

PINNACLE WEST
CAPITAL CORPORATION

A Powerful Tomorrow Starts Today

**UBS Natural Gas, Electric Power and Coal Conference
March 3, 2010**



Forward-Looking Statements

This presentation contains forward-looking statements based on current expectations. 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. These factors include: 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; 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 ACC 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; 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 the real estate market in SunCor’s market areas. These and other factors are discussed in 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, which you should review carefully before placing any reliance on our financial statements or disclosures. Neither Pinnacle West nor APS assumes any obligation to update any forward-looking statements, even if our internal estimates change, except as may be required by applicable law.



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



Delivering Superior Shareholder Returns

We Are A Green Company

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

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

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

Improving Regulatory Environment

- Constructive retail regulatory settlement
- Progress on many issues last five years
- Building collaborative relationships

Compelling Capital Investment Opportunities

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

Who We Are

At our core, we are an electric utility.

PINNACLE WEST
CAPITAL CORPORATION

NYSE Ticker: PNW
Market Cap: \$4 Billion
Enterprise Value: \$7 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

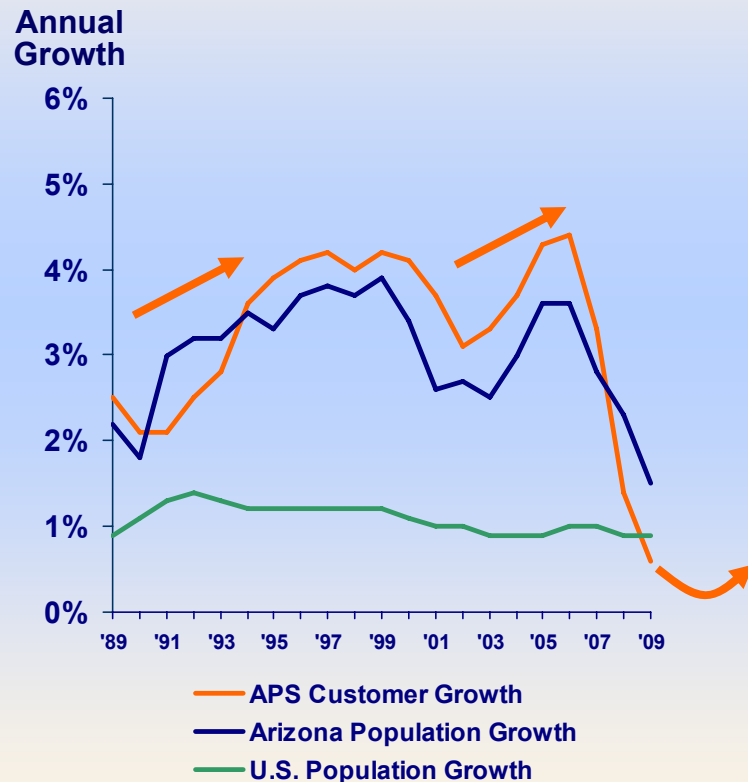


Venture Investments
\$19 Million

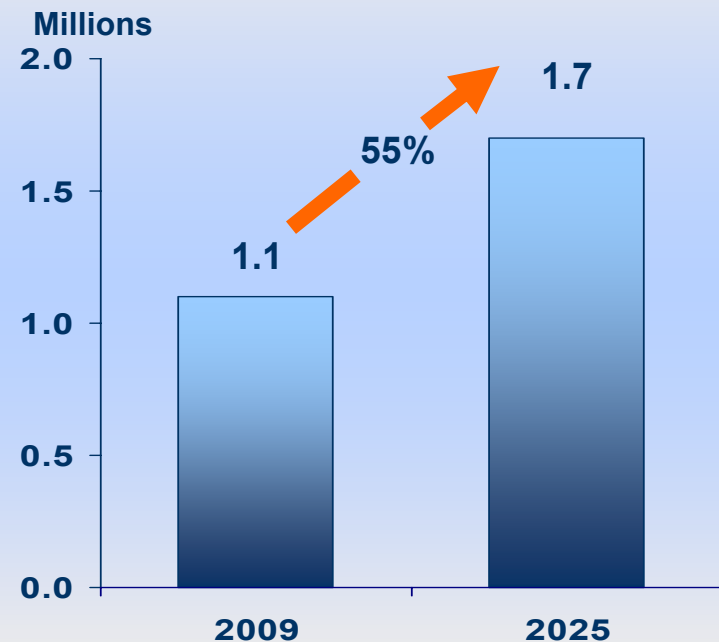
Positive Long-Term Demographics

Arizona has ranked in the top five for population growth over the last 20 years. In spite of economic slowdown, APS expects 55% customer growth by 2025.

