

**PINNACLE WEST**  
CAPITAL CORPORATION

# **A Powerful Tomorrow Starts Today**

**Analyst Meetings  
September 2010**



# Forward-Looking Statements

This presentation contains forward-looking statements based on our current expectations, and neither Pinnacle West nor APS assumes any obligation to update these statements, even if our internal estimates change, except as required by applicable law. These forward-looking statements are often identified by words such as “estimate,” “predict,” “may,” “believe,” “plan,” “expect,” “require,” “intend,” “assume” and similar words. Because actual results may differ materially from expectations, we caution you not to place undue reliance on these statements. A number of factors could cause future results to differ materially from historical results, or from outcomes currently expected or sought by Pinnacle West or APS. In addition to the Risk Factors described in Item 1A of the Pinnacle West/APS Annual Report on Form 10-K for the fiscal year ended December 31, 2009, these factors include, but are not limited to: regulatory and judicial decisions, developments and proceedings; our ability to achieve timely and adequate rate recovery of our costs; our ability to reduce capital expenditures and other costs while maintaining reliability and customer service levels; variations in demand for electricity, including those due to weather, the general economy, customer and sales growth (or decline), and the effects of energy conservation measures; power plant performance and outages; volatile fuel and purchased power costs; fuel and water supply availability; new legislation or regulation relating to greenhouse gas emissions, renewable energy mandates and energy efficiency standards; our ability to meet renewable energy requirements and recover related costs, including returns on debt and equity capital; risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainty; competition in retail and wholesale power markets; the duration and severity of the economic decline in Arizona and current credit, financial and real estate market conditions; the cost of debt and equity capital and the ability to access capital markets when required; restrictions on dividends or other burdensome provisions in our credit agreements and Arizona Corporation Commission orders; our ability, or the ability of our subsidiaries, to meet debt service obligations; changes to our credit ratings; the investment performance of the assets of our nuclear decommissioning trust, pension, and other postretirement benefit plans and the resulting impact on future funding requirements; the liquidity of wholesale power markets and the use of derivative contracts in our business; potential shortfalls in insurance coverage; new accounting requirements or new interpretations of existing requirements; transmission and distribution system conditions and operating costs; the ability to meet the anticipated future need for additional baseload generation and associated transmission facilities in our region; the ability of our counterparties and power plant participants to meet contractual or other obligations; technological developments in the electric industry; and economic and other conditions affecting SunCor Development Company’s ability to dispose of its remaining assets and satisfy its debt obligations.



# Non-GAAP Financial Measures

In this presentation, we refer to “on-going earnings,” which is a “non-GAAP financial measure,” as defined in accordance with SEC rules. We view on-going earnings as an important performance measure of the core profitability of our operations. We believe on-going earnings provide investors with a useful indicator of our results that is comparable among periods because it excludes the effects of unusual items that may occur on an irregular basis.

Investors should note that this non-GAAP financial measure may involve judgments by management, including whether an item is classified as an unusual item. This measure is a key component of our internal financial reporting and is used by our management in analyzing the operations of our business. We believe that investors benefit from having access to the same financial measures that management uses.

# PNW: Our Value Proposition

## Capitalizing on Attractive Fundamentals

- Vertically integrated electric utility
- High-growth service territory
- Diversified energy mix
- Operational excellence
- Strong, energetic leadership

## Strengthening Financial and Risk Profiles

- Investment-grade credit ratings and adequate liquidity
- Risk reduction
- Convert growth into superior ROE
- \$2.10 per share annual dividend
- Opportunities for multiple expansion

## Delivering Superior Shareholder Returns

## Focusing on Green Resources

- Abundant solar conditions in Arizona
- Other renewables
- Nuclear expansion option
- Transmission expansion
- Energy efficiency

## Compelling Capital Investment Opportunities

- Green resources – solar, other renewables, nuclear
- Transmission expansion
- Distribution system growth

## Improving Regulatory Environment

- Constructive retail regulatory settlement
- Attractive recovery mechanisms for renewables and energy efficiency
- Progress on many issues last five years
- Building collaborative relationships



# Who We Are

**At our core, we are Arizona's largest and longest-serving electric utility.**

**PINNACLE WEST**  
CAPITAL CORPORATION

**NYSE Ticker:**

**PNW**

**Market Cap:**

**\$4 Billion**

**Enterprise Value:**

**\$8 Billion**

## **Assets** *December 31, 2009*

**\$12 Billion**



**Vertically Integrated  
Electric Utility**  
\$11.5 Billion



**Real Estate Developer**  
\$147 Million



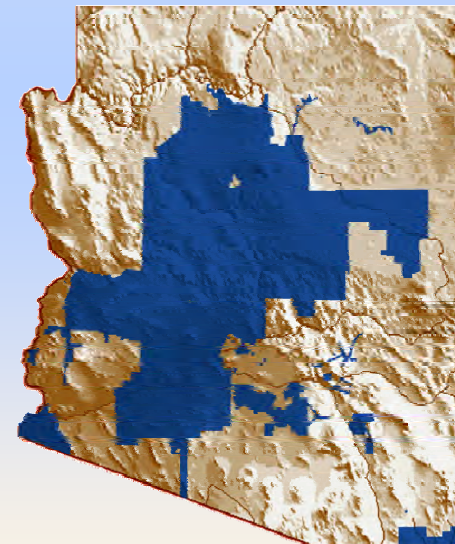
**Competitive Energy  
Services Provider**  
\$74 Million



**Venture Investments**  
\$19 Million

## **APS Service Territory**

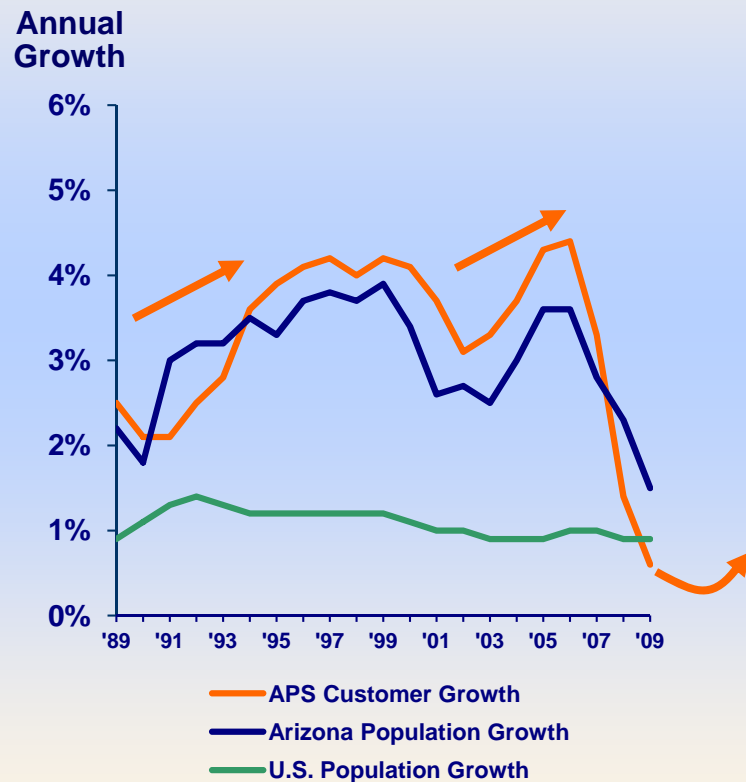
**1.1 million customers  
over 35,000 square miles**



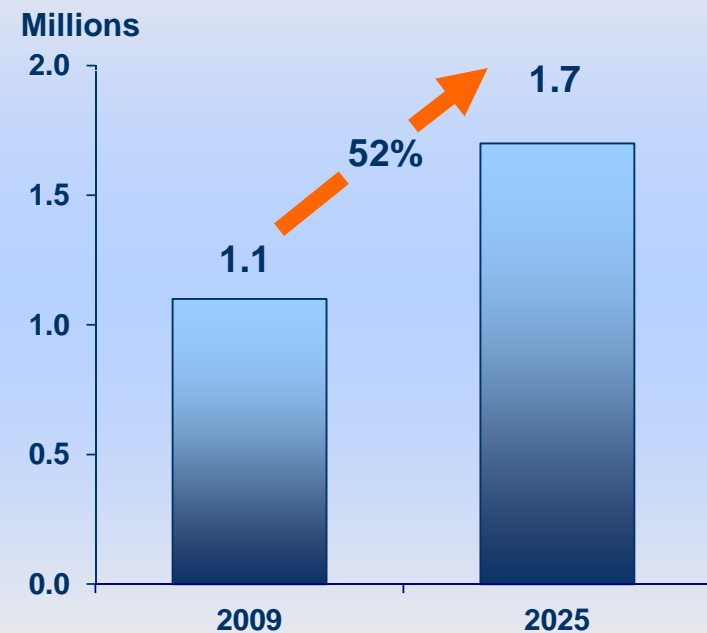
# Positive Long-Term Demographics

**Arizona has ranked in the top five for population growth over the last 20 years. APS expects strong future customer growth, in spite of current economic slowdown.**

