

PINNACLE WEST CAPITAL CORP

FORM DEF 14A (Proxy Statement (definitive))

Filed 04/07/00 for the Period Ending 05/17/00

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

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Filed 4/7/2000 For Period Ending 5/17/2000

Address	400 NORTH FIFTH STREET . PHOENIX, Arizona 85004
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:
 Preliminary Proxy Statement Confidential, For Use of the
 Definitive Proxy Statement Commission Only (as permitted
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 Soliciting Material Pursuant to
Rule 14a-11(c) or Rule 14a-12

PINNACLE WEST CAPITAL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.
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1) Title of each class of securities to which transaction applies:

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

PINNACLE WEST CAPITAL CORPORATION

Post Office Box 52132

PHOENIX, ARIZONA 85072-2132

**NOTICE AND PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON
WEDNESDAY, MAY 17, 2000**

To Shareholders:

The 2000 annual meeting of shareholders of Pinnacle West Capital Corporation will be held at the Wigwam Resort located at 300 Wigwam Boulevard, in Litchfield Park, Arizona at 10:30 a.m. on Wednesday, May 17, 2000 for the following purposes:

- 1) To elect four Class III Directors, two Class I Directors, and one Class II Director; and
- 2) To act upon a shareholder proposal requesting a report to shareholders; and
- 3) To transact such other business as may properly come before the meeting or any adjournment thereof.

Each of the 84,724,390 shares of the Company's common stock outstanding at the close of business on March 17, 2000 entitles the holder to notice of and to vote at this meeting or any adjournment thereof, but shares can be voted at the meeting only if the holder is present or represented by proxy.

This Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Company's Board of Directors. So far as management is aware, the matters described in this Proxy Statement will be the only ones to be acted upon at the meeting. If any other matters properly come before the meeting or any adjournment thereof, the proxy committee named in the enclosed proxy will vote on those matters in accordance with its judgment.

Shareholders may vote in one of three ways:

* Mark, date, sign and mail promptly the enclosed proxy. A postage-paid envelope is provided for mailing in the United States. OR

* Vote by telephone. Call toll-free 1-877-289-8962 on a touch-tone telephone and follow the instructions on the enclosed proxy. There is NO CHARGE for the call. OR

* Vote by Internet at the following Internet address:
www.proxyvoting.com/pnw

You are entitled to revoke your proxy at any time before it is exercised and vote your shares in person if you attend the meeting.

By order of the Board of Directors

**FAYE WIDENMANN
Vice President and Secretary**

Approximate date of mailing to shareholders:
April 7, 2000

ITEM 1 - ELECTION OF DIRECTORS

The Company's Articles of Incorporation provide for the division of the Board of Directors into three classes of approximately equal size. The term of each directorship is three years and the terms of the three classes are staggered so that only one class is elected by the shareholders annually.

Four Class III directors are to be elected this year to serve as members of the Board of Directors until the annual meeting of shareholders in 2003 or until their successors are elected and qualified. Mr. Snell has advised the Board that he may retire as a director in February 2001. Two Class I directors are to be elected this year to serve as members of the Board of Directors until the annual meeting of shareholders in 2001 or until their successors are elected and qualified. One Class II director is to be elected this year to serve as a member of the Board of Directors until the annual meeting of shareholders in 2002 or until his successor is elected and qualified. Should one or more of the seven nominees listed below become unavailable to serve prior to the meeting date, the proxy committee will vote the shares it represents for the election of such other persons as the Board may recommend unless the Board reduces the number of directors in the affected class.

Directors for all three classes are identified on the following pages. Information given for all directors has been furnished by each of them as of March 17, 2000. The term "APS" refers to Arizona Public Service Company, the Company's largest subsidiary.

NOMINEES

NOMINEES FOR ELECTION TO CLASS III DIRECTORS (TERM TO EXPIRE AT 2003 ANNUAL MEETING)

PAMELA GRANT, 61, has been a director since 1985. She is a civic leader and from July 1989 through January 1995 was President of TableScapes, Inc. (party supply rentals). Ms. Grant was President and CEO of Goldwaters Department Stores (general mercantile), a division of May Department Stores, from January 1987 to April 1988. Prior to that, she was President, Chairman and CEO of Goldwaters Department Stores, a division of Associated Dry Goods, from November 1978 to January 1987.

MARTHA O. HESSE, 57, has been a director since 1991. She is President of Hesse Gas Company. In 1990, Ms. Hesse served as Senior Vice President of First Chicago Corporation (financial services); and from 1986 to 1989, she was Chairman of the Federal Energy Regulatory Commission. She is also a director of Agra, Inc., Laidlaw Inc., Mutual Trust Life Insurance Company, and APS.

WILLIAM S. JAMIESON, JR., 56, has been a director since 1991. Since January 1999, he has been President of the Institute for Servant Leadership of Asheville, North Carolina. Prior to that, he was Vice President of the Institute of Servant Leadership and an Adjunct Member of the Bishop's staff of the Episcopal Diocese of Arizona. Formerly, he was also the Archdeacon of the Episcopal Diocese of Arizona.

RICHARD SNELL, 69, has been a director since 1985. He has been Chairman of the Board of the Company and Chairman of the Board of APS since February 1990. Until February 1999, he was also Chief Executive Officer of the Company and he was Company President until February 1997. He is also a director of Aztar Corporation and Central Newspapers, Inc.

NOMINEES FOR ELECTION TO CLASS I DIRECTORS
(TERM TO EXPIRE AT 2001 ANNUAL MEETING)

ROBERT G. MATLOCK, 66, has been an independent management consultant to various governmental agencies involved in developing nuclear energy resources and to utilities operating nuclear facilities since 1984. He is also a director of APS.

KATHRYN L. MUNRO, 51, has been Chairman of BridgeWest L.L.C. (investment company) since February 1999. From 1996 to 1998, Ms. Munro served as CEO of Bank of America's Southwest Banking Group, and was President of Bank of America Arizona from 1994 to 1996. Prior to her Arizona appointment with Bank of America, Ms. Munro served as Executive Vice President and Manager of the Retail Systems and Services Division of Seafirst Bank in Seattle, Washington, since 1993. Ms. Munro is also a director of APS, Central Newspapers, Inc., Flow International Corporation, and Sun Community Bancorp.