Superior Historical Growth



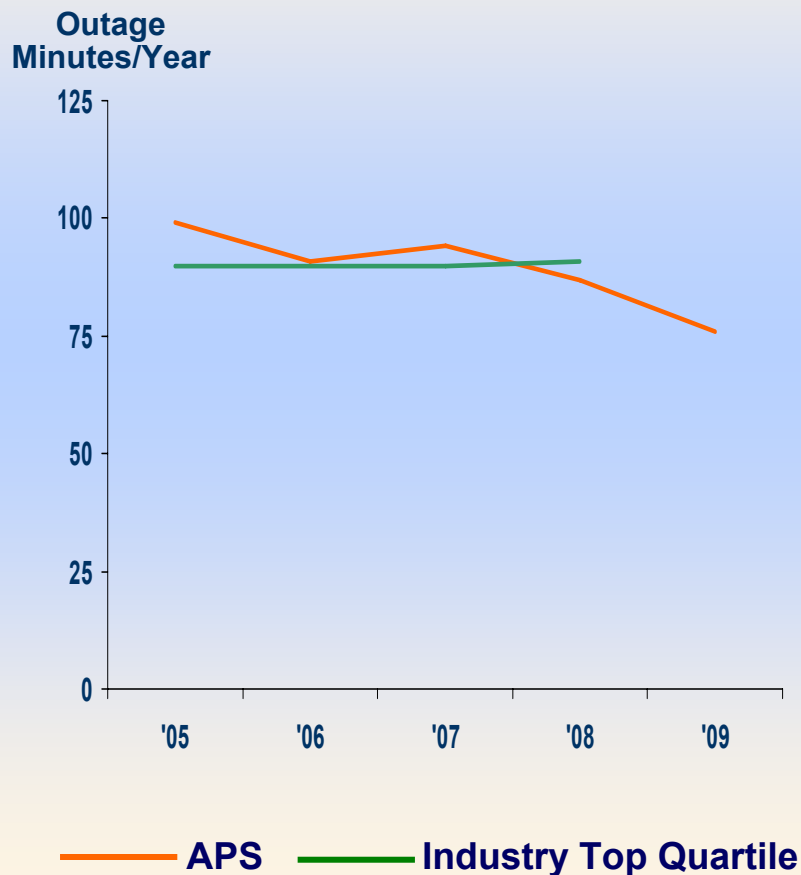
APS Customer Growth



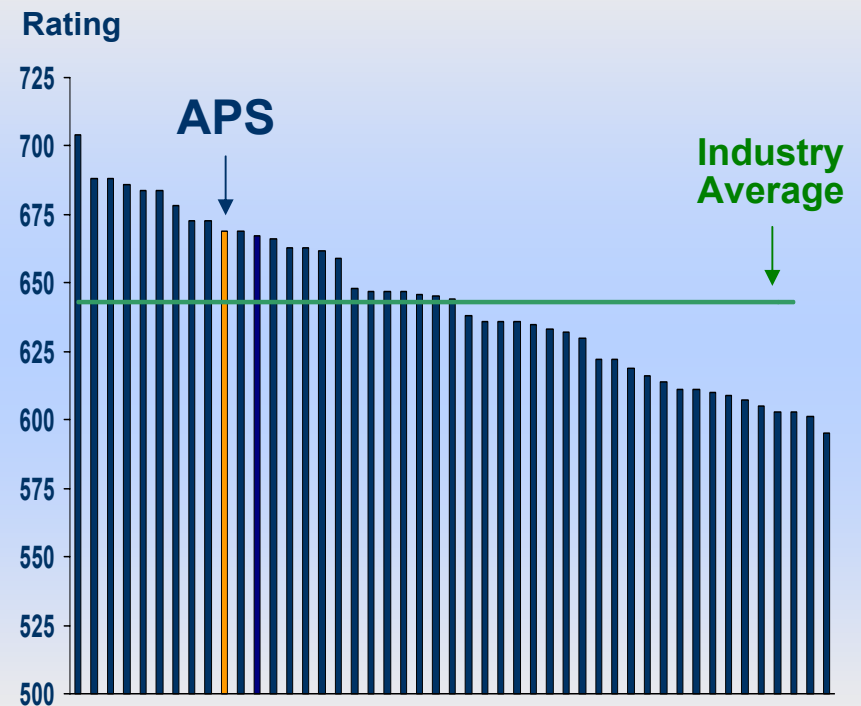
APS Continually Ranks in Top Quartile in Business Customer Satisfaction

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

Lowering Average Annual Outage Time Per Customer



Outstanding Business Customer Satisfaction Rating

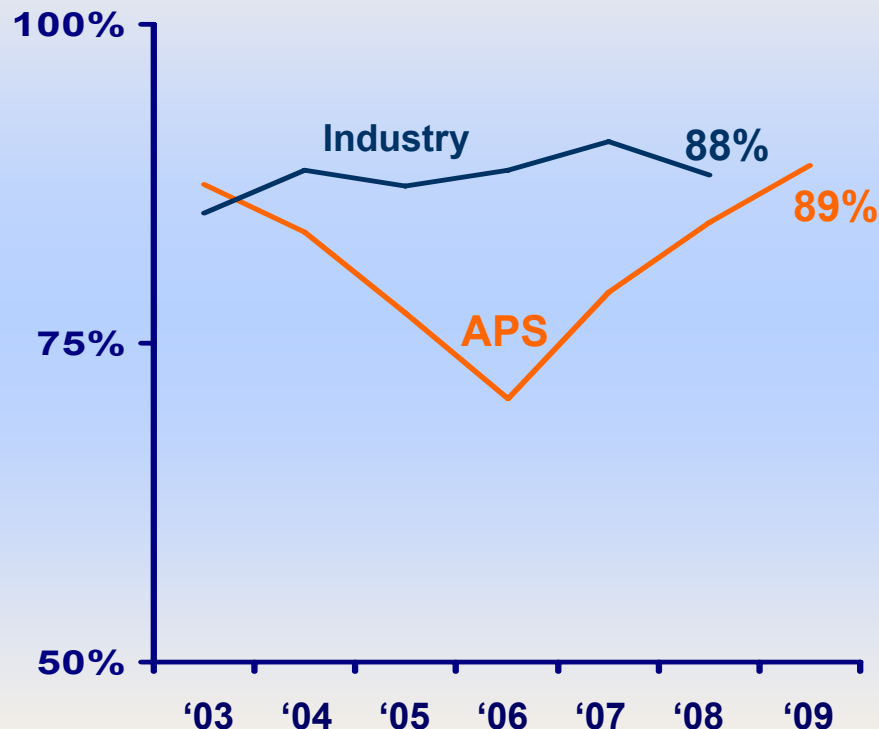


2010 J.D. Power Business Customer Survey

Palo Verde: Energy Cornerstone of the Southwest

One of the top nuclear industry performers for more than a decade,
Palo Verde is back on track toward top performance.