## *Superior Historical Growth*



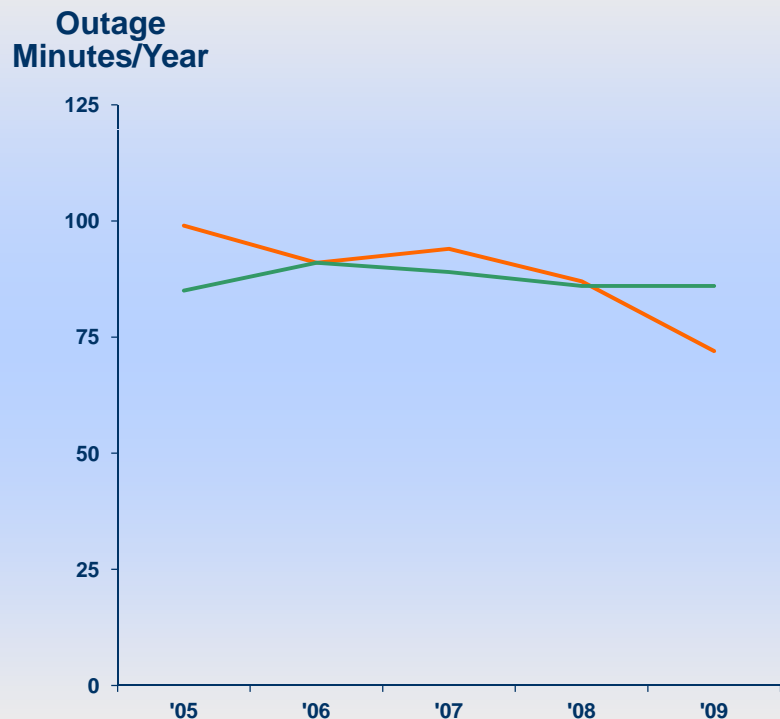
## *APS Customer Growth*



# Customer Satisfaction ... A Key Priority

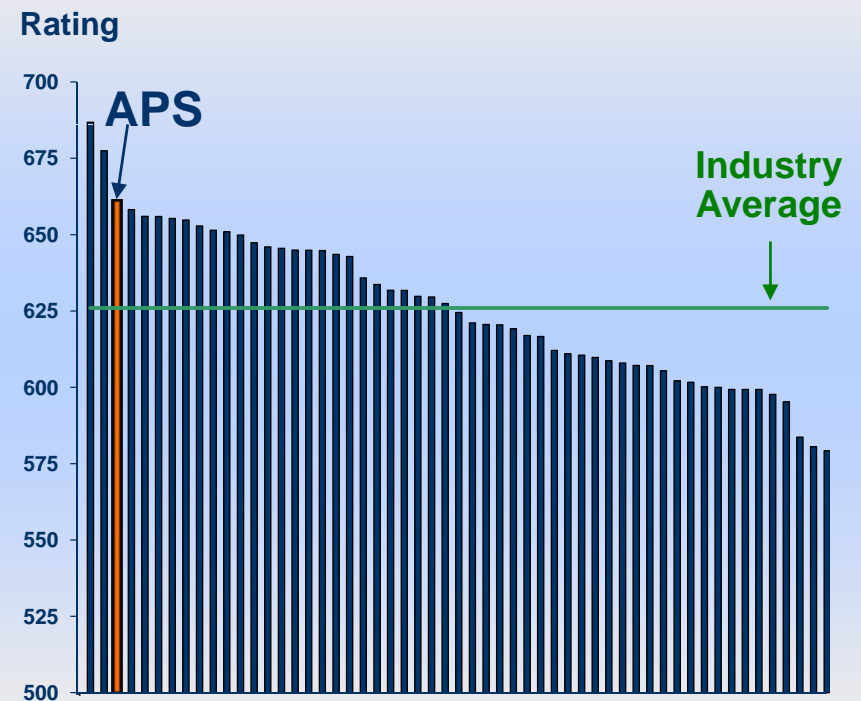
**Our employees take pride in providing top-tier customer service.**

## *Lowering Average Annual Outage Time Per Customer*



— APS — Industry Top Quartile

## *Outstanding Residential Customer Satisfaction Rating*

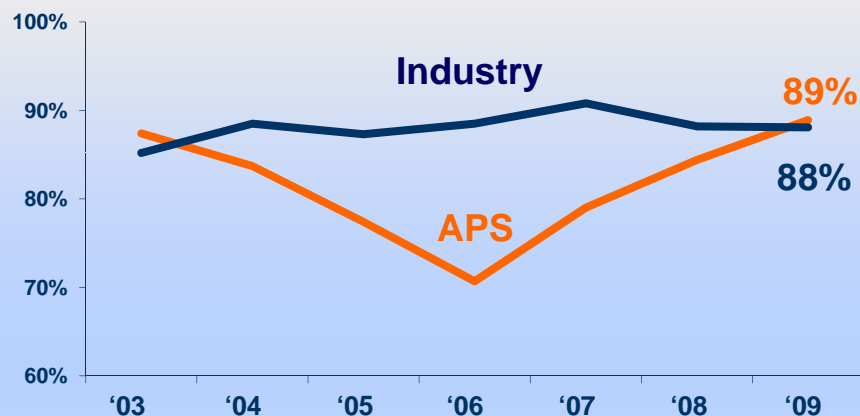


2010 J.D. Power Residential Customer Survey

# Superior Power Plant Performance

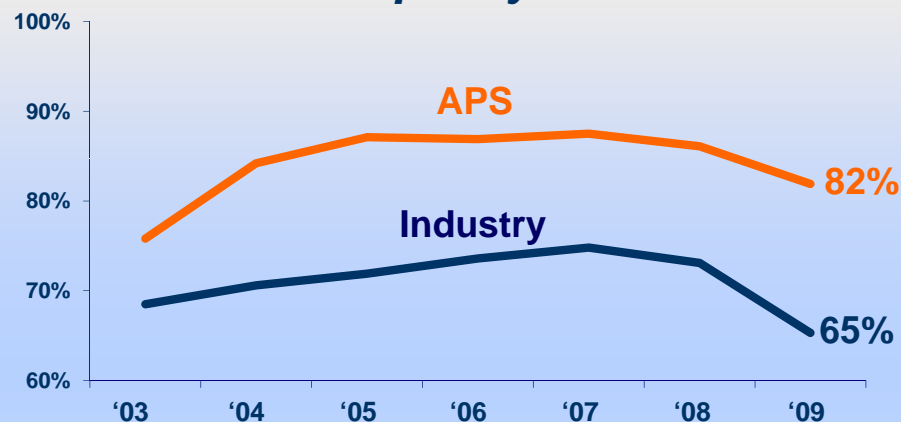
**Our nuclear and coal plants are strong baseload resources.**

## Nuclear Capacity Factors



- Returned to superior performance
- 3,938 MW total managed capacity
- 1,146 MW total APS share
- 2013 goals:
  - ◆ Consistent site capacity factor greater than 90%
  - ◆ Operating costs excluding fuel less than \$0.02/kWh
  - ◆ Top-quartile safety
- 20-year license extension requested December 2008

## Coal Capacity Factors



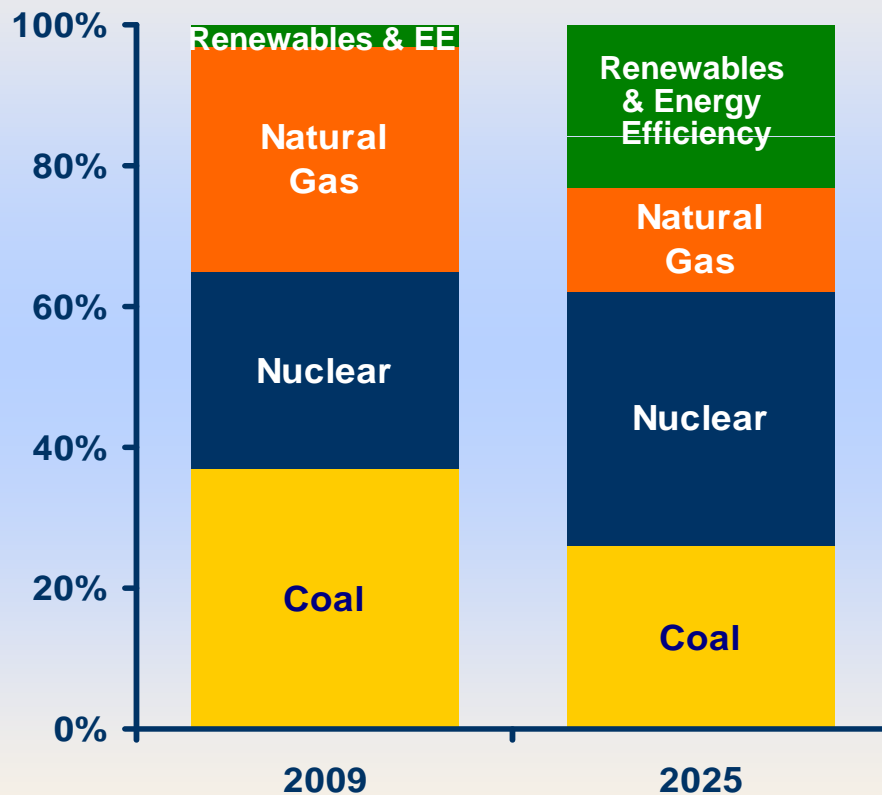
- Consistent top-quartile performance
- 2,707 MW total managed capacity
- 1,747 MW APS share
- Conservative operating practices
- Highly experienced plant management
- Aggressive equipment management



