,522,868	6,557,619	20,688,873	2,492,521	16,121,124	(6,183,723)
NET ASSETS AVAILABLE FOR BENEFITS:						
Beginning of year	269,079,249	109,279,820	52,557,808	63,863,925	20,778,258	6,183,723
End of year	\$321,602,117	\$ 115,837,439	\$73,246,681	\$ 66,356,446	\$ 36,899,382	\$

	SUPPLEMENTAL COMBINING INFORMATION				
	INTERNATIONAL EQUITY FUND	LIFESTYLE CONSERVATIVE FUND	LIFESTYLE MODERATE FUND	LIFESTYLE AGGRESSIVE FUND	PARTICIPANT LOAN FEATURE
ADDITIONS TO NET ASSETS					
ATTRIBUTED TO:					
Investment income (Note 1):					
Dividends	\$ 109,897	\$ 42,362	\$ 77,063	\$ 85,279	\$ 1,563,710
Interest income					
Income from settlement (Note 3)	6,662	1,980	8,351	8,386	
Realized gain on sale of investments	1,454	552	74,490	10,135	
Unrealized appreciation (depreciation) of investments (Note 5)	109,796	(13,017)	90,799	106,642	
Total investment income (loss)	227,809	31,877	250,703	210,442	1,563,710
Contributions (Note 2):					
Employers					
Participants	163,786	32,290	199,787	214,147	
Total contributions	163,786	32,290	199,787	214,147	
Total additions	391,595	64,167	450,490	424,589	1,563,710
DEDUCTIONS FROM NET ASSETS					
ATTRIBUTED TO:					
Benefit payments	12,741	264	83,506	15,224	377,694
Administrative expenses					
Interfund transfers	(2,890,079)	(1,220,937)	(3,210,259)	(2,192,566)	(927,491)
Total deductions	(2,877,338)	(1,220,673)	(3,126,753)	(2,177,342)	(549,797)
Net increase (decrease)	3,268,933	1,284,840	3,577,243	2,601,931	2,113,507
NET ASSETS AVAILABLE FOR					
BENEFITS:					
Beginning of year					16,415,715
End of year	\$ 3,268,933	\$ 1,284,840	\$ 3,577,243	\$ 2,601,931	\$ 18,529,222

See notes to combined financial statements.

THE SAVINGS PLAN FOR EMPLOYEES OF ARIZONA PUBLIC SERVICE COMPANY, THE SAVINGS PLAN FOR UNION
EMPLOYEES OF ARIZONA PUBLIC SERVICE COMPANY AND THE SAVINGS PLAN FOR EMPLOYEES OF PINNACLE WEST
CAPITAL CORPORATION

COMBINED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS WITH SUPPLEMENTAL COMBINING INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 1995

	SUPPLEMENTAL COMBINING INFORMATION			
	COMBINED	PINNACLE WEST STOCK FUND	INDEX FUND	FIXED INCOME FUND
	-----	-----	-----	-----
ADDITIONS TO NET ASSETS				
ATTRIBUTED TO:				
Investment income (Note 1):				
Dividends	\$ 4,831,483	\$ 3,548,574		
Interest income	5,117,786	75,680		\$ 3,813,463
Realized gain on sale of investments	2,859,474	1,552,878	\$ 1,161,262	
Unrealized appreciation of investments (Note 5)	47,736,651	32,727,519	11,670,607	
Total investment income	60,545,394	37,904,651	12,831,869	3,813,463
	-----	-----	-----	-----
Contributions (Note 2):				
Employers	6,747,587	6,747,587		
Participants	20,204,098	4,043,616	5,077,110	6,757,160
Total contributions	26,951,685	10,791,203	5,077,110	6,757,160
Total additions	87,497,079	48,695,854	17,908,979	10,570,623
	-----	-----	-----	-----
DEDUCTIONS FROM NET ASSETS				
ATTRIBUTED TO:				
Benefit payments	15,932,169	9,015,731	1,727,992	4,533,469
Administrative expenses	43,968	4,085	3,855	33,552
Interfund transfers		9,646,105	(4,799,352)	6,468,018
Total deductions	15,976,137	18,665,921	(3,067,505)	11,035,039
Net increase (decrease)	71,520,942	30,029,933	20,976,484	(464,416)
	-----	-----	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS:				
Beginning of year	197,558,307	79,249,887	31,581,324	64,328,341
End of year	\$ 269,079,249	\$ 109,279,820	\$ 52,557,808	\$ 63,863,925
	=====	=====	=====	=====