NOMINEES FOR ELECTION TO CLASS II DIRECTORS
(TERM TO EXPIRE AT 2002 ANNUAL MEETING)

BRUCE J. NORDSTROM, 50, has been a certified public accountant at the firm of Nordstrom and Associates, P.C., Flagstaff, Arizona, since 1988. He is also a director of APS.

DIRECTORS CONTINUING IN OFFICE

CLASS I DIRECTORS (TERM TO EXPIRE AT 2001 ANNUAL MEETING)

ROY A. HERBERGER, JR., 57, has been a director since 1992. He has been President of Thunderbird, The American Graduate School of International Management, since 1989. Mr. Herberger is also a director of MicroAge, Inc.

HUMBERTO S. LOPEZ, 54, has been a director since May 1995. He is President of HSL Properties (real estate development and investment), Tucson, Arizona. Mr. Lopez is also a director of Bank of Tucson, Sun Community Bancorp and Nevada Community Bancorp.

CLASS II DIRECTORS (TERM TO EXPIRE AT 2002 ANNUAL MEETING)

EDWARD N. BASHA, JR., 62, has been a director since 1999. He is Chairman of the Board of Bashas' supermarket chain and an Arizona civic leader dedicated to multiple community projects. He is also a director of Samaritan Health Services and the Arizona Ecumenical Foundation.

MICHAEL L. GALLAGHER, 55, has been a director since 1999. He is an attorney-at-law and President of Gallagher & Kennedy, P.A., Phoenix, Arizona. Mr. Gallagher is also a director of APS and the Omaha World-Herald Company, and he is a Trustee of the Peter Kiewit Foundation.

WILLIAM J. POST, 49, has been a director since February 1997. He has served as an officer of the Company since 1995 in the following capacities: From August 1999 to present as President and Chief Executive Officer; from February 1999 to August 1999 as CEO; from February 1997 to February 1999 as President; and from June 1995 to February 1997 as Executive Vice President. Mr. Post is also CEO and a director of APS and has held various officer positions at APS since 1982. He is also a director of Blue Cross-Blue Shield of Arizona and Nuclear Electric Insurance, Ltd. (NEIL).

CERTAIN SECURITIES OWNERSHIP

As of March 17, 2000 (except as described in Footnote 4 below), shares of the Company's common stock beneficially owned by the indicated persons or groups were as follows:

	SHARES BENEFICIALLY OWNED (1)	PERCENT OF CLASS (2)
	-----	-----
DIRECTORS AND NOMINEES		
Edward N. Basha (3)	2,225	
Michael L. Gallagher (3)	1,691	
Pamela Grant	28,300	
Roy A. Herberger, Jr. (3)	6,200	
Martha O. Hesse	17,882	
William S. Jamieson, Jr. (3)	5,615	
Humberto S. Lopez (3)	21,991	
Robert G. Matlock (3)	1,549	
Kathryn L. Munro	350	
Bruce J. Nordstrom	2,889	
William J. Post	254,753	
Richard Snell	489,085	
OTHER OFFICERS NAMED ON PAGE 11		
Jack E. Davis (3)	89,374	
Armando B. Flores (3)	42,585	
James M. Levine	58,694	
William L. Stewart (3)	85,211	
ALL DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS AS A GROUP (26 PERSONS) (3)	1,439,648	1.69%
5% BENEFICIAL OWNERS (4)		
Capital Research and Management Company 333 South Hope Street Los Angeles, California 90071	6,400,000	7.6%
Wellington Management Company, LLP 75 State Street Boston, Massachusetts 02109	8,528,338	10.1%

(1) Includes shares which may be acquired by the exercise of stock options within 60 days as follows: 61,500 for Mr. Davis; 21,750 for Mr. Flores; 24,500 for Ms. Grant; 14,000 for Ms. Hesse; 33,000 for Mr. Levine; 217,500 for Mr. Post; 20,000 for Mr. Snell; 45,667 for Mr. Stewart; and 669,895 for all directors and officers as a group. In the case of officers, this also includes shares of restricted stock and vested shares in the Company's employees' savings plan as of February 8, 2000.

(2) Except as otherwise noted, common stock beneficially owned does not exceed one percent (1%) of the outstanding common stock.

(3) Includes in the cases of Mr. Basha, 2,225 shares held in joint tenancy with his wife; Mr. Davis, 13,256 shares held in joint tenancy with his wife; Mr. Flores, 1,568 shares held in joint tenancy with his wife; Mr. Gallagher, 1,691 shares held in joint tenancy with his wife; Mr. Herberger, 3,700 shares held in joint tenancy with his wife; Mr. Jamieson, 2,115 shares held in a family trust in which voting power is shared; Mr. Lopez, 10,491 shares held in a family trust in which voting power is shared; Mr. Matlock, 482 shares held in joint tenancy with his wife; Mr. Stewart, 23,618 shares held in joint tenancy with his wife; and the group, 99,747 shares as to which voting or investment power is shared with others.

(4) Capital Research and Management Company's Schedule 13G filing with the Securities and Exchange Commission as of February 10, 2000, reported sole dispositive power as to 6,400,000 shares. Wellington Management Company's amended Schedule 13G filed with the Securities and Exchange Commission as of February 9, 2000, reported beneficial ownership of 8,528,338 shares with shared voting power as to 3,498,382 shares and shared dispositive power as to 8,528,138 shares. The Company believes these filings reported stock ownership as of December 31, 1999. The Company makes no representations as to the accuracy or completeness of such information.

THE BOARD AND ITS COMMITTEES

The full Board of Directors met 13 times during 1999. No director attended fewer than 75% of the meetings of the full Board and of the committees on which he or she served.

The Audit Committee of the Board reviews the performance and independence of the Company's independent accounting firm, makes an annual recommendation to the full Board with respect to the appointment of the firm for the following year, approves the scope of the work to be performed, and solicits and reviews the firm's recommendations. The Committee also consults with the Company's internal audit group and periodically reviews the relationship among that group, management of the Company and its subsidiaries, and its independent accountants. The Committee met 3 times in 1999; its members were Ms. Hesse (Chairman), Messrs. Basha, Herberger, Jamieson and Lopez.