# A Balanced and Strategic Resource Plan

**We have competitive advantages to capitalize on renewable and nuclear resources to provide a diversified energy mix.**

*Energy Mix (MWh)*



- Abundant solar resources in Arizona
- High customer interest and incentives
- Approved recovery mechanisms

- Provides flexibility to incorporate renewables
- Maintains gas consumption near 2009 levels

- Experienced operator of largest nuclear plant in U.S.
- New capacity options being explored

- Reliable base load resource
- Less exposure to carbon and climate pressures relative to industry peers

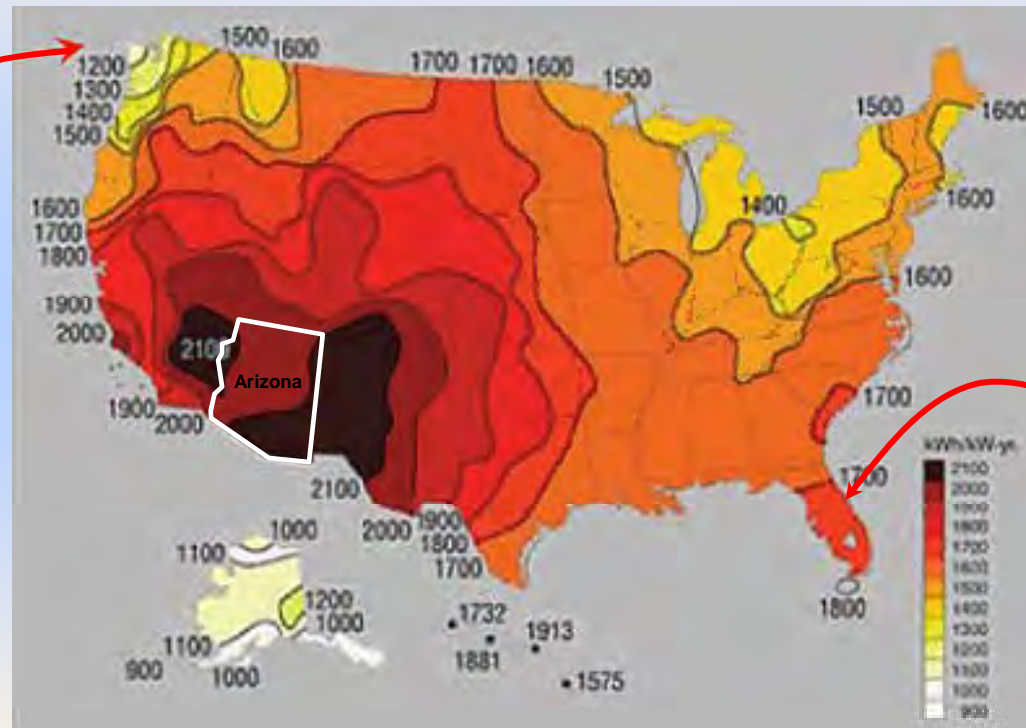


# World-Class Solar Potential

**We intend to make Arizona the “Solar Capital of the World.”**

## *Solar Insolation Comparison (kWh/year)*

Germany - among countries with highest installed capacities despite Seattle-like weather conditions



Japan's solar insolation comparable to Florida





# **APS Renewables Projects**

**APS is committed to delivering renewable energy to Arizona.**

## **December 2009 retail regulatory settlement provisions**

- **1.7 million MWh additional renewable generation in service by end of 2015**
- **Photovoltaic solar projects**
- **Arizona wind projects**
- **Rate recovery through Renewable Energy Surcharge adjustor, Power Supply Adjustor or Transmission Cost Adjustor until reflected in base rates**

## **Two requests for proposals issued January 2010**

- **Photovoltaic solar – projects to be 15-50 MW each**
- **Arizona wind projects – projects to be 15-100 MW each**
- **Proposals received April 2010**
- **Final selections – 3<sup>rd</sup> quarter 2010 target**

# AZ Sun Program

**APS plans to add 100 megawatts of owned solar photovoltaic generation by the end of 2014.**

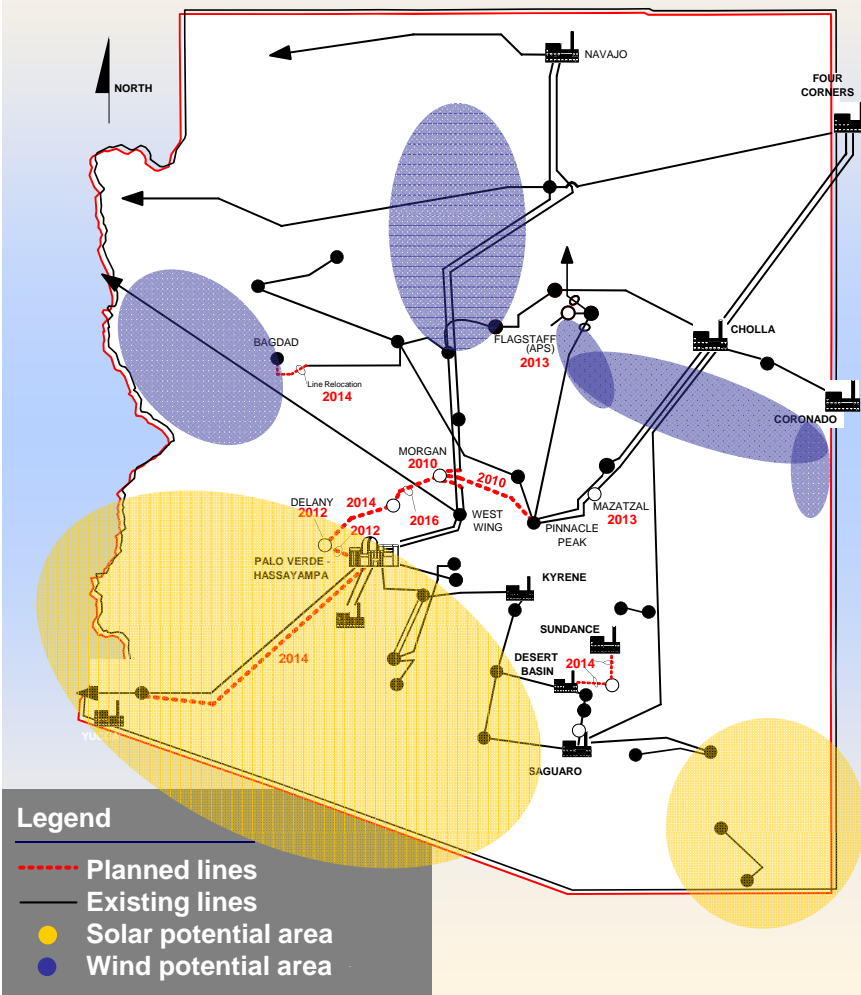


- 100 MW photovoltaic solar plants to be owned by APS
- Up to \$500 million capital investment
- To be in service in 2011 - 2014
- Projects
  - 15 MW at Luke Air Force Base (mid-2011)
  - Additional projects under evaluation
- Rate recovery
  - ◆ First 50 MW: Renewable Energy Standard Adjustor
  - ◆ Second 50 MW: Adjustor to be determined in 2012 rate case decision



# Further Transmission Investment is Key

Strategic investment is needed to maintain reliability and bring diversified resources to our customers.



- **10-Year Transmission Plan (115kV and above):**
  - ◆ \$520 million of new transmission investment
  - ◆ Over 270 miles of new lines
  - ◆ Increases import capability by 26% to metro Phoenix and 38% to Yuma
- FERC formula rates and retail adjustor
- Working with regulators to identify transmission projects for renewables



# Multi-Pronged Approach to ROE Improvement

**We are actively working to improve our return on equity.**

**Electricity Rate Increases**

**Regulatory Framework Improvements**

**Cost Savings Initiatives**

**Efficiency and Effectiveness  
Throughout Organization**

**Goal**

**ROE  
Improvement**



# Progressive 2009 Regulatory Settlement

**APS' regulatory settlement has a number of benefits for investors.**

- Increased retail base rates effective January 1, 2010
- Strengthens APS' earned ROE and financial condition and supports common dividend
- Provides greater level of cost recovery and return on investment
- Demonstrates cooperation among APS, ACC Staff, RUCO and other intervenors
- Allows opportunity to help shape Arizona's energy future outside continual rate cases
- Earnings support until next base rate case
  - ◆ Estimated pretax earnings benefits: \$165 million, 2010; \$180 million, 2011; and \$254 million, 2012
- Expedited process for future base rate cases
  - ◆ To be processed within 12 months
  - ◆ APS may file next rate case on or after June 1, 2011, with rate changes effective on or after July 1, 2012

# Constructive Transmission Rate Regulation

**We have achieved constructive transmission rate treatment.**

- **FERC Formula Rates adopted in 2008**
  - Adjusted annually with 10.75% allowed ROE
  - Based on FERC Form 1 and certain projections
  - Retail portion flows through ACC Transmission Cost Adjustor (TCA)
- **Recent transmission revenue changes**