Capacity Factors



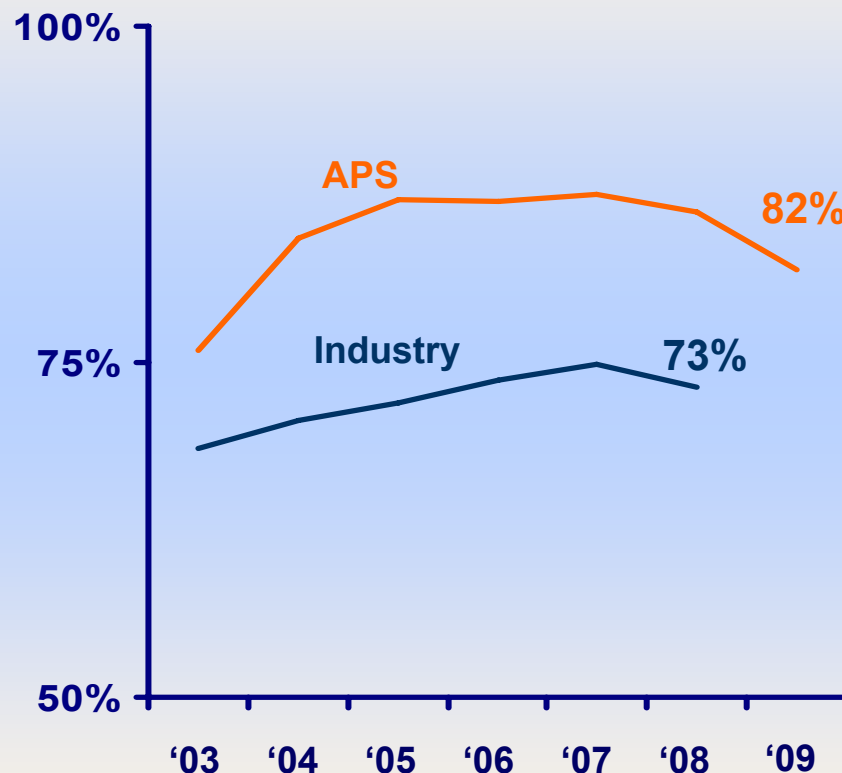
Accomplishments & Goals

- NRC returned plant to routine inspection and oversight March 2009
- 20-year license extension requested December 2008
- Goals by 2013
 - ◆ Consistent site capacity factor greater than ~~88%~~ 90%
 - ◆ Refueling outages 30 days or less
 - ◆ EUCG operating costs less than \$0.02/kWh
 - ◆ Top-quartile safety

Superior Fossil Generation Performance

Our coal plants are consistently strong performers.

Capacity Factors

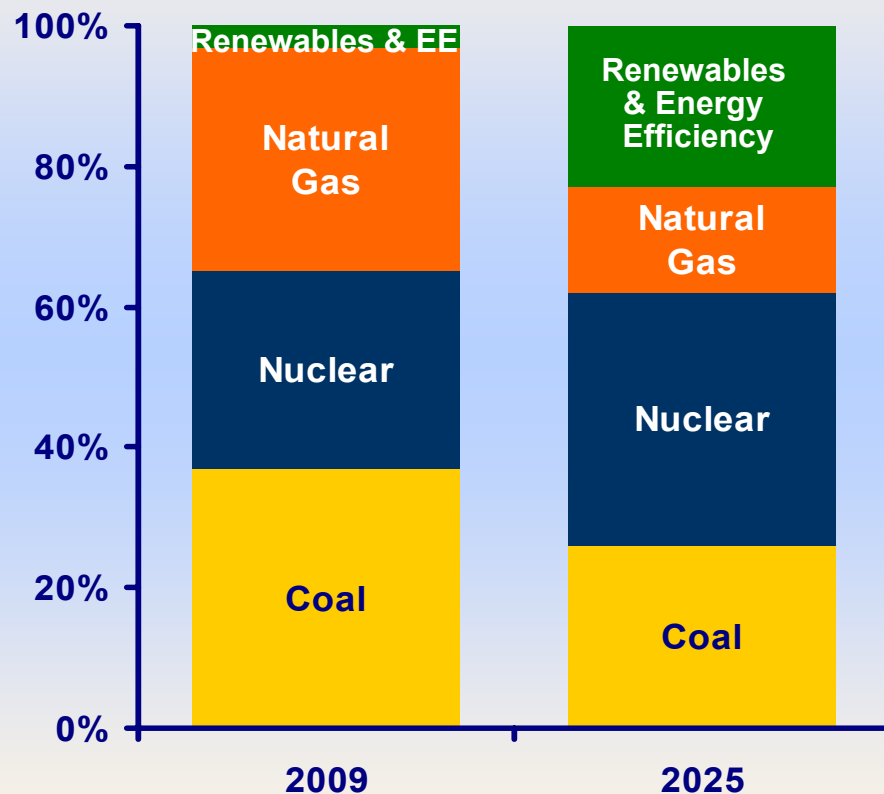


- Solid 2009 capacity factors
 - ◆ Four Corners: 88%
 - ◆ Cholla: 77%
- Performance Drivers:
 - ◆ Conservative operating practices
 - ◆ Highly experienced plant management
 - ◆ Aggressive equipment management

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

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

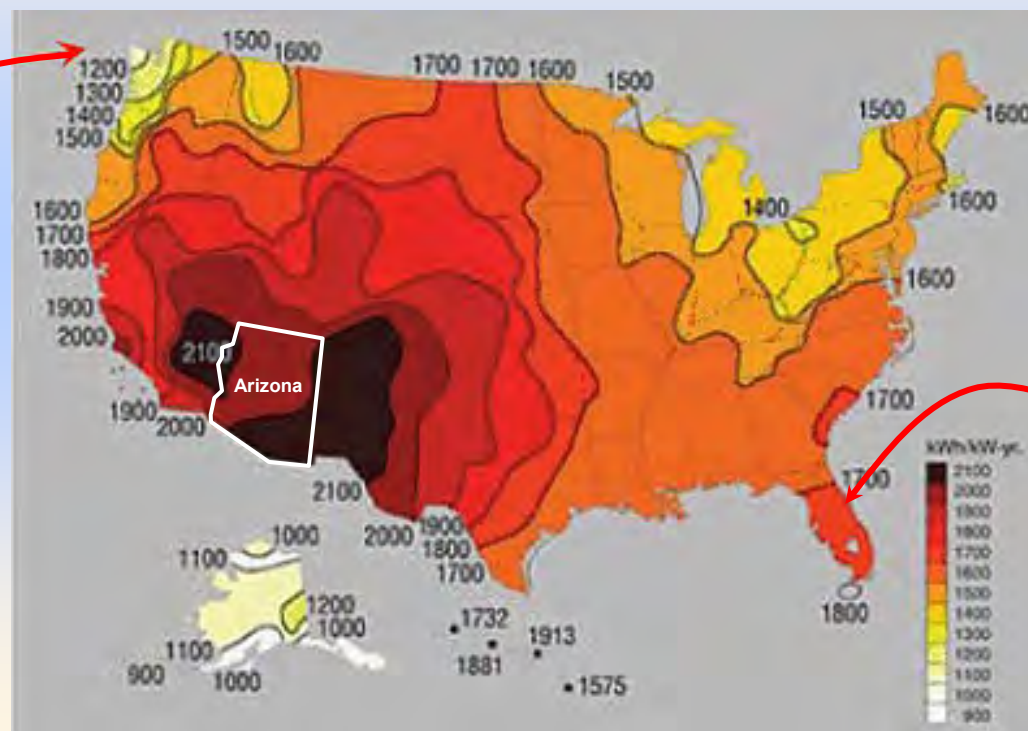


Arizona's World-Class Solar Potential

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 Major Renewables Projects

APS' commitment to renewables remains strong.