SUPPLEMENTAL COMBINING INFORMATION			
	AGGRESSIVE EQUITY FUND	BALANCED FUND	PARTICIPANT LOAN FEATURE
ADDITIONS TO NET ASSETS			
ATTRIBUTED TO:			
Investment income (Note 1):			
Dividends	\$ 1,084,332	\$ 198,577	\$ 1,228,643
Interest income			
Realized gain on sale of investments	128,349	16,985	
Unrealized appreciation of investments (Note 5)	2,957,516	381,009	
Total investment income	4,170,197	596,571	1,228,643
Contributions (Note 2):			
Employers			
Participants	3,185,022	1,141,190	
Total contributions	3,185,022	1,141,190	
Total additions	7,355,219	1,737,761	1,228,643
DEDUCTIONS FROM NET ASSETS			
ATTRIBUTED TO:			
Benefit payments	345,062	115,316	194,599
Administrative expenses	1,376	1,100	
Interfund transfers	(7,402,443)	(1,475,470)	(2,436,858)
Total deductions	(7,056,005)	(1,359,054)	(2,242,259)
Net increase (decrease)	14,411,224	3,096,815	3,470,902
NET ASSETS AVAILABLE FOR BENEFITS:			
Beginning of year	6,367,034	3,086,908	12,944,813
End of year	\$ 20,778,258	\$ 6,183,723	\$ 16,415,715

See notes to combined financial statements.

THE SAVINGS PLAN FOR EMPLOYEES OF ARIZONA PUBLIC SERVICE COMPANY, THE SAVINGS PLAN FOR UNION
EMPLOYEES OF ARIZONA PUBLIC SERVICE COMPANY AND THE SAVINGS PLAN FOR EMPLOYEES OF PINNACLE WEST
CAPITAL CORPORATION

COMBINED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS WITH SUPPLEMENTAL COMBINING INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 1994

	SUPPLEMENTAL COMBINING INFORMATION			
	COMBINED	PINNACLE WEST STOCK FUND	INDEX FUND	FIXED INCOME FUND
	-----	-----	-----	-----
ADDITIONS TO NET ASSETS				
ATTRIBUTED TO:				
Investment income (Note 1):				
Dividends	\$ 3,381,906	\$ 3,080,527		
Interest income	4,099,965	62,785		\$ 3,513,769
Realized gain (loss) on sale of investments	2,579,519	693,572	\$ 1,885,449	
Unrealized appreciation (depreciation) of investments (Note 5)	(10,965,410)	(9,324,625)	(1,577,228)	
Total investment income (loss)	(904,020)	(5,487,741)	308,221	3,513,769
Contributions (Note 2):				
Employers	6,552,535	6,552,535		
Participants	19,076,462	4,562,379	5,002,389	7,664,070
Total contributions	25,628,997	11,114,914	5,002,389	7,664,070
Total additions	24,724,977	5,627,173	5,310,610	11,177,839
DEDUCTIONS FROM NET ASSETS				
ATTRIBUTED TO:				
Benefit payments	11,620,088	4,787,183	1,690,764	4,816,488
Administrative expenses	66,117	5,216	2,783	57,439
Interfund transfers		5,743,751	6,597,380	7,774,601
Total deductions	11,686,205	10,536,150	8,290,927	12,648,528
Net increase (decrease)	13,038,772	(4,908,977)	(2,980,317)	(1,470,689)
NET ASSETS AVAILABLE FOR BENEFITS:				
Beginning of year	184,519,535	84,158,864	34,561,641	65,799,030
End of year	\$ 197,558,307	\$ 79,249,887	\$ 31,581,324	\$ 64,328,341