	Annual Revenue	Effective Date	Annual Revenue	Effective Date	Annual Revenue	Effective Date
Retail Portion (TCA)	\$13M	7/3/2008	\$21M	8/1/2009	\$(10)M	8/1/2010
Wholesale Portion	\$ 2M	3/1/2008	\$ 2M	6/1/2009	\$ (2)M	6/1/2010
Total Increase	\$15M		\$23M		\$(12)M	
Allowed ROE	10.75%		10.75%		10.75%	
Equity Ratio	54%		55%		51%	
Rate Base	\$1.0B		\$1.1B		\$1.1B	
Test Year	2007		2008		2009	



# Major Pending ACC Issues

## Generic dockets

- Decoupling and other financial mechanisms to promote energy efficiency
- Line extensions
- Feed-in tariffs
- Renewable transmission
- Energy efficiency rules
- Resource planning rules

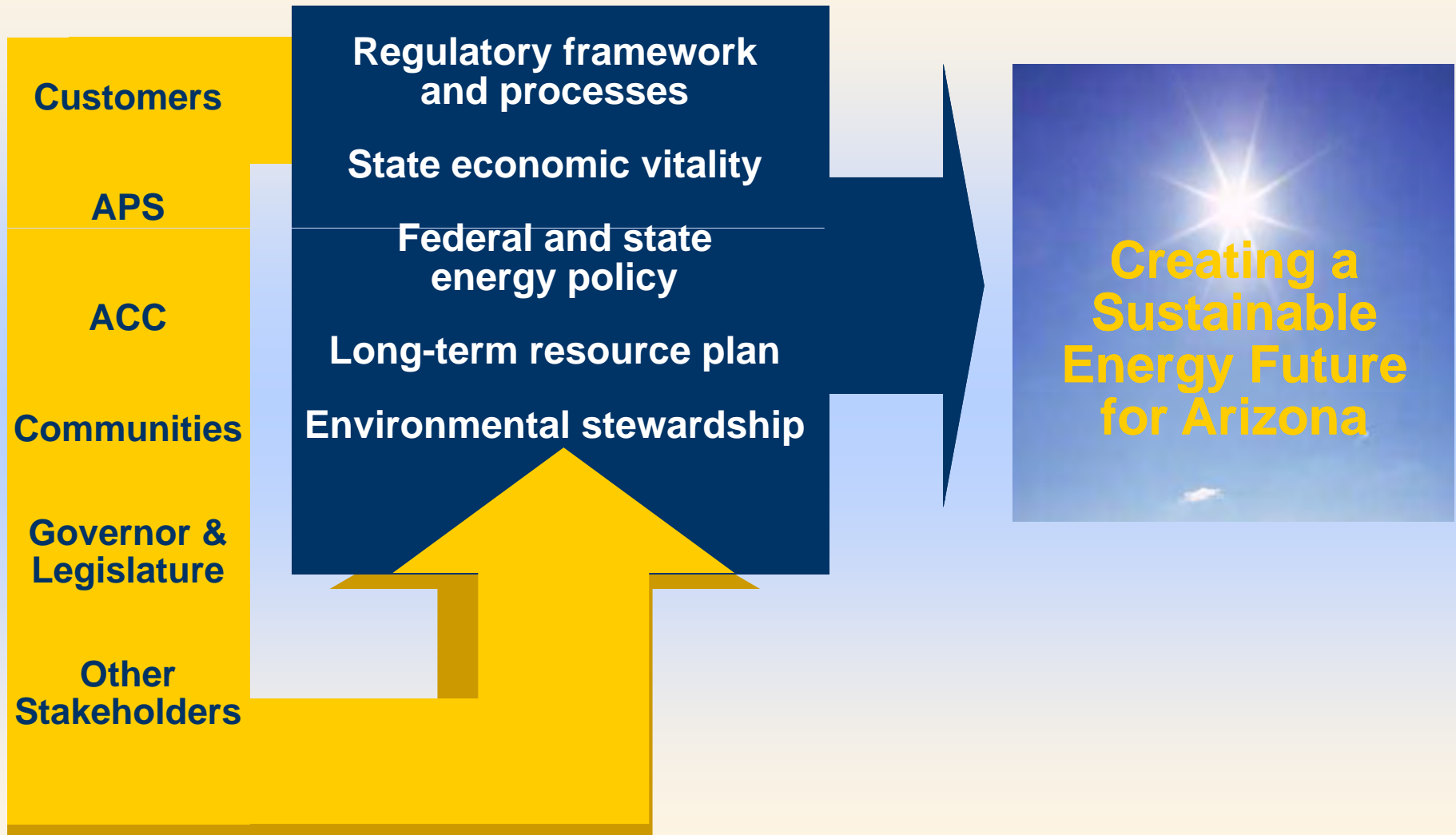
## November 2, 2010 general election

- Two seats on ballot
- Candidates
  - David Bradley (Dem)
  - Brenda Burns (Rep)
  - Jorge Luis Garcia (Dem)
  - Gary Pierce (Rep) (incumbent)

## Write-ins:

- Rick Fowlkes (Libertarian)
- Theodore Gomez (Green)
- Benjamin Percy (Green)

# Opportunities to Continue Improving Regulatory Dialogue





# Cost Savings To Support Future Results

**Our cost management efforts will help improve financial results beyond those achievable through proposed regulatory decisions.**

**Enterprise-wide emphasis**

**Better leverage technology**

**Optimize assets and resources**

**Effective, efficient execution**

**Engaged, motivated workforce**

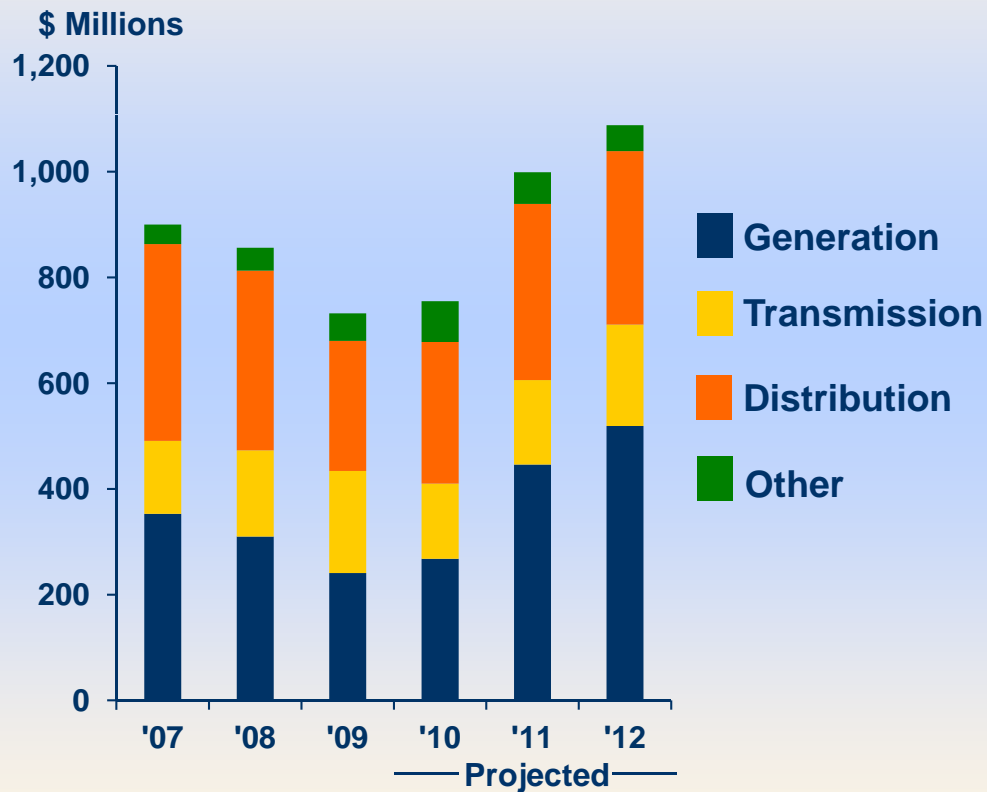


**Cost Savings**

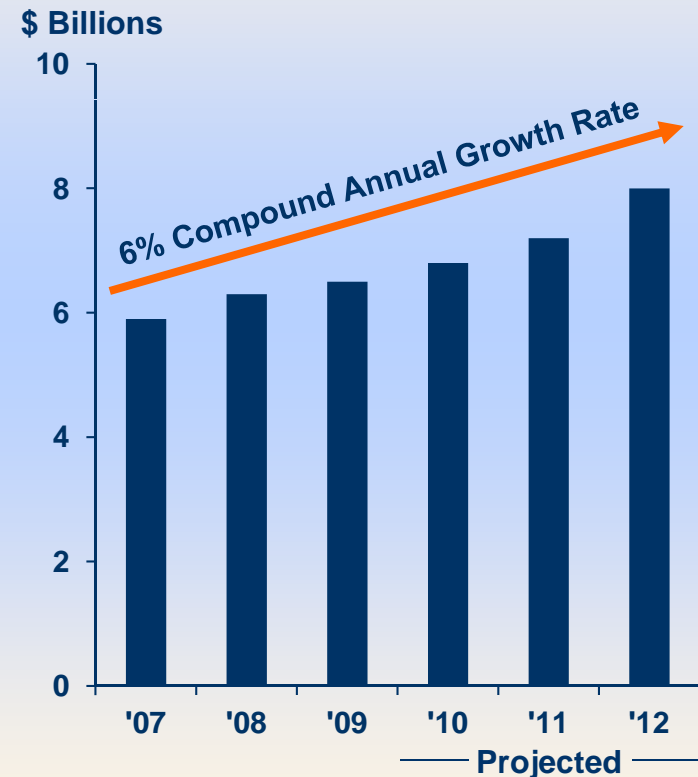
# APS CapEx Drives Strong Rate Base Growth

We have reduced capex based on current economic conditions—yet still expect strong rate base growth.