The Human Resources Committee makes recommendations to the full Board with respect to prospective Board members and officers and with respect to executive salaries, bonuses and benefits. (See page 19 for the procedures for proposing nominations to the Board.) The Committee also makes stock option and restricted stock grants, and regularly reviews the Company's policies in all of the foregoing areas. Its report on executive compensation policy follows, and its members are identified at the end of that report. The Committee met 8 times in 1999.

Outside directors receive an annual retainer consisting of \$12,000 cash and 500 shares of Pinnacle West common stock. To receive the 500 shares a director is required to own 500 shares in advance of his or her first year on the board, and that ownership requirement increases by 500 shares annually until it reaches 2,500 shares. Outside directors also receive \$900 for each board meeting attended and \$700 for each committee meeting attended. The Chairman of the Board also receives a \$200,000 annual payment for his responsibilities.

The Company has a directors' retirement plan which provides, with certain exceptions, to outside directors over the age of 65, upon their retirement from the Board, an annual payment of \$12,000. The length of time to which an outside director is entitled to receive this benefit is limited to the number of years he or she served on the Board prior to age 65.

HUMAN RESOURCES COMMITTEE REPORT

THE COMMITTEE'S RESPONSIBILITIES

The Pinnacle West Human Resources Committee, composed solely of outside directors (the "Committee"), is responsible for compensation decisions regarding Pinnacle West executive officers. The APS Human Resources Committee (the "APS Committee") initially is responsible for salary and bonus decisions for Messrs. Davis, Levine and Stewart (who are APS officers). However, the Committee reviews the APS Committee's compensation decisions and is responsible for all stock-based compensation.

BACKGROUND

The Committee's overall compensation philosophy is to attract, retain, and reward qualified individuals critical to Pinnacle West's success; reinforce Pinnacle West's objectives through the use of performance-based compensation; and promote long-term ownership of Pinnacle West stock to more closely align the interests of Pinnacle West's executive officers with those of its shareholders.

In general, the Committee concentrates on two main types of compensation. One is annual cash compensation, consisting of salary and bonuses. Bonuses are awarded only when certain performance objectives are met. The second type is long-term equity compensation. This includes stock options and restricted stock. The value of these awards depends on Pinnacle West's performance as reflected in future stock values.

The objective of the compensation philosophy is to be competitive within a broad industry group. As the utility industry continues to move toward competitive business organizations similar to general industry, the Committee considers blends of both utility and general industry to determine competitive levels of total compensation. Consistent with past practice, during 1999 the Committee met with an outside consultant and reviewed several reports regarding the compensation program for Pinnacle West's and APS' executive officers. The consultant provided the Committee with compensation information for the electric utility and general industry groups, adjusted for size. The Committee formulated its views about the responsibilities, skills, expertise, and performance of Pinnacle West's executive officers, with input from Mr. Post as to performances other than his own, and applied these views to the information provided by the consultant and the APS Committee.

ANNUAL COMPENSATION

BASE SALARIES

Overall, the base salaries paid to Pinnacle West's executive officers during 1999 were competitive with the median salaries in both the utility and general industry groups.

BONUSES

The cash bonuses paid to Pinnacle West's executive officers, except Mr. Flores, for 1999 were based on weighted performance objectives the Committee established at the beginning of the year. These were based primarily on 1999 earnings, strategic planning, and matters related to electric utility industry restructuring, in that order of importance. The APS Committee established performance objectives for Mr. Flores, who was an APS officer prior to July 23, 1999, and for other APS officers, including Messrs. Davis, Levine and Stewart, that were based primarily on APS performance and earnings.

The attainment levels of the several objectives were assessed by each Committee in early 2000 and these assessments were factored into an arithmetical formula that included predetermined percentages of the officers' respective salaries resulting in the respective bonuses. The bonuses approved by the Committee and by the APS Committee were near the maximum level in both the 1999 Pinnacle West plan and the 1999 APS plan.

LONG-TERM COMPENSATION

The Committee believes that management's performance is ultimately judged by the delivery of rewards to shareholders in the form of share price appreciation and dividends over time. To achieve this, the Committee intends that grants of stock options and restricted stock serve as significant pieces of the total compensation package for officers and key management employees of Pinnacle West and its subsidiaries.

The Committee believes that senior management of Pinnacle West and its subsidiaries should have a significant, ongoing personal investment in Pinnacle West. To that end, restricted stock grants, besides being compensatory in nature, are used to encourage the attainment and retention of targeted levels of individual stock ownership by conditioning their vesting upon ownership of certain numbers of shares for predetermined periods of time.

The Committee determines the size of awards in part by assessing competitive grant practices for comparable positions and allocating equity awards based on the executive's contributions to the organization. Value to the executive is determined through the stock option component only when the Pinnacle West stock price appreciates above the price at grant. The total value of restricted stock grants is based on the value of the Pinnacle West stock at the end of the vesting period.

CEO COMPENSATION

Mr. Snell retired as the Company's CEO on February 5, 1999. The Committee had not increased Mr. Snell's salary of \$515,000 since 1991, relying instead on stock options and restricted stock grants.

Mr. Post assumed the position of CEO upon Mr. Snell's retirement in accordance with a transition plan which was outlined for several years. In recognition of Mr. Post's increased responsibility, and with input from Mr. Snell as to Mr. Post's performance, the Committee increased Mr. Post's compensation to \$510,000 per year and granted him options to acquire 70,000 shares of the Company's common stock at \$41.00 per share. The Committee considered this compensation to be consistent with Mr. Post's accomplishments and the significant increase in his responsibility for the Company's success.

GENERAL

As Pinnacle West moves forward in its efforts to increase shareholder value in the continuing restructuring of the utility industry, the Committee will continue to review, monitor, and evaluate Pinnacle West's programs for executive compensation. The Committee will, as appropriate, monitor compensation to assure that it effectively supports Pinnacle West's strategy, is competitive in the marketplace to attract, retain, and motivate the talent needed to succeed, and appropriately rewards creation of value for Pinnacle West's shareholders.

TAX CONSIDERATION

Publicly-traded corporations generally are not permitted to deduct, for federal income tax purposes, annual compensation in excess of \$1 million paid to any of certain top executives, except to the extent the compensation qualifies as "performance-based." While the Committee is biased toward rewarding performance through the bonus and equity participation programs, certain features of these programs do not fit the law's definition of "performance-based," and limited amounts of compensation could therefore not be deductible.