Retail regulatory settlement provisions

- 1.7 million MWh additional 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

AZ Sun Program (proposed)

- \$500 million capital investment
- Estimated 100 MW photovoltaic solar plants to be owned by APS
- To be placed into service in 2011 through 2014
- Rate recovery through Renewable Energy Surcharge adjustor

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 due April 2010

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

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>
Settlement agreement terms			
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>
 Less interim base rate surcharge that ended upon general rate case implementation			
	<u>(65)</u>	<u>(65)</u>	<u>(65)</u>
 Total	 <u><u>\$ 165</u></u>	 <u><u>\$ 180</u></u>	 <u><u>\$ 254</u></u>

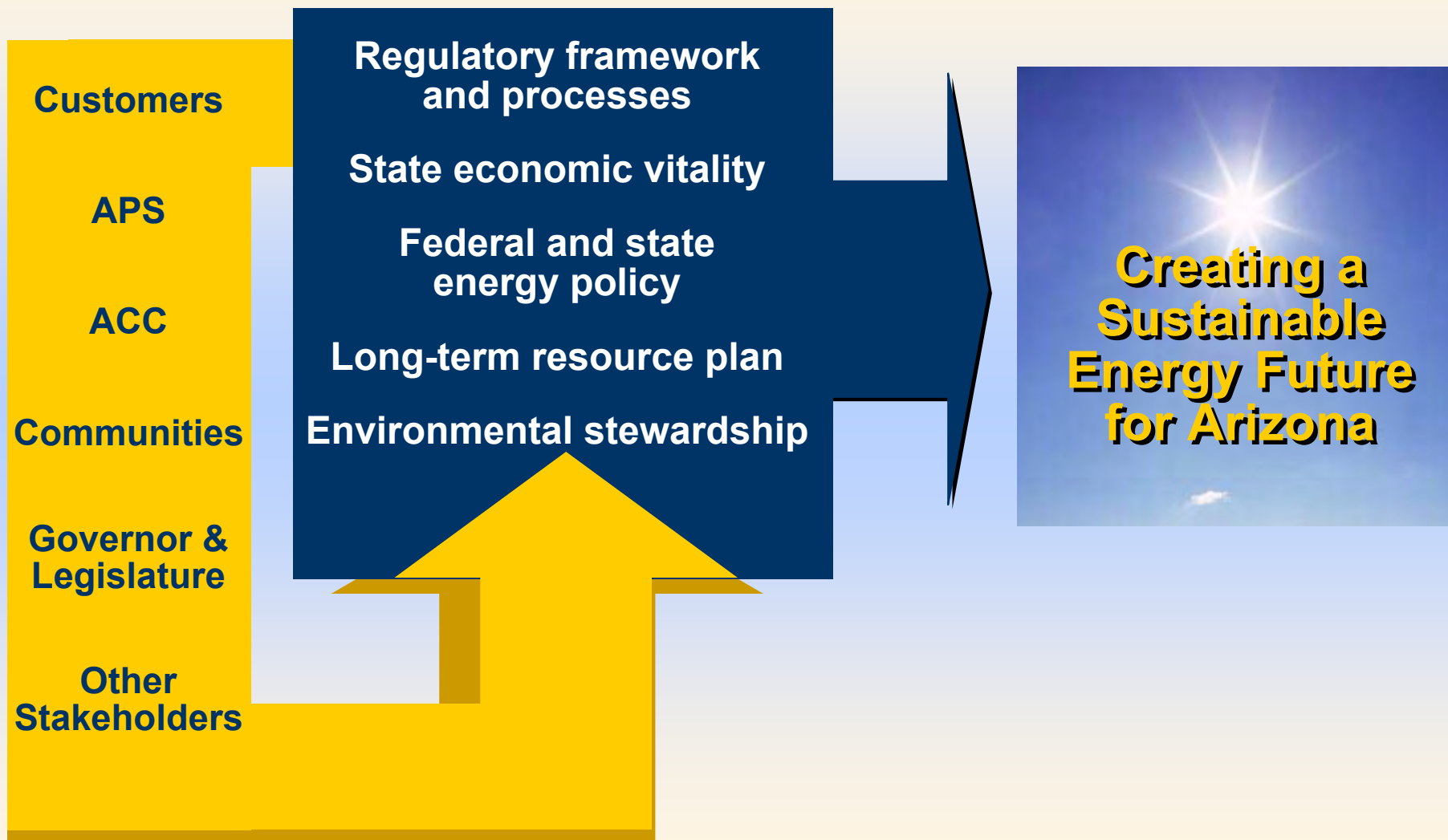


Progressive 2009 Regulatory Settlement

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**

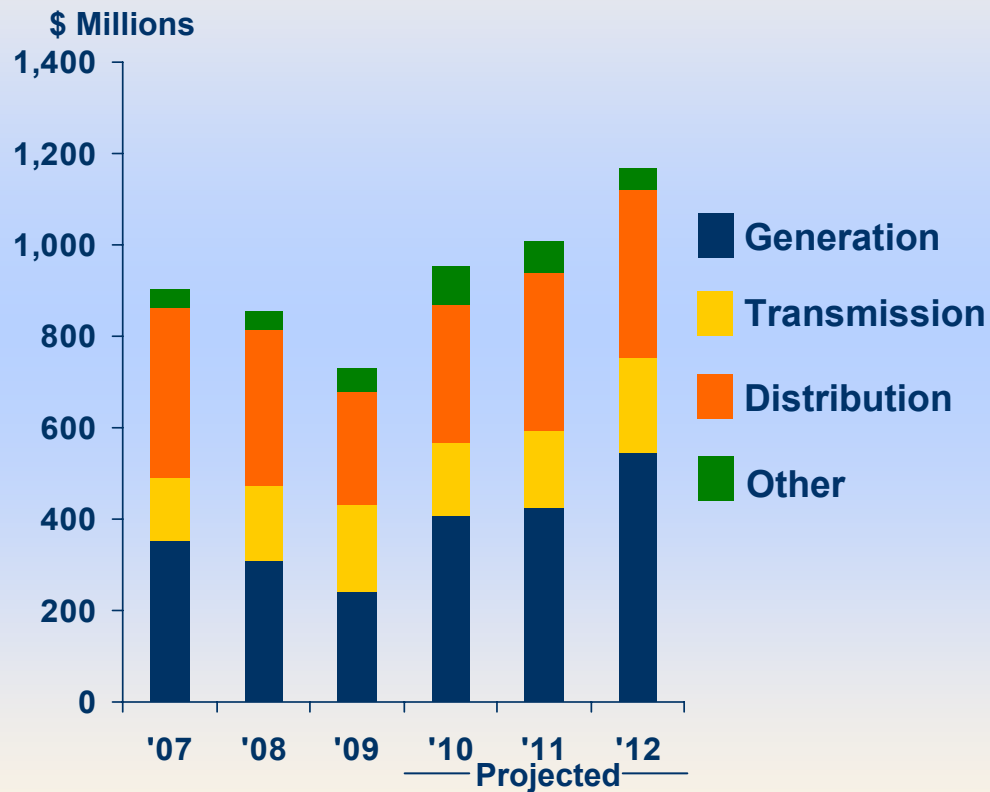
Opportunities to Continue Improving Regulatory Dialogue



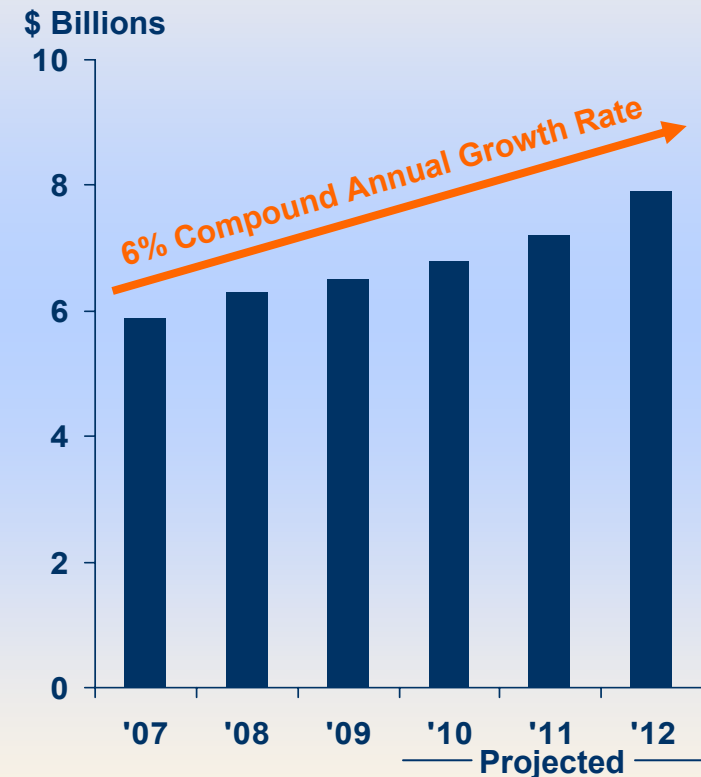
APS CapEx Drives Strong Rate Base Growth

We have reduced capex based on current slowed growth – yet still expect strong rate base growth.