*APS Capital Expenditures*



*APS Rate Base*



# Adequate Liquidity and Financing Access

**Our credit metrics have improved significantly over the last 5 years.**

## *Credit Facilities\**

<u>Borrower</u>	<u>Capacity (\$ Millions)</u>	<u>Matures</u>
APS	\$ 489	Sep. '11
APS	500	Feb. '13
PNW	200	Feb. '13
	<u>\$1,189</u>	

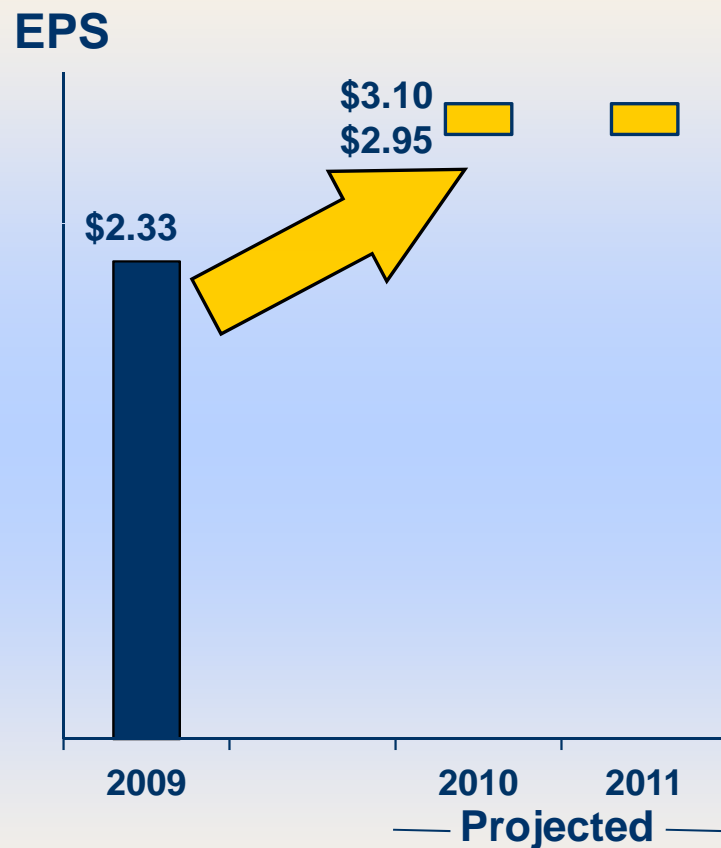
- Solid bank group
- No MAC clauses or “clean down” provisions

## *Ratings*

	<u>PNW</u>	<u>APS</u>
Senior Unsecured		
Moody's	Baa3	Baa2
S&P	BB+	BBB-
Fitch	-	BBB
Outlook		
Moody's	Stable	Stable
S&P	Positive	Positive
Fitch	Stable	Stable

\*Pro forma for February 2010 APS \$500 million and PNW \$200 million revolvers

# Consolidated On-Going EPS



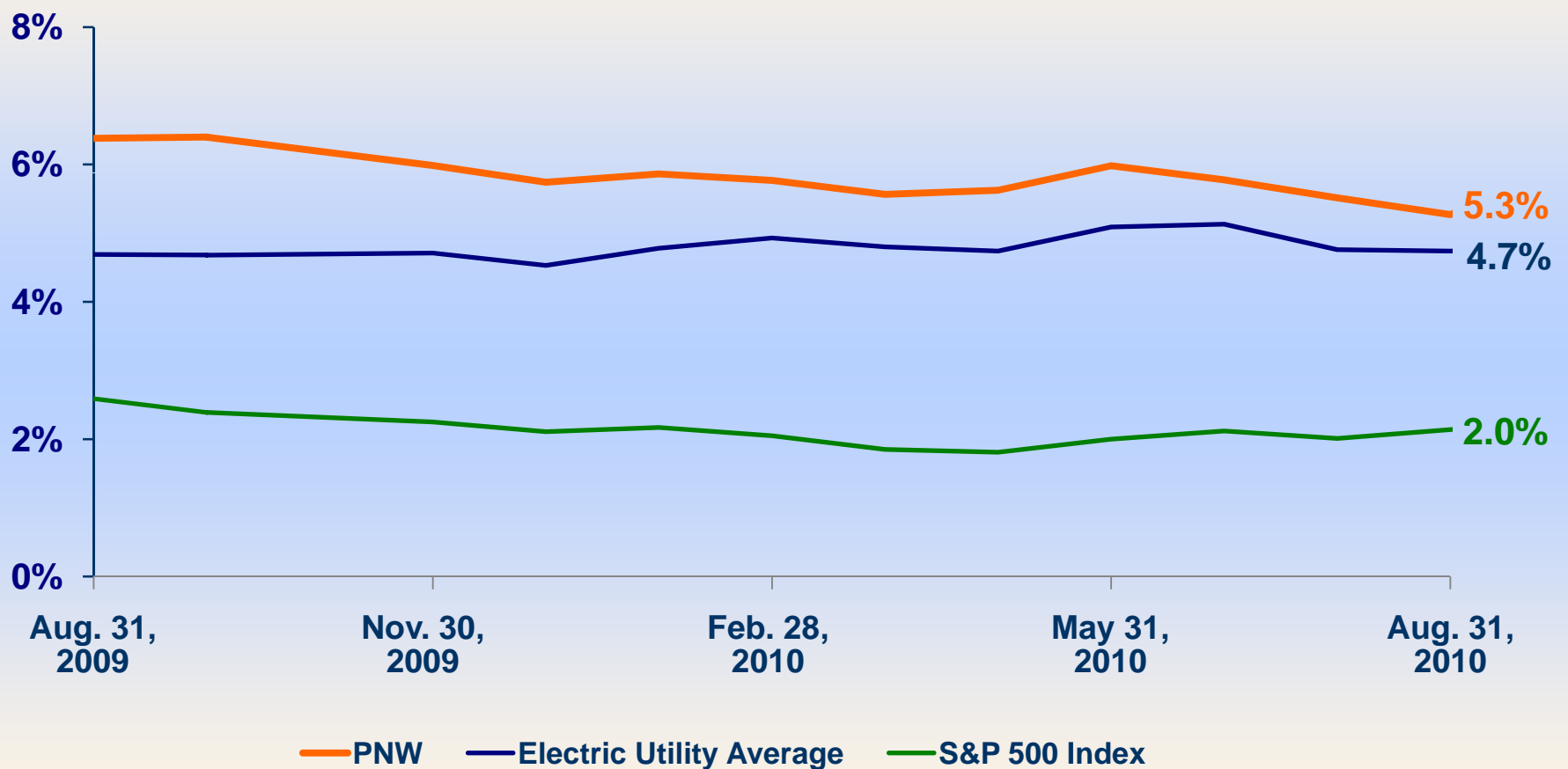
**2009 Actual: \$2.33 per share**

**Guidance as of August 3, 2010**

- **2010**    \$2.95 - \$3.10 per share
- **2011**    Estimated to be within guidance range provided for 2010, with some opportunity for modestly exceeding the range