The foregoing report of the Human Resources Committee is provided by its members: Ms. Grant (Chairman), Ms. Hesse and Messrs. Basha, Jr., Gallagher and Lopez.

STOCK PERFORMANCE COMPARISONS

The annual changes for the five-year period shown in the following graph are based on the assumption that \$100 was invested on the last trading day in 1994 in Pinnacle West stock and in the market represented by each of two indices (the S&P 500 Index and the Edison Electric Institute Index of Investor-Owned Electrics), and that any dividends were reinvested.

[PERFORMANCE GRAPH]

12/31/94 12/31/95 12/31/96 12/31/97 12/31/98 12/31/99

	-----	-----	-----	-----	-----	-----
PNW	100	152.03	173.67	239.66	246.39	184.44
S&P 500 Index	100	137.45	168.92	225.21	289.43	350.26
EI Electric Index	100	131.02	132.59	168.88	192.34	156.57

EXECUTIVE COMPENSATION

The following tables on compensation and stock options relate to the five most highly compensated executive officers of the Company for services rendered in all capacities to the Company and its subsidiaries. The tables also contain information on Mr. Snell, who served as the Company's CEO during a portion of 1999.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION IN 1999	YEAR	ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS		
		SALARY	BONUS	OTHER ANNUAL COMPEN- SATION	RESTRICTED STOCK AWARDS (1)	OPTIONS	ALL OTHER COMPENSATION (2)
Richard Snell (3) CHAIRMAN	1999	\$ 79,231	\$ 0		\$ 0	0	\$276,541
	1998	515,000	356,277		0	0	34,918
	1997	515,000	406,953		298,125 (1)	20,000	44,866
William J. Post CEO AND PRESIDENT OF COMPANY AND CEO OF APS	1999	\$502,500	\$418,455		\$259,921	107,500	\$ 26,693
	1998	450,000	270,000		186,500	20,000	13,317
	1997	420,834	171,000		131,175	16,500	11,949
William L. Stewart PRESIDENT, GENERATION OF APS	1999	\$464,000	\$290,073 (4)		\$190,609	17,500	\$ 38,088
	1998	464,000	291,280		219,137	13,500	13,125
	1997	432,517	204,512	\$35,806 (5)	186,825	13,500	10,212
Jack E. Davis PRESIDENT, ENERGY DELIVERY AND SALES OF APS	1999	\$310,000	\$160,394		\$190,609	17,500	\$ 21,046
	1998	310,000	161,200		125,888	13,500	11,449
	1997	268,364	103,230		107,325	13,500	9,492
James M. Levine EXECUTIVE VICE PRESIDENT, GENERATION OF APS	1999	\$267,501	\$217,002 (4)		\$ 69,312	10,000	\$ 28,948
	1998	230,000	170,800		51,458	5,500	15,438
	1997	209,167	151,610		43,725	5,500	10,873
Armando B. Flores EXECUTIVE VICE PRESIDENT, CORPORATE BUSINESS SERVICES	1999	\$206,668	\$116,014		\$ 60,648	8,750	\$ 16,723
	1998	190,000	98,800		51,458	5,500	14,319
	1997	173,334	63,270		43,725	5,500	7,666

(1) The value of the restricted stock is based on the closing price of the Company's common stock on the date the restricted stock was granted. Except as described for Mr. Davis in the following sentence, the restrictions lapse on restricted stock awards upon (i) the passage of three years from date of grant or upon retirement after the age of 60 and (ii) the holding of certain numbers of unrestricted shares for certain periods of time, as determined by the Human Resources Committee at the time of grant. During 1999, Mr. Davis received 2,000 shares of restricted stock that vested upon the date of grant. Any dividends paid on restricted stock will be held by the Company until the restrictions lapse. The number and value (at market) of aggregate restricted shareholdings as of the end of 1999 were: Mr. Post - 14,800 shares, \$452,325; Mr. Stewart - 15,926 shares, \$486,738; Mr. Davis - 8,900 shares, \$272,006; Mr. Levine - 4,200 shares, \$128,363; and Mr. Flores - 3,950 shares, \$120,722. The 1997 grant of restricted stock to Mr. Snell fully vested upon his retirement in February 1999.

(2) The figures in this column for 1999 consist of Company matching contributions to the Company's employees' savings plan: Mr. Davis - \$4,462, Mr. Flores - \$4,550, Mr. Levine - \$4,800, Mr. Post - \$4,800, Mr. Snell - \$0 and Mr. Stewart - \$0; the above-market portion of interest accrued under a deferred compensation plan: Mr. Davis - \$16,584, Mr. Flores - \$8,486, Mr. Levine - \$22,061, Mr. Post - \$19,587, Mr. Snell - \$24,421, and Mr. Stewart - \$9,948; life insurance premiums (and gross-up on the premium for Mr. Stewart) paid by the Company for: Mr. Davis - \$0, Mr. Flores - \$3,687, Mr. Levine - \$2,087, Mr. Post - \$2,306, Mr. Snell - \$3,388, and Mr. Stewart - \$28,140; \$17,475 (which was deferred) paid to Mr. Snell for service as an APS director; \$28,800 paid to Mr. Snell as a Pinnacle West director; \$20,156 paid to Mr. Snell for value of stock granted to Mr. Snell as a Pinnacle West director; and \$183,333 paid to Mr. Snell for service as Chairman of the Board.

(3) Mr. Snell served as the Company's CEO until his retirement as an employee on February 5, 1999. He remains as Chairman of the Company's board and its principal subsidiaries.

(4) This figure includes a \$50,000 incentive payment based upon Palo Verde Nuclear Generating Station's maintenance of specified federal and nuclear oversight program ratings.

(5) This figure represents the reimbursement of taxes on income charged to Mr. Stewart due to the reimbursement of housing expenses.