SUPPLEMENTAL COMBINING INFORMATION

	AGGRESSIVE EQUITY FUND	BALANCED FUND	PARTICIPANT LOAN FEATURE
	-----	-----	-----
ADDITIONS TO NET ASSETS			
ATTRIBUTED TO:			
Investment income (Note 1):			
Dividends	\$ 248,031	\$ 53,348	\$ 523,411
Interest income			
Realized gain (loss) on sale of investments	4,540	(4,042)	
Unrealized appreciation (depreciation) of investments (Note 5)	29,159	(92,716)	
Total investment income (loss)	----- 281,730 -----	----- (43,410) -----	----- 523,411 -----
Contributions (Note 2):			
Employers			
Participants	1,130,011	717,613	
Total contributions	----- 1,130,011 -----	----- 717,613 -----	
Total additions	----- 1,411,741 -----	----- 674,203 -----	----- 523,411 -----
DEDUCTIONS FROM NET ASSETS			
ATTRIBUTED TO:			
Benefit payments	64,788	70,317	190,548
Administrative expenses		679	
Interfund transfers	(5,020,081)	(2,483,701)	(12,611,950)
Total deductions	----- (4,955,293) -----	----- (2,412,705) -----	----- (12,421,402) -----
Net increase (decrease)	6,367,034	3,086,908	12,944,813
NET ASSETS AVAILABLE FOR BENEFITS:			
Beginning of year			
End of year	\$ 6,367,034 =====	\$ 3,086,908 =====	\$ 12,944,813 =====

See notes to combined financial statements.

**THE SAVINGS PLAN FOR EMPLOYEES
OF ARIZONA PUBLIC SERVICE COMPANY,**

**THE SAVINGS PLAN FOR UNION EMPLOYEES
OF ARIZONA PUBLIC SERVICE COMPANY**

AND

**THE SAVINGS PLAN FOR EMPLOYEES OF
PINNACLE WEST CAPITAL CORPORATION**

NOTES TO COMBINED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The financial statements in this report reflect the combined assets, liabilities and net assets available for benefits of The Savings Plan for Employees of Arizona Public Service Company (the "APS Savings Plan"), The Savings Plan for Union Employees of Arizona Public Service Company (the "APS Union Plan"), and The Savings Plan for Employees of Pinnacle West Capital Corporation (the "Pinnacle West Plan"). The APS Savings Plan, the APS Union Plan, and the Pinnacle West Plan are collectively referred to as the "Plans." The combined financial statements have been prepared on the accrual basis of accounting. Investment transactions are recorded as of the trade date. Dividend income is recorded as of ex-dividend dates. All the outstanding shares of common stock of Arizona Public Service Company ("APS") are owned by Pinnacle West Capital Corporation ("Pinnacle West").

Investments - The Plans consist of a salary reduction arrangement and an employer matching contribution feature. The investment programs for the Plans during 1996 consist of:

Pinnacle West Stock Fund -- The fund consists primarily of common stock of Pinnacle West. The common stock is stated at fair value based on quoted market prices in an active market.

Index Fund -- The fund consists of common stocks maintained by the Trustee (defined below) as part of a comingled fund. The fund is stated at fair value generally based on the last reported sales price on the last business day of the calendar year.

Fixed Income Fund -- The fund consists primarily of several guaranteed investment contracts with varying rates of interest and varying maturities. The fund is stated at contract value which approximates fair value.

Aggressive Equity Fund -- The fund consists primarily of common stocks maintained by Putnam Investments as part of the Putnam Voyager Fund, Class A. The fund is stated at fair value generally based on the last reported sales price on the last business day of the calendar year.

Balanced Fund -- The fund consists of common and preferred stocks and bonds managed by Fidelity Investments as part of the Fidelity Balanced Fund. The fund is stated at fair value generally based on the last reported sales price on the last business day of the calendar year. Effective June 27, 1996, the fund was no longer offered as an investment choice.