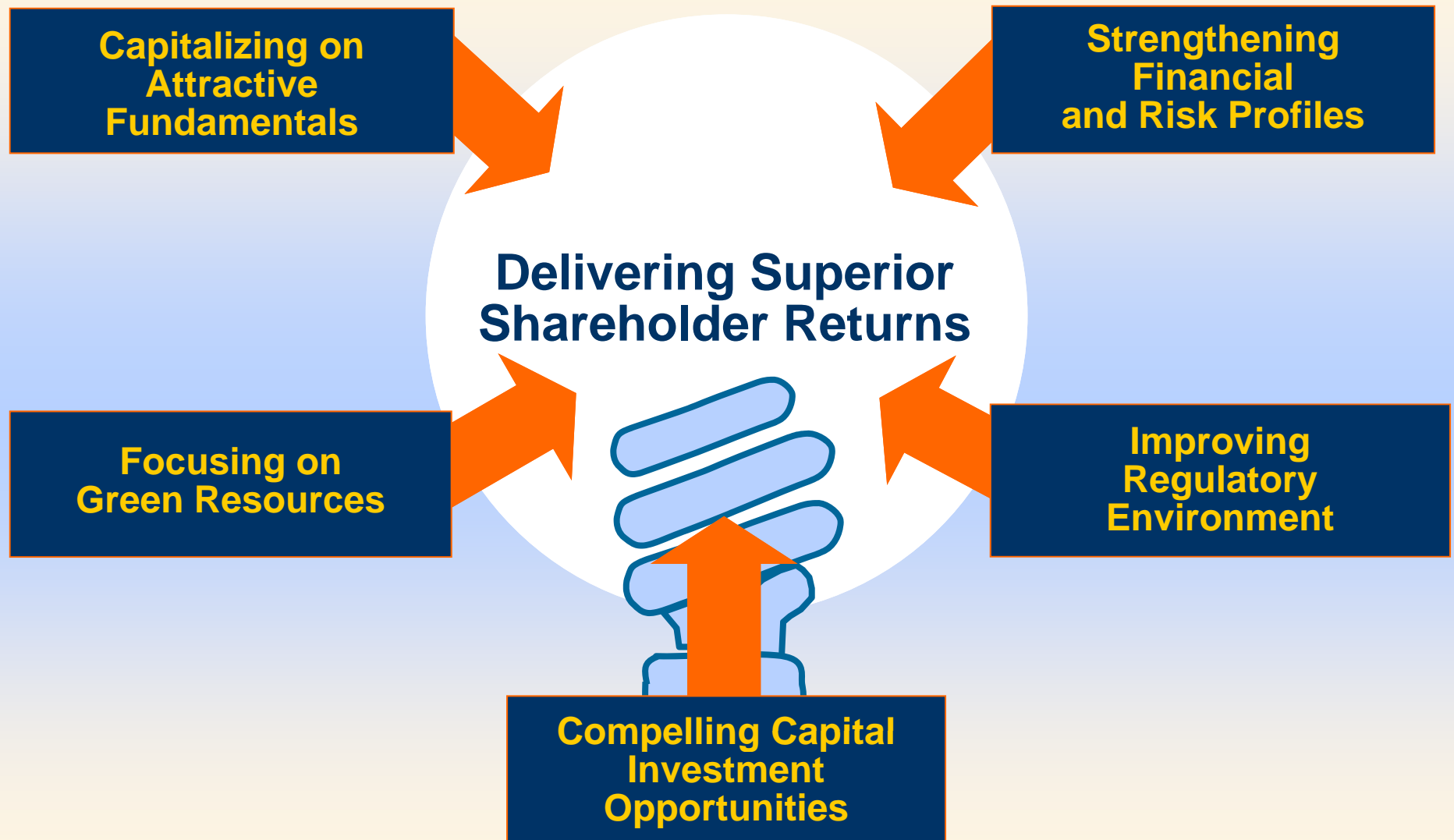
# Top-Tier Dividend Yield

Pinnacle West's annual dividend is \$2.10 per share.





# PNW: Our Value Proposition



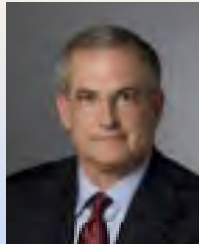


**PINNACLE WEST**  
CAPITAL CORPORATION

# Appendix

# A Leadership Team of Industry Veterans

**Our top executives have more than 130 combined years of creating shareholder value in the energy industry.**



**Don Brandt**  
**Chairman & CEO**

**Jim  
Hatfield**  
SVP &  
CFO

**Don  
Robinson**  
APS  
President  
& COO

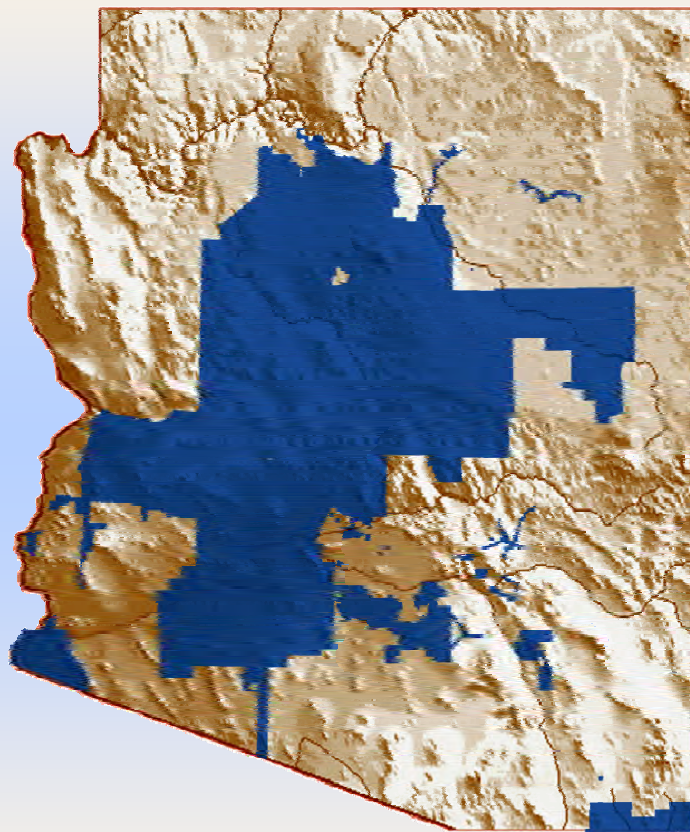
**Mark  
Schiavoni**  
SVP  
Fossil  
Generation

**Randy  
Edington**  
EVP &  
Chief Nuclear  
Officer

**Dave  
Falck**  
EVP,  
General  
Counsel &  
Secretary

# Arizona's Largest and Longest-Serving Electric Utility

**Serving Arizona customers since 1887 – 15 years before statehood.**



## Service Territory

- 1.1 million customer accounts
- 34,646 square miles

## Customer Growth

- 0.6% in 2009
- 1% average annual growth expected through 2011
- 3-4% historical average – well above industry average

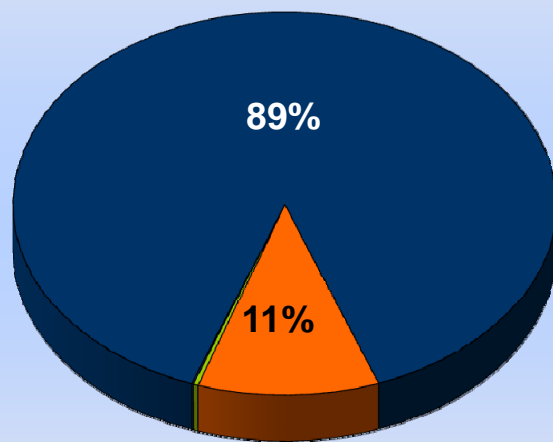
## Resources

- 6,288 MW owned/leased capacity
- 1,958 MW contracted conventional resources in operation
- 498 MW contracted renewables in operation or under development