OPTION GRANTS IN 1999

NAME	OPTIONS GRANTED IN 1999 (SHARES) (1)	PERCENTAGE OF TOTAL OPTIONS GRANTED TO ALL EMPLOYEES IN 1999	EXERCISE PRICE (PER SHARE)	EXPIRATION DATE	GRANT DATE PRESENT VALUE (2)
Richard Snell	0	0%	N/A	N/A	\$ 0
William J. Post	37,500 70,000	8.18% 15.27%	\$34.66 \$41.00	11/16/09 1/19/09	\$260,400 \$516,110
Jack E. Davis	17,500	3.82%	\$34.66	11/16/09	\$121,520
Armando B. Flores	8,750	1.91%	\$34.66	11/16/09	\$ 60,760
James M. Levine	10,000	2.18%	\$34.66	11/16/09	\$ 69,440
William L. Stewart	17,500	3.82%	\$34.66	11/16/09	\$121,520

(1) Most of these options were granted on November 17, 1999. Most of these grants become exercisable at the rate of one-third of the grant annually. All options not already exercisable will become exercisable if an individual retires on or after the age of 60. No SARs have been granted.

(2) The Black-Scholes option-pricing model was chosen to estimate the present value. The basic assumptions used in the model were expected volatility of 20.5%; risk-free rate of return of 5.68%; dividend yield of 3.33%; and time to exercise of five years.

OPTION EXERCISES IN 1999 AND YEAR-END VALUES

NAME	SHARES ACQUIRED ON EXERCISE	VALUE REALIZED (1)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR-END (2)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Richard Snell	442,500	\$9,966,170	20,000	0	0	\$ 0
William J. Post	0	--	91,166	126,334	\$506,520	\$ 0
Jack E. Davis	0	--	30,500	31,000	\$ 18,735	\$ 0
Armando B. Flores	0	--	7,499	14,251	0	\$ 0
James M. Levine	0	--	17,499	15,501	\$ 18,735	\$ 0
William L. Stewart	15,667	\$ 154,456	14,667	31,000	0	\$ 0

(1) Value of options exercised is the market value of the shares on the exercise date minus the exercise price.

(2) The value of unexercised options equals the market value of Pinnacle West common stock on December 31, 1999 (\$30.5625 per share) minus the exercise price of options.

EXECUTIVE BENEFIT PLANS

EMPLOYEES' RETIREMENT PLAN AND SUPPLEMENTAL EXCESS BENEFIT RETIREMENT PLAN. The following table illustrates the annual benefits, calculated on a straight-life annuity basis, that would be provided under the Company Employees' Retirement Plan and the Supplemental Excess Benefit Retirement Plan to the Company's officers who retire at age 65 or later at the indicated compensation and years of service levels.

AVERAGE ANNUAL COMPENSATION (a)	YEARS OF SERVICE			
	5 (b)	10	20	25
\$ 100,000	\$ 15,000	\$ 30,000	\$ 50,000	\$ 60,000
200,000	30,000	60,000	100,000	120,000
300,000	45,000	90,000	150,000	180,000
400,000	60,000	120,000	200,000	240,000
500,000	75,000	150,000	250,000	300,000
600,000	90,000	180,000	300,000	360,000
700,000	105,000	210,000	350,000	420,000
800,000	120,000	240,000	400,000	480,000
900,000	135,000	270,000	450,000	540,000
1,000,000	150,000	300,000	500,000	600,000

(a) Compensation under the retirement plan consists solely of base salary up to \$160,000 (as adjusted for cost-of-living), including any amounts voluntarily deferred under the Company's 401(k) plan and salary reduction contributions under the Company's flexible benefits plan. The retirement plan does not include amounts voluntarily deferred under other deferred compensation plans, bonuses or incentive pay. The Supplemental Excess Benefit Retirement Plan does include, subject to certain exceptions, these additional components of compensation plus base salary beyond the \$160,000 limit.

(b) Although years of service begin accumulating on the date of employment, benefits do not vest until the completion of five years of service.

The Company's Supplemental Excess Benefit Retirement Plan provides enhanced benefits. Benefits payable under this plan that are in excess of the benefits payable under the Company's retirement plan (as a qualified defined benefit pension plan, the retirement plan is limited pursuant to the Internal Revenue Code) are payable from the general assets of the Company. The number of credited years of service for each of the individuals named on page 11 and their 1999 remuneration covered by the Company's plans and individual employment agreements are as follows: Mr. Davis - 27 years, \$471,200; Mr. Flores - 16 years, \$305,468 (see description of Mr. Flores' employment agreement below); Mr. Levine - 10 years, \$438,301; Mr. Post, 27 years, \$772,500; Mr. Snell - 38 years, \$435,508 (see description of Mr. Snell's employment agreement below); and Mr. Stewart - 6 years, \$755,280 (see description of Mr. Stewart's employment

agreement below). The amounts shown in the table above are not expected to be subject to any reduction or offset for Social Security benefits or other significant amounts.

EMPLOYMENT AND SEVERANCE ARRANGEMENTS. Mr. Snell and the Company were parties to an employment agreement setting forth the terms of his employment as Chief Executive Officer of the Company. This agreement expired on February 5, 1999, and Mr. Snell's employment has ended, although he remains as Chairman of the Company's Board of Directors. The contract allowed Mr. Snell to participate in the employee benefit plans generally available to Company employees, and in the Company's deferred compensation plan, supplemental excess benefit retirement plan, and stock option plan, and provided him with a supplemental pension under the agreement. For purposes of determining his supplemental pension benefits, Mr. Snell's years of service on February 5, 1990 were assumed to be 29 years, and he was credited with an additional year for each year of employment thereafter. Mr. Snell's credited years of service disclosed above (38) include the 29 years of awarded service.

As Chairman, Mr. Snell is paid \$200,000 annually, on a non-employee basis, for continuing chairman responsibilities. In addition, effective March 1, 1999, Mr. Snell became entitled to a monthly pension from the retirement plan, the supplemental pension plan and his employment contract equal to \$39,039. In accordance with his former employment agreement, the Company reimburses Mr. Snell each month for a portion of the cost of his retiree medical coverage and has purchased a \$100,000 life insurance policy for Mr. Snell at a cost of \$3,388 annually. The Company also reimburses Mr. Snell for any additional taxes he may be required to pay as a result of the Company's payment of a portion of his retiree medical coverage and its purchase of the life insurance policy.