APS Capital Expenditures



APS Rate Base

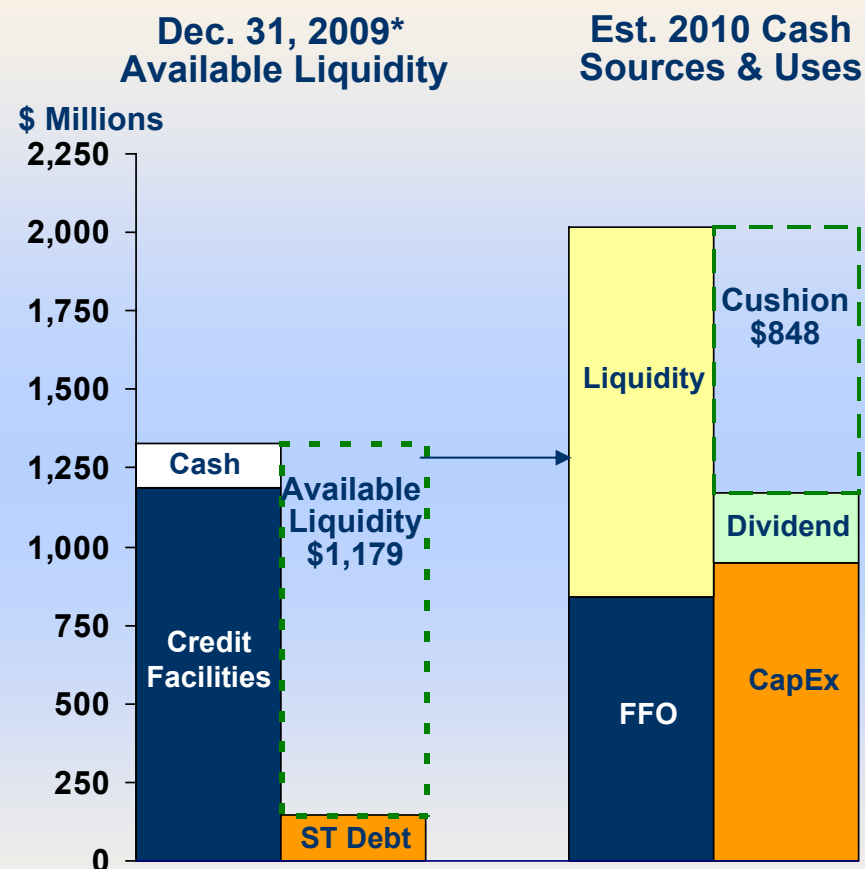


Adequate Liquidity and Financing Access

Credit Facilities*

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

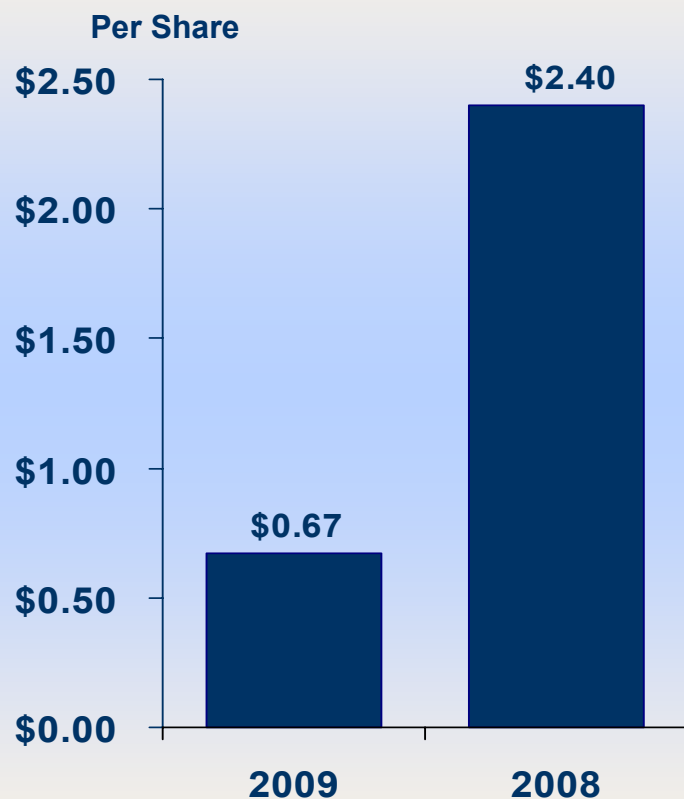
- Solid bank group
- No MAC clauses or “clean down” provisions



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

Consolidated EPS Summary Year 2009 vs. Year 2008

Reported



On-Going



* See non-GAAP reconciliation in the Appendix.