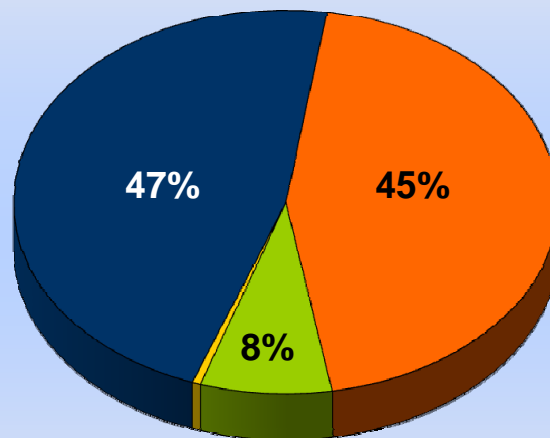
**2009 Peak Demand – 7,218 MW**

# 2009 Retail Customer, Sales And Revenue Mixes

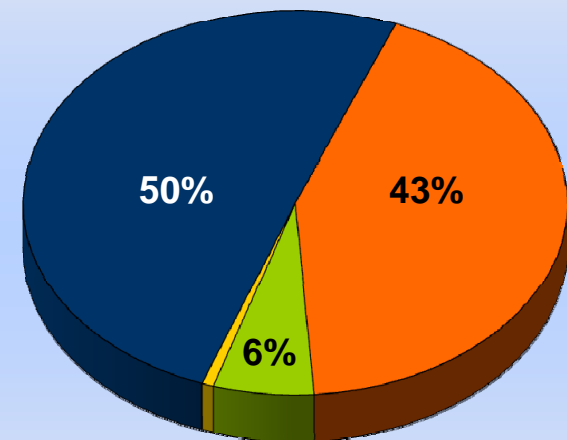
**Customers  
Year-End  
1.1 Million**



**Retail  
Sales  
28,173 GWh**



**Operating  
Revenues  
\$3.0 Billion**



■ Residential

■ Commercial

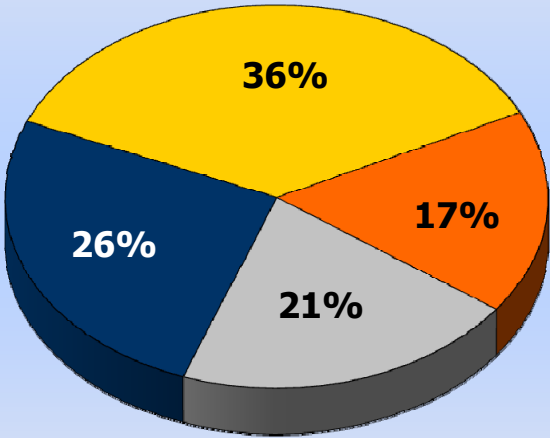
■ Industrial

■ Other



# 2009 APS Generation and Energy Fuel Mixes

Energy  
Fuel Mix  
34,514 GWh



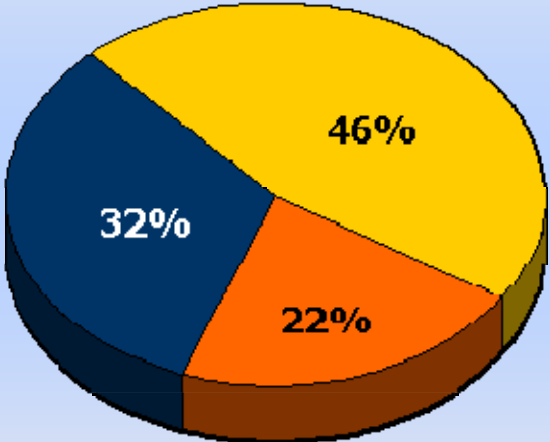
■ Nuclear

■ Coal

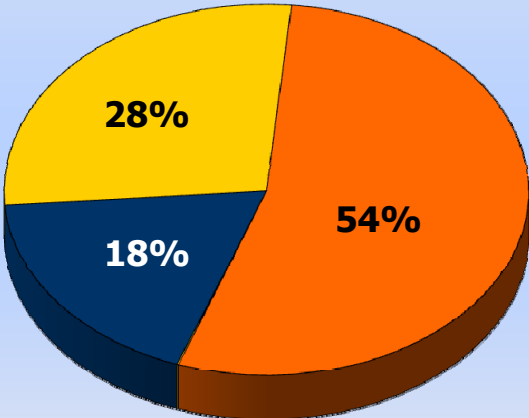
■ Gas & Oil

■ Purchased Power

Generation  
Fuel Mix  
27,374 GWh



Generation  
Capacity Mix  
6,288 MW



# Arizona Corporation Commissioners

*Terms Through January 2011*

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**Kristin Mayes**  
Chairman (Rep)



**Gary Pierce (Rep)**

*Elected November 2008, Terms Through January 2013*

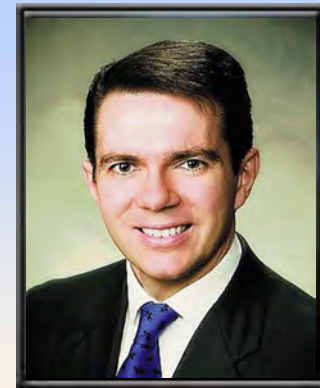
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**Sandra Kennedy (Dem)**



**Paul Newman (Dem)**



**Bob Stump (Rep)**



# **Progressive 2009 Regulatory Settlement**

**The regulatory settlement has a number of benefits from investors' perspective.**

- **Increased retail base rates effective January 1, 2010**
- **Strengthens APS' earned ROE and financial condition and supports common dividend**
- **Provides greater level of cost recovery and return on investment**
- **Demonstrates cooperation among APS, ACC Staff, RUCO and other intervenors**
- **Allows opportunity to help shape Arizona's energy future outside continual rate cases**

# Progressive 2009 Regulatory Settlement

**Settlement provisions include earnings support until next rate case.**

	<i>Estimated Pretax Earnings Benefits (\$ Millions)</i>		
	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Settlement agreement terms</b>			
Base rate increase	\$ 207	\$ 207	\$ 207
Line extensions treated as revenue	23	25	49
Pension and OPEB deferrals	-	13	29
Palo Verde depreciation reduction	-	-	34
Subtotals	<u>230</u>	<u>245</u>	<u>319</u>
 <b>Less interim base rate surcharge that ended upon general rate case implementation</b>			
	<u>(65)</u>	<u>(65)</u>	<u>(65)</u>
 <b>Total</b>	 <u><u>\$ 165</u></u>	 <u><u>\$ 180</u></u>	 <u><u>\$ 254</u></u>

# Progressive 2009 Regulatory Settlement

**The retail revenue increases total \$230 million in 2010  
and will improve APS' financial condition.**

**Rates effective January 1, 2010**

**Annualized base rate revenue increases (\$ millions):**

<b>Non-fuel</b>	<b>\$ 196</b>
<b>Net fuel-related</b>	<b>11</b>
<b>Net increase</b>	<b><u>\$ 207</u></b>

<b>Allowed ROE (%)</b>	<b>11</b>
------------------------	-----------

<b>Equity ratio (%)</b>	<b>54</b>
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<b>Rate base (\$ billions)</b>	<b>\$5.6</b>
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<b>Base fuel rate (¢ per kWh)</b>	<b>3.76</b>
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<b>Effective date</b>	<b>1/1/2010</b>
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**Line Extension Fees – 2010-2012 payments received to be recorded as revenues instead of contributions in aid of construction (CIAC) (pretax estimates):**

<b>• 2010</b>	<b>\$23 million</b>
<b>• 2011</b>	<b>\$25 million</b>
<b>• 2012</b>	<b>\$49 million</b>





# **Progressive 2009 Regulatory Settlement**

**Other key provisions add financial value for APS and benefits for other stakeholders.**

## **Key non-revenue financial provisions:**

- **\$30 million annual cost reduction in 2010 to be sustained through 2014**
- **Pension and OPEB cost increases to be deferred in 2011 and 2012**
- **Annual nuclear plant depreciation to decrease \$34 million pretax, assuming plant license extension approved**
- **\$700 million equity to be infused into APS through 2014**

## **Other key provisions:**

- **Provides rate stability for APS customers**
- **Significantly increases energy efficiency programs**
- **Expands renewable energy requirements and programs**



# Progressive 2009 Regulatory Settlement

**An expedited process has been agreed upon for future rate cases to reduce processing regulatory lag.**

- **Settling parties intend to process future cases within 12 months of sufficiency findings**
- **APS may file general base rate cases on or after June 1, 2011 and June 1, 2013**
- **Base rate changes from next two rate cases may become effective on or after July 1, 2012 and July 1, 2014**

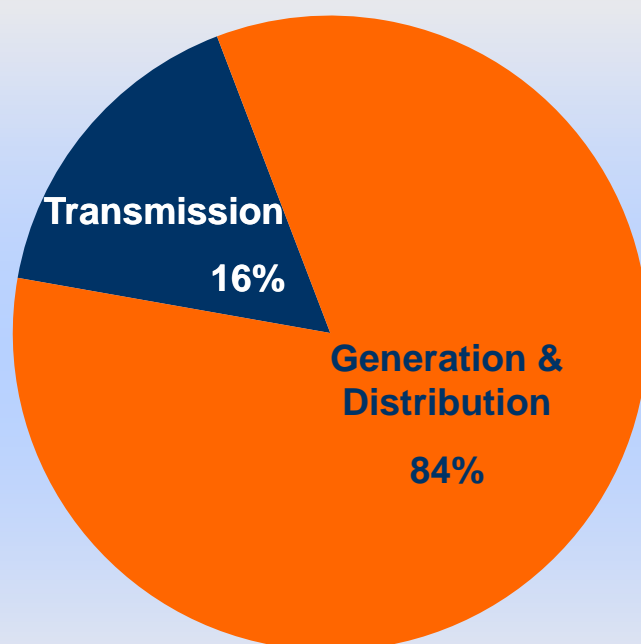
# Significant Regulatory Progress Since 2005

**We have made progress toward a supportive regulatory structure and improvement in the timing of cost recovery.**

<b>Mechanism</b>	<b>Adopted / Last Adjusted</b>	<b>Description</b>
Power Supply Adjustor ("PSA")	April 2005 / January 2010	<ul style="list-style-type: none"> <li>Recovers 90% of variance between actual fuel and purchased power costs and base fuel rate</li> <li>Includes forward-looking, historical and transition components</li> </ul>
Transmission Cost Adjustor ("TCA")	April 2005 / August 2010	<ul style="list-style-type: none"> <li>Recovers FERC-approved transmission costs related to retail customers</li> <li>Resets annually as result of FERC Formula Rate process (see below)</li> </ul>
Renewable Energy Surcharge ("RES")	May 2008 / January 2010	<ul style="list-style-type: none"> <li>Recovers costs related to renewable initiatives</li> <li>Collects projected dollars to meet RES targets</li> <li>Provides incentives to customers to install distributed renewable energy</li> </ul>
Demand-Side Management Adjustment Clause ("DSMAC")	April 2005 / March 2010	<ul style="list-style-type: none"> <li>Recovers retroactively costs related to energy efficiency and DSM programs above \$10 million in base rates</li> <li>Provides 10% performance incentive to APS for net benefits achieved</li> <li>Provides rebates and other incentives to participating customers</li> </ul>
Environmental Improvement Surcharge ("EIS")	July 2007 / July 2007	<ul style="list-style-type: none"> <li>Recovers retroactively costs related to environmental upgrades not fully covered under base rates</li> <li>Allows for cost recovery of ACC-approved projects</li> </ul>
Retail Line Extension Fees	July 2007 / February 2008	<ul style="list-style-type: none"> <li>"Pay as you go" mechanism collects dollars spent for new distribution construction at beginning of project</li> <li>Better protects existing customers by allocating cost of expansion to developers</li> </ul>
FERC Formula Rates	2008 / June 2010	<ul style="list-style-type: none"> <li>Recovers transmission costs based on historical costs per FERC Form 1 and certain projected data</li> <li>Resets annually</li> </ul>

# Our Regulatory Mix

The bulk of APS' revenues come from our regulated retail rate base; we also have a meaningful transmission business.