In December 1999, APS entered into an agreement with Mr. Stewart that amends and supplements certain provisions of Mr. Stewart's prior employment agreement. Mr. Stewart receives 2,000 shares of restricted Company stock annually under his August 1996 agreement. The additional terms of the new agreement provide that Mr. Stewart will continue full-time employment with APS through December 31, 2002, and he was paid a \$300,000 signing bonus on January 3, 2000. In addition, APS agreed to provide to Mr. Stewart a line of credit up to \$1.2 million, drawable annually in \$400,000 increments with interest payable at 7.5%; a deferred payment of \$400,000 in each year (2000-02) with interest payable at 9% on the deferred amount; and two additional payments of \$400,000, one on January 3, 2003 and the other on January 3, 2004. The agreement further provides that Mr. Stewart's pension benefit will be 80% of his average monthly wage on the date of his retirement. If Mr. Stewart terminates employment for any reason, including death or disability, prior to December 31, 2002, the line of credit, deferred payments and the two additional payments will be forfeited, and the outstanding amounts under the line of credit, if any, will be due and payable within 10 days. In that event, his pension will be calculated in accordance with his prior agreement which provides a supplemental pension benefit calculated by adding a base amount of 20% of his average monthly wage (as determined by the highest 36 consecutive months) and 10% of his average monthly wage for each year of service up to a maximum of 100% of his average monthly wage. See footnote 4 to the Summary Compensation Table on page 11 for information regarding additional incentive payments to Messrs. Stewart and Levine.

In July 1995, APS entered into an agreement with Mr. Flores crediting him with an additional 8 years of service for purposes of determining the amount of benefits payable under the Company's Supplemental Excess Benefit Retirement Plan. The additional years of service are subject to revocation if Mr. Flores' employment is terminated for cause, as determined in the sole discretion of the APS Board of Directors. Mr. Flores' credited years of service disclosed above (16) include the 8 additional years.

The Company has entered into severance agreements, which are identical in content, with each of its executive officers. These agreements are intended to provide stability in key management of the Company in the event of a change in control of the Company. The agreements provide for certain payments if, during the two-year period following a change of control of the Company, the officer's employment is terminated involuntarily by the Company or by the executive for significant and detrimental change in the executive's employment. The termination payment, if required, is an amount equal to three times the sum of the executive's annual salary at termination plus an annual bonus, as determined by an average over the last four years preceding termination. In addition, the executive is entitled to continued medical, dental and group life insurance benefits at a shared cost for three years; the termination is treated as a normal termination under the Company's stock option and benefit plan; and out placement services are provided. If all or part of the total payments would be subject to an excise tax imposed by Section 4999 of the Internal Revenue Code, the agreement further provides for an additional gross up payment equal to the excise tax imposed on the total payments. "Change of control" includes: (1) An unrelated third party's acquisition of 20% or more of the Company's or APS' voting stock; (2) a merger or consolidation in the case of either the Company or APS combining with any other corporation such that the Company's or APS' outstanding voting stock immediately prior to merger or consolidation represents less than 60% of the voting stock of the Company or APS immediately after the merger or consolidation, but excluding a merger or consolidation effected to implement a recapitalization in which no unrelated third party acquires more than 20% of the voting stock of the Company or APS; (3) the shareholders of either the Company or APS approve a sale, transfer or other disposition of all or substantially all of the assets of the Company or APS to an unrelated third party; or (4) in the case where the composition of either the Board of the Company or of APS changes such that the members of the board of the Company (the "Company Incumbent Board") or of APS (the "APS Incumbent Board"), as of July 31, 1999, no longer comprise at least 2/3 of the Company's or APS' board of directors. For purposes of this latter provision, a person elected to the Company's or APS' board of directors after July 31, 1999, is treated as a member of the Company Incumbent Board or the APS Incumbent Board if his or her nomination or election by shareholders was approved by a 2/3 vote of the members then comprising the Company Incumbent Board or APS Incumbent Board, and it does not include anyone who became a director in an actual or threatened election contest relating to the election of directors. No severance benefits will be payable to an officer whose termination is due to retirement, disability, death, voluntary termination, or for "cause" as defined in the agreements. Each of the agreements terminates on December 31st of each year upon six months' advance notice by the Company to the officer; if the six months' advance notice is not given, the agreements will continue for successive one-year periods until the notice is given.

Effective January 1, 1992, the Company established a deferred compensation plan for directors and officers of the Company. Effective January 1, 1996, the Company established a revocable trust for the purpose of funding the benefits under the deferred compensation plan and certain other benefits. Upon the occurrence of certain events, which generally include the sale of substantially all of the Company's assets, a merger or consolidation in which the Company is not the surviving entity, certain changes in the composition of the Board of Directors or someone acquiring 20% or more of the Company's voting stock, the trust will become irrevocable and the Company will be required to fully fund the benefits earned under the deferred compensation plan within 60 days after the occurrence of that event.

Effective January 1, 2000, the change of control definitions in the plan and trust were amended to incorporate the same change of control definition contained in the severance agreements described above.

ITEM 2 - SHAREHOLDER PROPOSAL

The Company has been advised that the Arizona Safe Energy Coalition (owner of record of 59.496 shares), c/o Betty Schroeder, 5349 West Bar X Street, Tucson, Arizona 85713 intends to present the following proposal at the 2000 annual meeting. The proposal and supporting statement, for which the Board of Directors and the Company accept no responsibility, are set forth below. The Board opposes this proposal for the reasons stated on pages 17 and 18.

SAFE ENERGY REPORT

"Whereas: We believe the economic and environmental interests of stockholders and the public could be improved by Pinnacle West Capital Corporation and Arizona Public Service Company (The Company) more aggressively implementing energy efficiency, renewable energy and end-use planning;

"Global Warming, acid rain, urban smog, groundwater pollution and nuclear waste will be reduced by the greater use of energy conservation and renewable energy sources;

"The Kyoto Protocol (reducing greenhouse gases) goals will be more efficiently met through uses of renewable energy and improved energy efficiency;

"Energy efficiency and some renewable energy sources are already competitively priced, and all are environmentally superior to our present use of coal, oil and nuclear fuels;

"State and federal incentives exist to aid utilities in transition to this new energy strategy;

"Present generation at Palo Verde Nuclear Generating Station (PVNGS) utilizes huge quantities of water, both reclaimed sewage (21 billion gallons annually), and ground water (65 million gallons annually), causing concern that sabotage or disruption of reclaimed water could imperil the necessary cooling function, and that ground water aquifers may be lowered or adversely affected over the long term; and

"We believe the Company needs to have an action plan in place, for replacement power when PVNGS must be decommissioned; also the greater use of energy efficiency and renewable energy sources would be economically advantageous in avoiding costs of building expensive new generating facilities (that result in difficult-to-amortize capital costs, especially in this new competitive climate);

"THEREFORE the shareholders request the Board of Directors of Pinnacle West Capital Corporation and Arizona Public Service Company to prepare a report for shareholders within 6 months, with in-depth discussion of the Company's efforts to expand energy conservation, reduce energy waste, utilize more renewable energy sources, implement least cost energy planning, minimize wasteful uses of water, reduce radioactive waste, reduce carbon emissions and minimize environmental damage in all Company operations."