Consolidated On-Going EPS Guidance 2010 – 2011

As of February 19, 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**

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

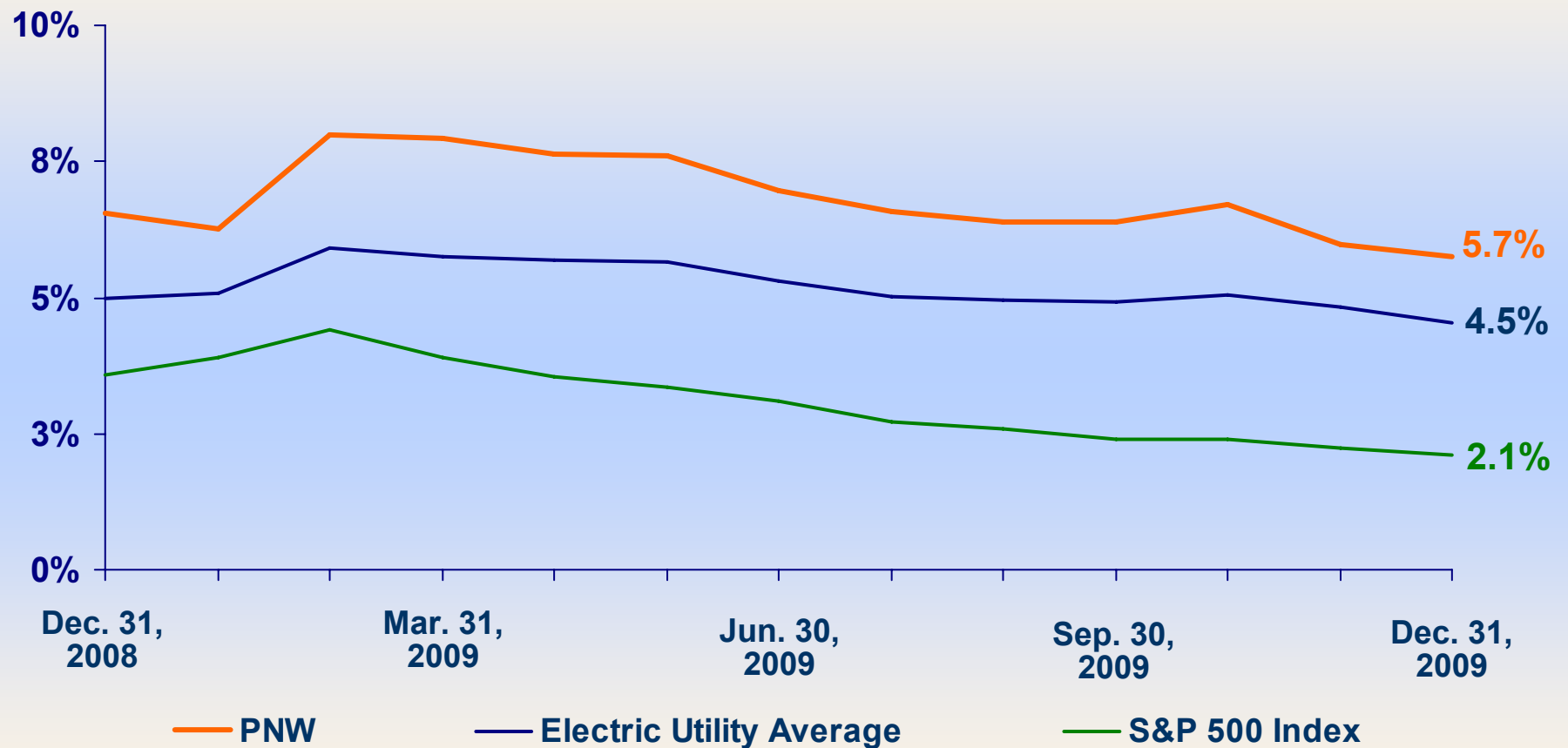
Engaged, motivated workforce



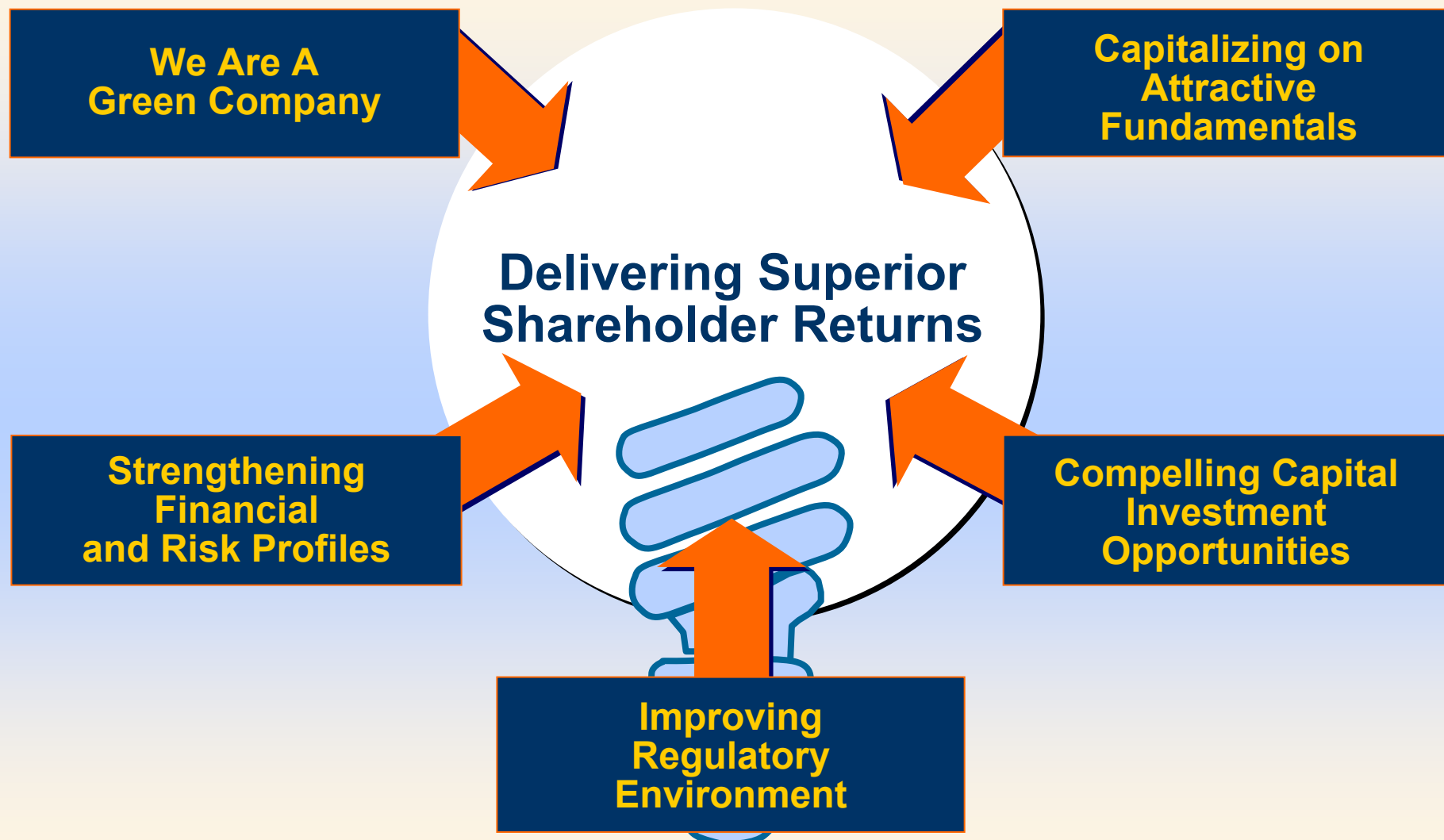
Cost Savings

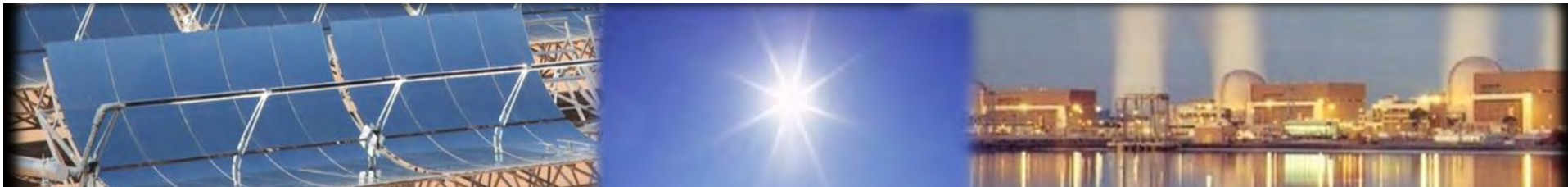
Top-Tier Dividend Yield