**\$6.7 Billion**  
**Total Approved Rate Base**

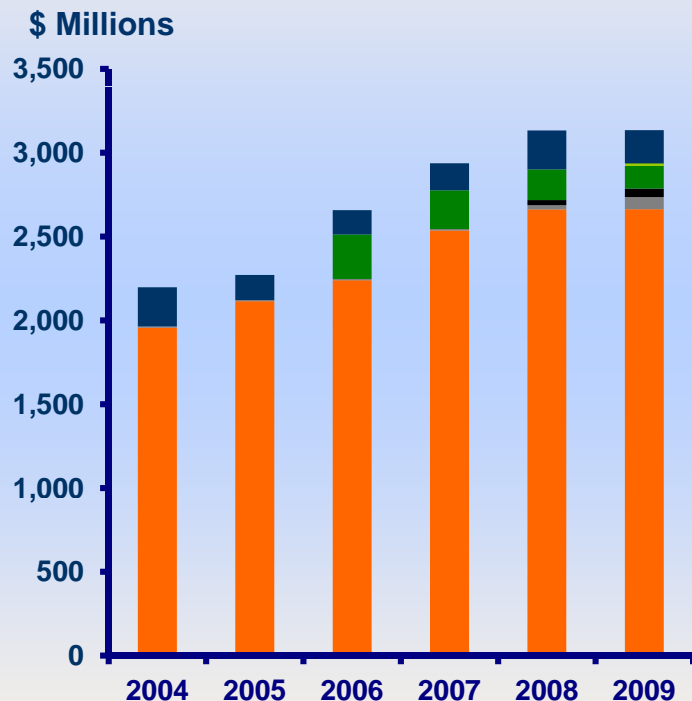
## *Most Recent Rate Decisions*

	<u>ACC</u>	<u>FERC</u>
Effective Date	1/1/2010	6/1/2010
Test Year Ending	12/31/2007	12/31/2009
Rate Base	\$5.6 B	\$1.1 B
Equity Layer	54%	51%
Allowed ROE	11.00%	10.75%

# APS Revenues by Recovery Mechanisms

**We have received supportive regulatory decisions providing more timely recovery.**

## Regulated Electricity Revenue by Recovery Mechanism



	Test Year	
	Historical	Forecasted
PSA	✓	✓
TCA	✓	✓
RES		✓
DSM*		✓
Base Rates	✓	
Other**	✓	

\* Includes revenues from wholesale electricity and transmission sales, electricity and other commodity sales, EIS and other miscellaneous services.

\*\* 2009 includes actuals through November 2009 and one month of forecast data.





# Arizona Renewable Energy and Energy Efficiency Standard

## Renewable Energy (RES) Minimum Requirements

- Portion of retail sales to be supplied by renewable resources
  - 5% by 2015
  - 15% by 2025
- Distributed energy component
  - 30% of total requirement by 2012

## Energy Efficiency Requirements

- Increasing annually 2011 – 2020
- Cumulative energy savings as percent of retail sales
  - 3% by 2012
  - 9.5% by 2015
  - 22% by 2020
- Rules to be certified by Arizona Attorney General

# Solana: A "Sunny Place"

**Solana will generate enough clean, renewable electricity to meet the needs of about 70,000 Arizona homes.**



- 280-MW concentrating solar trough
- 30-year PPA for all output (~900 GWh/year)
- Planned commercial operation in 2013
- Near existing transmission lines
- 70 miles southwest of Phoenix
- Thermal storage capability with summer on-peak capacity factor over 90%
- To be built, owned and operated by Abengoa Solar

# Community Power Project – Flagstaff, Arizona

**APS' innovative pilot project encourages distributed renewable resources,  
integrated with smart grid technology.**

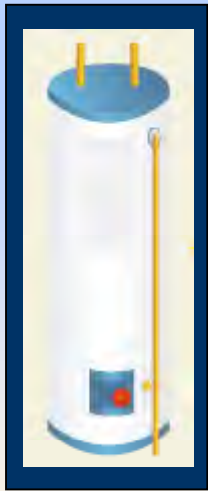


*APS-owned  
rooftop solar*

- 200 to 300 rooftop solar photovoltaic systems on single feeder
- 1.5 to 2 MW of distributed generation
- 4 weather stations in connected substations



*Small-scale  
wind turbines*



*Solar water  
heaters*



*Remote switching  
Substation on-line monitoring  
Capacitor controls  
Distribution sensors*



*AMI*

# A Well-Balanced Generation Portfolio

Fuel / Plant	Location	Units	Dispatch	Commercial Ops. Date	Operator	Ownership / Interest <sup>1</sup>	Net Capacity (MW)
<i>Nuclear</i>							
Palo Verde	Wintersburg, AZ	1,2,3	Base	1986 - 1989	APS	29.1	1,146
<i>Total Nuclear</i>							<i>1,146</i>
<i>Coal</i>							
Cholla	Joseph City, AZ	1,2,3	Base	1962 - 1980	APS	100	647
Four Corners	Farmington, NM	1,2,3	Base	1963 - 1964	APS	100	560
Four Corners	Farmington, NM	4,5	Base	1969 - 1970	APS	15	225
Navajo	Page, AZ	1,2,3	Base	1974 - 1976	SRP	14	315
<i>Total Coal</i>							<i>1,747</i>
<i>Gas/Oil - Combined Cycle</i>							
Redhawk	Arlington, AZ	1,2	Intermediate	2002	APS	100	984
West Phoenix	Phoenix, AZ	1,2,3,4,5	Intermediate	1976 - 2003	APS	100	887
<i>Total Gas/Oil - Combined Cycle</i>							<i>1,871</i>
<i>Gas/Oil - Steam Turbines</i>							
Ocotillo	Tempe, AZ	1,2	Peaking	1960	APS	100	220
Saguaro	Red Rock, AZ	1,2	Peaking	1954 - 1955	APS	100	210
<i>Total Gas/Oil - Steam Turbines</i>							<i>430</i>
<i>Gas/Oil - Combustion Turbines</i>							
Sundance	Casa Grande, AZ	10	Peaking	2002	APS	100	420
Yucca	Yuma, AZ	6	Peaking	1971 - 2008	APS	100	243
Saguaro	Red Rock, AZ	1,2,3	Peaking	1972 - 2002	APS	100	189
West Phoenix	Phoenix, AZ	1,2	Peaking	1972 - 1973	APS	100	110
Ocotillo	Tempe, AZ	1,2	Peaking	1972 - 1973	APS	100	110
Douglas	Douglas, AZ	1	Peaking	1972	APS	100	16
<i>Total Gas/Oil - Combustion Turbines</i>							<i>1,088</i>
<i>Solar</i>							
Solar - CSP Trough	Red Rock, AZ	--	Variable	2005	APS	100	1.0
Solar - PV	Prescott, AZ	--	Variable	2002 - 2006	APS	100	3.0
Solar - PV	STAR Center	--	Variable	1999 - 2004	APS	100	0.3
Solar - PV	Various	--	Variable	1996 - 2005	APS	100	1.5
<i>Total Solar</i>							<i>5.8</i>
<b>Total Generation Capacity</b>							<b>6,288</b>

Note: As of December 31, 2009

<sup>1</sup> Includes leased generating plants.



# Renewable Contracts Provide Bridge

Fuel / Contract	Location	Developer/ Operator	Status <sup>*</sup>	PPA Signed	COD/ Expected COD	Term (years)	Capacity (MW)
<i>Solar</i>							
Solana (CSP Trough)	Gila Bend, AZ	Abengoa	AD	Feb-2008	2013	30	280
<i>Total Solar</i>							280
<i>Wind</i>							
Aragonne Mesa	Santa Rosa, NM	Bluearc Mgmt. Group	IO	Dec-2005	Dec-2006	20	90
High Lonesome	Mountainair, NM	Edison Mission Energy	IO	Feb-2008	Jul-2009	30	100
Perrin Ranch	Williams, AZ	NextEra Energy	AD	Jul- 2010	2012	25	99
<i>Total Wind</i>							289
<i>Geothermal</i>							
CE Turbo - Salton Sea	Imperial County, CA	CalEnergy	IO	Jan-2006	Jan-2006	23	10
<i>Total Geothermal</i>							10
<i>Biomass</i>							
Snowflake	Snowflake, AZ	Renegy Holdings	IO	Jun-2008	Apr-2008	15	15
<i>Total Biomass</i>							15
<i>Biogas</i>							
Glendale Landfill Project	Glendale, AZ	Glendale Energy LLC	UC	Jul-2008	Dec-2009	20	3
<i>Total Biogas</i>							3
<b>Total Renewable Contracted Capacity</b>							<b>597</b>

Note: As of July 23, 2010.

\* Advanced Development (AD), Under Construction (UC), or In Operation (IO).



# Recognized as One of America's Greenest Companies

Newsweek ranked Pinnacle West 13<sup>th</sup> best among U.S. utilities.



# Environmental, Sustainability and Technology Leadership

We have been recognized internationally for our achievements.



**Dow Jones  
Sustainability Index**



**Edison Electric Institute's  
2008 Top Industry Award  
(Technical Innovation)**

**CORPORATE KNIGHTS**

**Global 100 Most Sustainable  
Corporations in World**



**Social Responsibility Index  
"Best in Class" Distinction**



**Top 10 Utility  
Solar Ranking**



**Social Responsibility Reporting  
Highest Overall Score  
of U.S. Utilities**



**Highest Rating (AAA) and  
Ranked #2 Electric Utility**



**DOE/EPA Sustained  
Excellence Award**

**InformationWeek**

**Top 10 in U.S. in  
Technology Innovation  
and #1 Utility**