International Equity Fund -- The fund consists primarily of stocks outside the United States and maintained by Franklin Templeton as part of the Templeton Foreign Fund. The fund is stated at fair value generally based on the last reported sales price on the last business day of the calendar year. The fund was added as an investment choice effective July 1, 1996. The APS Union Plan does not participate in the International Equity Fund.

Conservative, Moderate and Aggressive Lifestyle Funds -- The funds consist primarily of cash, domestic stocks, international stocks, and domestic bonds and are maintained by the Vanguard Group as part of the Lifestrategy Portfolios: Conservative Growth Portfolio, Moderate Growth Portfolio, and Growth Portfolio. The funds are stated at fair value generally based on the last reported sales price on the last business day of the calendar year. The funds were added as an investment choice effective July 1, 1996. The APS Union Plan does not participate in the Conservative and Aggressive Lifestyle Funds.

Payment of Benefits - Benefits are recorded when paid.

Realized Gain (Loss) and Unrealized Appreciation (Depreciation) Realized gains (losses) are determined based on the average historical cost. Unrealized appreciation (depreciation) is determined based on the fair value of assets at the beginning of the Plan year.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and

the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. DESCRIPTION OF THE PLANS

General - The APS Savings Plan and APS Union Plan (collectively, the "APS Plans") are administered by a committee appointed by the APS Board of Directors. The Pinnacle West Plan is administered by a committee appointed by the Pinnacle West Board of Directors. The Plans are subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). State Street Bank and Trust Company (the "Trustee") is the Trustee for the Plans under a master trust agreement.

Eligibility - All employees of APS and salaried employees of Pinnacle West (collectively, the "Companies" or the "Employer") are eligible to participate in the pre-tax and after-tax features of the Plans upon attaining age 21 and completing thirty-one days of consecutive employment for the APS Plans and thirty days of consecutive employment for the Pinnacle West Plan, and are eligible to participate in the matching feature upon attaining age 21 and completing one year of service. The Pinnacle West Plan allows participation by employees of a company that becomes an affiliate of Pinnacle West if such employees were formerly participants in a certain type of qualified plan sponsored by their employer, regardless of whether they have satisfied the Pinnacle West Plan's other eligibility requirements.

Contributions - Participants in the APS Union Plan may direct APS to contribute any whole percentage from 1% to 10% of the participants' pre-tax base pay as their tax deferred contribution to the Plan. In addition to or in lieu of making tax deferred contributions to the APS Union Plan, participants may elect to make contributions of up to 10% of their after-tax base pay as a voluntary contribution, provided that in no event can the total tax deferred and voluntary contributions made by any participant in any year exceed 16% of his or her base pay. Effective January 1, 1996, the APS Savings Plan and the Pinnacle West Plan were changed to allow employees to contribute up to 16% of their pre-tax base pay and up to 16% of their after-tax base pay, provided that in no event would the total tax deferred and voluntary contributions made by any participant in any year exceed 16% of his or her base pay. Previously, the maximum allowable contribution for participants in the APS Savings Plan and the Pinnacle West Plan were the same as the APS Union Plan. The maximum allowable base pay (\$150,000 in 1996) and tax deferred contribution (\$9,500 in 1996) are linked to the cost of living index and could change on an annual basis.

Prior to March 1, 1995, for the APS Savings Plan and the Pinnacle West Plan, and April 1, 1995, for the APS Union Plan, the Companies contributed to the account of each participant in the Plans' matching feature a minimum amount equal to 30% of such participant's contribution of up to 6% of the participant's pre-tax base pay (defined here as the participant's "required contribution"). Employer contributions were increased (i) by an additional one percent for each one percent increase in Pinnacle West consolidated net income from continuing operations over the prior year

and (ii) by an additional amount determined at the sole discretion of each Company's Board of Directors, up to a total Employer contribution of not more than 50% of participant required contributions. Effective March 1, 1995, for the APS Savings Plan and the Pinnacle West Plan, and April 1, 1995, for the APS Union Plan, Employer contributions were fixed at 50% of the first 6% of an employee's pre-tax contributions. The Employer contributions may be in cash, common stock or other property acceptable to the Trustee.

The Plans allow rollover contributions from another qualified plan or individual retirement rollover account, subject to certain criteria.