SUPPORTING STATEMENT

In our opinion, the Company's annual Environment, Health and Safety report gives lip service but no substance to some of the subjects requested above. It is commendable that APS is working on a few solar applications as an alternative to nuclear, coal and oil technologies. Since there is enthusiastic public support for these safer, cleaner technologies (especially in a state gifted with superior sources of sun and wind), we urge the Company to explain how they plan to expand this safe energy approach.

For Nuclear reactors to mitigate global warming, one reactor would have to go on-line about every three days for the next 40 years, bankrupting our economy (siphoning scarce monies from renewable energy . . . the REAL solution to global warming), and adding huge quantities of lethal radioactive waste to our nation's accumulation, with no safe technology or location for its permanent disposal. In addition, the growing pressures to conserve water in a water-deprived state (and risks of lowering the area aquifer) would call for the common sense decision for early closure of PVNGS.

We invite your vote FOR this proposal.

BOARD OF DIRECTORS' STATEMENT IN OPPOSITION

The Company and its affiliates actively support environmental stewardship, increased use of renewable energy sources, waste reduction, reduced environmental impact and appropriate environmental planning. Much of the information sought in the proposal for a report is already publicly available in the various annual business reports: e.g., the APS Environmental, Health and Safety Annual Report; Nuclear Regulatory Commission reports and filings; Arizona Corporation Commission reports and filings; and other sources. Production of a report as requested in the proposal would be largely duplicative of information already compiled and made available by the Company and its affiliates.

Additionally, the Company believes that many of the statements contained in the proponent's proposal are incomplete and, in some cases misleading.

For reference, the Company notes the following as examples:

Energy efficiency, renewable energy and end use planning already play a significant role in ongoing operations and future planning.

In regard to energy conservation, the Company and its affiliates actively promote energy efficient architectural design, encourage consumer conservation through public education and, as to APS, provide rate structures that encourage less use through low-consumption discounts. The Company also has a policy regarding recycling and energy and water conservation in Pinnacle West and APS business operations, and works with suppliers to maximize their use of recycled materials.

The Company and various of its affiliates are likewise involved in renewable energy sources such as solar and wind. APS Solar Partners is an Arizona Corporation Commission-approved "green pricing" program that gives customers an option to pay a small premium for solar-generated power. APS has nearly 1,500 solar customers served in part by four commercial solar power plants in Flagstaff, Tempe, Scottsdale and Glendale, Arizona. APS plans to add additional solar capacity in 2000. In addition, APS-installed, fully automated solar technology serves some remote Arizona customers who live one-half mile or more away from power lines. APS has studied wind resources and will continue to do so; to date, however, studies fail to support wind resources as a viable economic alternative in the historic territory.

The Palo Verde Nuclear Generating Station ("Palo Verde") - the largest power producer in America - is the nation's only nuclear generating facility that uses recycled municipal treated effluent for cooling purposes, about 20 billion gallons annually. The plant maintains a supply of treated effluent sufficient for up to two weeks of continued operations should the plant temporarily lose this source; this planning is only one example of APS directly addressing nuclear or industrial safety matters. The approximately 2,000 acre-feet (650 million gallons) of groundwater used annually at Palo Verde for domestic and makeup water is about one-third of the 6,000 acre feet of groundwater

that was used annually for irrigation on that property prior to construction of the plant. Water tables in that area actually have risen since construction began in the 1970s.

In regard to carbon emission reductions, the assertion in the proposal that nuclear generators "would have to go on-line about every three days for the next 40 years" to mitigate global warming is potentially misleading and without known support. The statement ignores the fact that America's fleet of nuclear power stations has already displaced 1.6 BILLION metric tons of carbon since 1973, the equivalent of taking 94 million automobiles permanently off the road. Palo Verde alone displaces more than 30 million tons of carbon dioxide every year, for a total carbon displacement of 279 million tons since commercial operations began in 1986.

At the same time, Palo Verde has an aggressive radioactive waste reduction program that has received wide industry recognition. Various initiatives have reduced low-level radioactive waste at Palo Verde by more than 90 percent since 1990, to an annual total of about 60 cubic meters.

To shut down Palo Verde prematurely and replace its 3,810 megawatts of electricity with solar or wind power would require a solar farm covering approximately 38,000 acres, or a wind farm covering more than 322,000 acres. Aside from the size and production cost impracticalities, solar sources provide no electricity at night and wind sources produce power only with sufficient wind speed. Palo Verde's generating capacity alone is twice the total capacity of all solar and wind generating facilities in the U.S. combined.

In a closing note, it is significant that the Company's Environmental, Health & Safety Annual Report, which contains much of the information presented here, receives annual third-party review and comment by the Coalition for Environmentally Responsible Economies (CERES), an independent non-profit organization whose members include the National Resource Defense Council and other leading environmental groups. Further, in 1994, the Company became the nation's first utility to endorse CERES and adopt its 10-point environmental code of conduct. Perhaps the most significant evidence of this commitment to CERES principles and sound environmental stewardship is the Company's decision - announced in December in conjunction with American Rivers, the Sierra Club and other leading environmental groups - to decommission the Childs-Irving hydroelectric plant in central Arizona and return full water flows to Fossil Creek.

Because of the largely duplicative nature of the request for an in-depth report on these subjects, and because the proposal is based on a misunderstanding or misinterpretation of certain facts, the Board believes that this shareholder proposal is not in the best interests of its shareholders.

THE BOARD THEREFORE RECOMMENDS A VOTE AGAINST THE ABOVE SHAREHOLDER PROPOSAL.