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 160 combined years of creating shareholder value in the energy industry.



**Don Brandt
Chairman & CEO**

**Jim
Hatfield
SVP &
CFO**

**Steve
Wheeler
EVP
Customer
Service &
Regulation**

**Don
Robinson
APS
President
& COO**

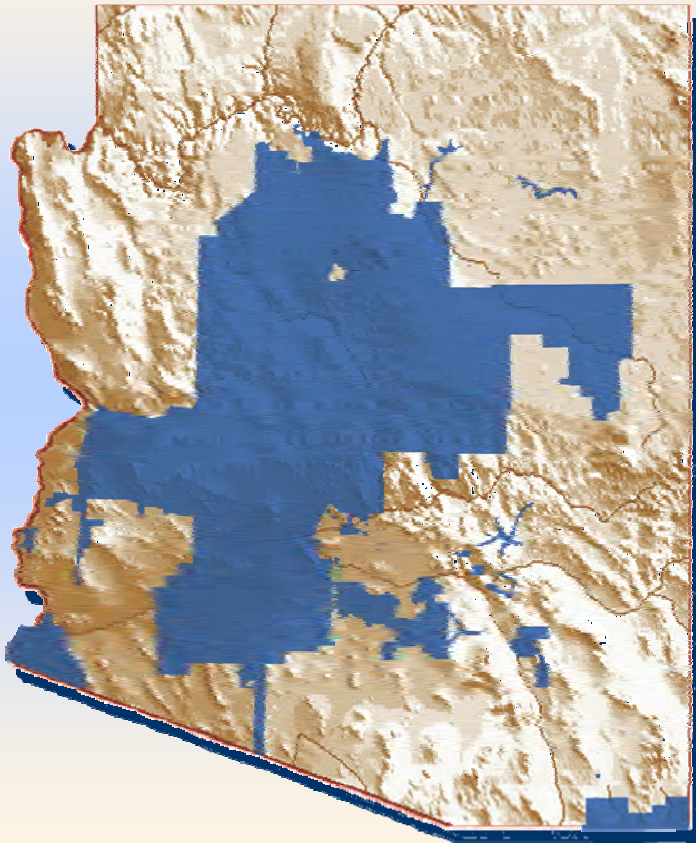
**Mark
Schiavoni
SVP
Fossil
Generation**