Investment Programs - Participants' contributions may be invested in one or more of the following funds: Pinnacle West Stock Fund, Index Fund, Fixed Income Fund, Aggressive Equity Fund, International Equity Fund, Lifestyle Conservative Fund, Lifestyle Moderate Fund, and Lifestyle Aggressive Fund. Participants in the APS Union Plan may not invest in the International Equity Fund, Lifestyle Conservative Fund, or Lifestyle Aggressive Fund. The balance of non-participant-directed contributions and related earnings represents approximately \$68,028,037 and \$58,835,852 of the net assets available for benefits in the Pinnacle West Stock and Fixed Income Funds for 1996 and 1995, respectively.

The Balanced Fund was no longer offered as an investment choice as of June 27, 1996. Employee funds invested in the Balanced Fund were automatically transferred into the Fixed Income Fund on June 27, 1996. Participants had the opportunity to make a one-time special interfund transfer between July 1, 1996 and July 14, 1996, to transfer the funds out of the Fixed Income Fund.

Loan Feature - Participants may borrow money from their pre-tax contributions account, vested Employer contributions account and rollover account (if any). Participants may not borrow against their Employer transfer account or their after-tax contributions accounts.

The minimum participant loan available is \$1,000, and the maximum available is 50% of the participant's vested account balance, up to \$50,000, reduced by the participant's highest outstanding loan balance in the 12-month period ending on the day before the loan is made. Only one loan per participant may be outstanding at any one time. Loan terms range from six months to five years, or up to 15 years for the purchase of a principal residence. An administrative fee is charged to the participant's account for each loan.

The interest rate is determined at the time the loan is requested and is fixed for the life of the loan. The interest rate is the State Street Bank and Trust Company's prime interest rate plus one percent, determined as of the first business day of the month in which the loan is issued. Interest rates for loans issued during 1996 ranged from 9.25% to 9.50%.

Loans are treated as transfers from the participant's investment funds on a pro-rata basis to the Participant Loan Feature. Loan repayments are treated as transfers from the Loan Feature to the participant's investment funds, based on the participant's current investment election. Loan repayments, including interest, are generally made through irrevocable semi-monthly (for the APS Plans) or bi-weekly (for the Pinnacle West Plan) payroll deductions.

Vesting - Each participant is fully vested as to the participant's contribution account (consisting of the participant's contributions and related income and appreciation or depreciation). The participants become vested in their Employer contribution account (consisting of Employer contributions and related income and appreciation or depreciation) in the event of termination of service by death, disability or retirement, upon attaining the age of sixty-five, upon completion of five years of service, upon termination of the Plans, or upon complete discontinuance of Employer contributions; otherwise, participants vest in graduated amounts with 100 percent vesting in five years of Plan participation, beginning with the first Plan year of Employee participation.

Withdrawals and Distributions - A participant may at any time make a full or partial withdrawal of the balance in the participant's after-tax contribution account and rollover contribution account. No withdrawals are permitted from a participant's transfer account. No withdrawals are permitted from the participant's pre-tax contribution account, except under certain limited circumstances relating to financial hardship. If an employee withdraws pre-tax contributions, the only earnings on those contributions that can be withdrawn are those credited prior to 1989. Generally, participants who are fully vested and who have participated in the Plans for five complete Plan years may withdraw the amount in their Employer contribution account. When the participant's employment with the Companies is terminated, the participant generally can elect to receive a distribution, as soon as administratively possible, of the vested portion of his or her Employer contribution account together with the participant's contribution accounts.

Forfeitures - Forfeitures of nonvested Employer contributions will occur upon distribution following termination of employment with the Companies. However, if a former participant again becomes an employee of the Companies prior to the end of the fifth calendar year following the calendar year in which the participant's earlier termination of employment occurred (and, in the case of the APS Plans, only if the participant, upon reemployment, repays in full the amount previously distributed from the APS Plans), the forfeited Employer contributions will be restored to the participant's Employer contribution account. Forfeitures are used to reduce future Employer contributions to the Plans.