GENERAL

BUSINESS RELATIONSHIP. Mr. Gallagher is President of Gallagher & Kennedy, P.A., a law firm which provided legal services to the Company in 1999 and which will provide such services in 2000.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE. Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes of ownership with the Securities and Exchange Commission. Based solely on its review of the copies of such forms received by it, the Company believes that, except as discussed below, during fiscal year 1999 all filing requirements applicable to directors, officers, and greater than 10% beneficial owners were complied with. A Form 3 was not timely filed (although such Form 3 was subsequently filed) for Edward N. Basha, Jr. and Michael L. Gallagher. Forms 4 and/or 5 were not timely filed (although such Forms were subsequently filed) for Pamela Grant, Roy A. Herberger, Jr., Martha O. Hesse, William S. Jamieson, Jr., and Humberto S. Lopez.

COST OF SOLICITATION. The cost of the solicitation of proxies, which will be primarily by mail (consenting street name shareholders may be solicited by Internet), will be borne by the Company. The Company has retained Beacon Hill Partners, Inc. to assist in the distribution of proxy solicitation materials and the solicitation of proxies for fees and anticipated expenses of approximately \$6,500. Brokerage houses and others will be reimbursed for their out-of-pocket expenses in forwarding documents to beneficial owners of stock.

INDEPENDENT PUBLIC ACCOUNTANTS. It is anticipated that the Company's financial statements as of December 31, 2000 and for the year then ended will be examined by Deloitte & Touche LLP, independent certified public accountants. Representatives of that firm are expected to be present at the annual meeting with the opportunity to make a statement if they so desire and to be available to respond to appropriate questions.

VOTING PROCEDURES. A majority of the outstanding shares entitled to vote in person or by proxy at the meeting will constitute a quorum for the conduct of business. Broker "non-votes" with respect to any matter are not considered shares present and will not affect the outcome of the vote on such matter.

For the election of directors, the individuals receiving the highest number of votes will be elected. The number of votes to which each shareholder will be entitled is to be determined by multiplying the number of shares of common stock owned as of the March 17, 2000 record date by the number of directors to be elected, and any shareholder may cumulate his or her votes by casting them all in person or by proxy for any one nominee, or by distributing them among two or more nominees.

In voting on the shareholder proposal each shareholder will be entitled to cast a number of votes equal to the number of shares of common stock owned by such shareholder as of the record date. Approval of the shareholder proposal will require the affirmative vote of a majority of the shares present at the meeting.

NOMINATIONS TO THE BOARD. A shareholder wishing to propose the nomination of an individual for election to the Company's Board of Directors must submit his or her recommendation to the Company in writing, and in accordance with the applicable provisions of the Company's Articles of Incorporation and Bylaws, so as to be received by the Office of the Secretary no later than November 20, 2000. Copies of the Company's Articles of Incorporation and Bylaws are available upon written request delivered to the Office of the Secretary. The Company suggests that proponents submit their proposals to the Office of the Secretary by Certified Mail -- Return Receipt Requested.

SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING. In order to be considered for inclusion in the proxy statement and form of proxy relating to the 2001 annual meeting of the Company's shareholders, a proposal intended by a shareholder for presentation at that meeting must be submitted in accordance with the applicable rules of the Securities and Exchange Commission and received by the Company at its principal executive offices on or before December 8, 2000. Proposals to be presented at the annual meeting which are not intended for inclusion in the proxy statement and form of proxy must be submitted by the close of business on February 16, 2001, but not earlier than January 17, 2001, in accordance with the applicable provisions of the Company's Bylaws, a copy of which is available upon written request delivered to the Office of the Secretary. The Company suggests that proponents submit their proposals to the Office of the Secretary by Certified Mail -- Return Receipt Requested.

[PINNACLE WEST LOGO]

April 7, 2000

Dear Shareholders:

The 2000 Annual Meeting of Shareholders of Pinnacle West Capital Corporation will be held at The Wigwam Resort, 300 Wigwam Boulevard, Litchfield Park, Arizona on May 17, 2000 at 10:30 a.m. Mountain Standard Time. At the meeting, shareholders will be asked to elect two Class I Directors to serve until the 2001 Annual Meeting, one Class II Director to serve until the 2002 Annual Meeting and four Class III Directors to serve until the 2003 Annual Meeting and to vote on one shareholder proposal.

Your vote is important and this year you may choose to vote your proxy in one of three ways -- by returning the enclosed proxy card, by accessing the internet or by calling a toll-free telephone number. The reverse side of this letter provides the information for all three voting options.

We encourage you to attend the meeting and have provided this map for your reference.

[GRAPHIC OF MAP TO THE WIGWAM RESORT]

In accordance with Item 304 of Regulation S-T of the Securities Exchange Act of 1934, the map contained in this Proxy is a map of the Phoenix area indicating directions to the Wigwam Resort, which is located on Wigwam Boulevard, north of the I-10 Freeway and South of West Camelback Road, between North Litchfield Road and North Dysart Road.

Sincerely,

Faye Widenmann
Vice President and Secretary

PROXY FORM Pinnacle West Capital Corporation PROXY FORM

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE ANNUAL MEETING ON MAY 17, 2000.

The undersigned hereby appoints Richard Snell and Faye Widenmann, individually and together, as proxies for the undersigned, each with full power of substitution, to attend the Annual Meeting of Shareholders of Pinnacle West Capital Corporation, to be held May 17, 2000, at ten-thirty a.m., Mountain Standard Time, and at any adjournment thereof, and to vote as specified in this Proxy all the shares of stock of the Company which the undersigned would be entitled to vote if personally present. The proxies of the undersigned may vote according to their discretion on any other matter that may properly come before the meeting.

Voting with respect to the election of Directors may be indicated on the reverse of this card. Nominees for Director are: Class I - Robert G. Matlock and Kathryn L. Munro; Class II - Bruce J. Nordstrom; Class III - Pamela Grant, Martha O. Hesse, William S. Jamieson, Jr., and Richard Snell.

THIS PROXY WILL BE VOTED AS SPECIFIED ON THE REVERSE. IF NO SPECIFICATION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF DIRECTORS AND AGAINST THE SHAREHOLDER PROPOSAL.

Thank you for voting.

Call Toll-Free on a Touch-Tone Telephone or Go to: www.proxyvoting.com/pnw

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