Termination of the Plans - It is the Companies' present expectation that these Plans and the payment of Employer contributions will be continued indefinitely. However,

continuance of any feature of the Plans is not assumed as a contractual obligation. The Companies, at their discretion, may terminate their respective plans and distribute net assets. In this event, the balance credited to the accounts of participants at the date of termination shall be fully vested and nonforfeitable.

3. INCOME FROM SETTLEMENT

Pursuant to the settlement of a class action lawsuit, payment was made during 1996 on behalf of certain purchasers of Pinnacle West common stock, and certain participants in the Plans were entitled to receive a portion of the settlement. A settlement check of \$903,751 was deposited into the Lifestyle Moderate Fund on September 20, 1996. Earnings within the Lifestyle Moderate Fund on the settlement distribution were \$53,676. On December 20, 1996, the settlement distribution and related earnings were transferred out of the Lifestyle Moderate Fund and allocated into the respective participant accounts, based on each participant's current election option. If an individual was no longer an employee and had previously received a full distribution of his or her funds from the Plans, a separate check was issued in 1997.

4. INCOME TAX STATUS

The Plans have been determined by the Internal Revenue Service to be qualified plans under the provisions of the Internal Revenue Code. As long as the Plans continue to be so qualified, under present Federal income tax laws and regulations: (a) participants will not be currently taxed on Employer contributions, on their own pre-tax contributions (see Note 2), or on investment earnings on any contributions at the time such investment earnings are received by the Trustee, but will be subject to tax thereon at such time as they receive actual benefits from the Plans; and (b) the Plans will not be taxed on their dividend and interest income or any capital gains realized by them or on any unrealized appreciation of investments.

5. UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS

Changes in unrealized appreciation (depreciation) of investments for each of the three years in the period ended December 31, 1996 were as follows:

	Unrealized Appreciation (Depreciation)		
	Beginning of Year	End of Year	Change
	-----	-----	-----
1996			

Pinnacle West Stock Fund	\$ 39,003,330	\$ 46,821,429	\$ 7,818,099
Index Fund	18,965,167	30,111,786	11,146,619
Aggressive Equity Fund	2,986,675	3,373,451	386,776
Balanced Fund	288,293	0	(288,293)
International Equity Fund	0	109,796	109,796
Lifestyle Conservative Fund	0	(13,017)	(13,017)

Lifestyle Moderate Fund	0	90,799	90,799
Lifestyle Aggressive Fund	0	106,642	106,642
	-----	-----	-----
Total	\$ 61,243,465	\$ 80,600,886	\$ 19,357,421
	=====	=====	=====
1995			

Pinnacle West Stock Fund	\$ 6,275,811	\$ 39,003,330	\$ 32,727,519
Index Fund	7,294,560	18,965,167	11,670,607
Aggressive Equity Fund	29,159	2,986,675	2,957,516
Balanced Fund	(92,716)	288,293	381,009
	-----	-----	-----
Total	\$ 13,506,814	\$ 61,243,465	\$ 47,736,651
	=====	=====	=====
1994			

Pinnacle West Stock Fund	\$ 15,600,436	\$ 6,275,811	\$ (9,324,625)
Index Fund	8,871,788	7,294,560	(1,577,228)
Aggressive Equity Fund	0	29,159	29,159
Balanced Fund	0	(92,716)	(92,716)
	-----	-----	-----
Total	\$ 24,472,224	\$ 13,506,814	\$ (10,965,410)
	=====	=====	=====

6. GUARANTEED INVESTMENT CONTRACTS

Under the contracts, interest rates on guaranteed investment contracts (GICs) vary within the Fixed Income Fund. The contracts have a weighted average crediting interest rate at December 31, 1996, 1995, and 1994 of 6.31%, 6.05%, and 5.94%, respectively. The average yield for 1996 approximated the weighted average crediting interest rate. The crediting interest rates on the GICs may be reset on a quarterly or semi-annual basis, or may be fixed, based on the terms of the contract.

One of the GICs is a managed synthetic investment contract. The fair value of the trust assets related to this contract is \$11,987,668. The contract value of the trust assets is \$11,922,862.

7. BENEFITS PAYABLE

As of December 31, 1996 and 1995, net assets available for benefits included benefits of \$125,711 and \$0, respectively, due to participants who had withdrawn from participation in the Plans.

8. PARTICIPATING EMPLOYEES

As of December 31, 1996 and 1995, the aggregate number of employees participating in the Plans was 5,346 and 5,317, respectively.

9. NET ASSET VALUE PER UNIT

In accordance with the provisions of the Plans, the Trustee maintains separate units of participation in the Plans and related net asset value per unit for the Pinnacle West Stock, Index, Fixed Income, Aggressive Equity, Balanced, International Equity, and Lifestyle Conservative, Moderate and Aggressive Funds. The number of units and related net asset value per unit at December 31 are:

	Net Asset Value Per Unit	Number of Units
	-----	-----
1996		

Pinnacle West Stock Fund	\$ 16.880499	6,862,205
Index Fund	15.263426	4,798,836
Fixed Income Fund	4.969295	13,353,292
Aggressive Equity Fund	66.977409	550,923
International Equity Fund	37.843382	86,381
Lifestyle Conservative	15.979735	80,404
Lifestyle Moderate	21.594078	165,659
Lifestyle Aggressive	27.182799	95,720
1995		

Pinnacle West Stock Fund	\$ 14.766694	7,400,426
Index Fund	12.412044	4,234,420
Fixed Income Fund	4.681795	13,640,906
Aggressive Equity Fund	59.391589	349,852
Balanced Fund	56.305337	109,825

10. RELATED PARTY TRANSACTIONS

Costs of Administration - Substantially all costs of administration of the Plans have been paid by the Companies except for loan administration fees.

Pinnacle West Stock Fund			
	1996	1995	1994
	----	----	----
Shares of Pinnacle West common stock held by the Plans	3,611,371	3,747,471	3,931,354
Employer cash contributions	\$ 7,225,732	\$ 6,747,587	\$ 6,552,535
Investments by the Plans in Pinnacle West common stock	\$ 4,494,219	\$ 3,274,433	\$ 10,533,406
Sales made by the Plans of Pinnacle West common stock	\$ 8,572,009	\$ 7,459,282	\$ 7,339,602
Aggregate cost of Pinnacle West common stock sold	\$ 5,391,080	\$ 5,906,404	\$ 6,646,030
Index Fund			

	1996	1995	1994
	----	----	----
Investments by the Plans in Trustee's Index Fund	\$ 13,147,476	\$11,841,434	\$ 5,251,808
Sales made by the Plans of Trustee's Index Fund	\$ 5,243,720	\$ 3,804,238	\$ 8,197,947
Aggregate cost of Trustee's Index Fund sold	\$ 3,266,052	\$ 2,642,976	\$ 6,312,498

Temporary Investments in Funds Managed by the Trustee

	1996 ----	1995 ----	1994 ----
Investments by the Plans in temporary investment funds	\$ 46,840,277	\$51,411,186	\$44,448,076
Sales made by the Plans of temporary investment funds	\$ 33,293,798	\$55,197,746	\$48,088,440

The temporary investments are bought and sold at par.

Exhibits Filed.

Exhibit No. -----	Description -----
23.1	Independent Auditors' Consent

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of

1934, the Administrative Committee of the Pinnacle West Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**THE SAVINGS PLAN FOR EMPLOYEES OF
PINNACLE WEST CAPITAL CORPORATION**
(Name of Plan)

DATE: June 25, 1997

By: /s/ Faye Widenmann

*Faye Widenmann
Vice President
and Member of the Administrative*

Committee of the Pinnacle West Plan

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Post-Effective Amendment No. 2 to Registration Statement No. 33-10442 of Pinnacle West Capital Corporation on Form S-8 of our report dated June 23, 1997, appearing in this Annual Report on Form 11-K of The Savings Plan for Employees of Pinnacle West Capital Corporation for the year ended December 31, 1996.

DELOITTE & TOUCHE LLP

Phoenix, Arizona

June 25, 1997

End of Filing

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