**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





Consolidated On-Going EPS Guidance 2010 Key Factors and Assumptions

- APS earnings to comprise nearly all of on-going consolidated earnings
- Normal weather patterns for year
- Implementation of APS' retail regulatory settlement effective January 1, 2010
- Retail customer growth of about 1%
- Weather-normalized retail electricity sales volumes comparable with prior year, in part due to Company energy efficiency initiatives
- Total electricity gross margin (operating revenues, net of fuel and purchased power expenses, excluding Renewable Energy Surcharge and similar rate adjustors*) of \$2.04 billion to \$2.09 billion
- Operating expenses (operations and maintenance, excluding costs for Renewable Energy Standard and similar regulatory programs*; depreciation and amortization; and taxes other than income taxes) of \$1.30 billion to \$1.33 billion
- Interest expense, net of capitalized interest and allowance for equity funds used for construction, of \$210 million to \$220 million
- An effective tax rate of about 38%

* Revenues and operating costs related to Renewable Energy Standard and similar regulatory programs estimated to be \$137 million.



Non-GAAP EPS Reconciliation Year 2009 vs. Year 2008

	<u>2009</u>	<u>2008</u>	<u>Change</u>
EPS per diluted share as reported	\$ 0.67	\$ 2.40	\$ (1.73)
Adjustments:			
Real estate segment	1.66	0.26	1.40
Income tax credits related to prior years	-	(0.30)	0.30
Severance costs	-	0.08	(0.08)
Plant sale tax resolution	-	(0.08)	0.08
On-going earnings per share	<u>\$ 2.33</u>	<u>\$ 2.36</u>	<u>\$ (0.03)</u>



Investment-Grade Credit Ratings

Ratings

Pinnacle West

APS

Senior Unsecured Debt

Moody's

Baa3

Baa2

S&P

BB+

BBB-

Fitch

-

BBB

Outlook

Moody's

Stable

Stable

S&P

Stable

Stable

Fitch

Negative

Stable

Commercial Paper

Moody's

P3

P2

S&P

A3

A3

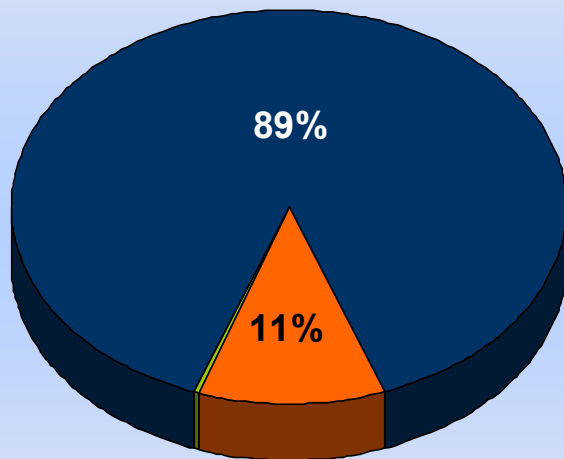
Fitch

F3

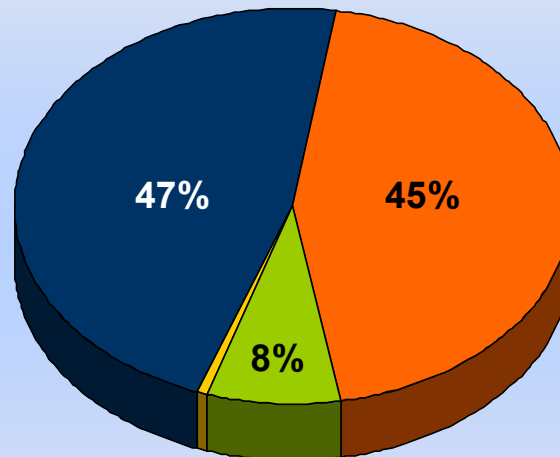
F3

2009 Retail Customer, Sales And Revenue Mixes

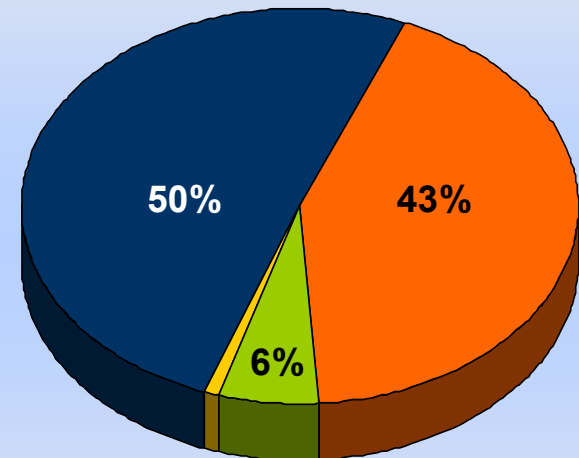
Customers
Year-End
1.1 Million



Retail
Sales
28,173 GWh



Operating
Revenues
\$3.0 Billion



■ Residential

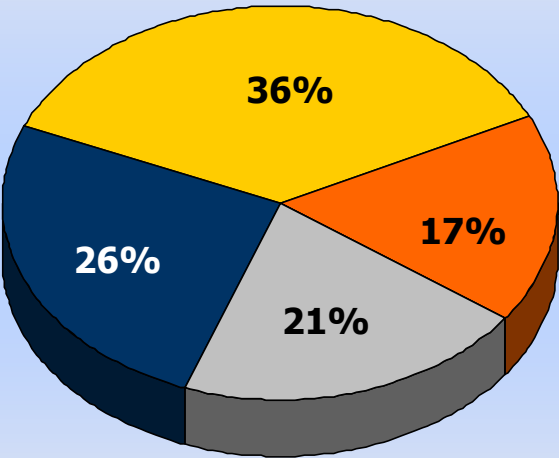
■ Commercial

■ Industrial

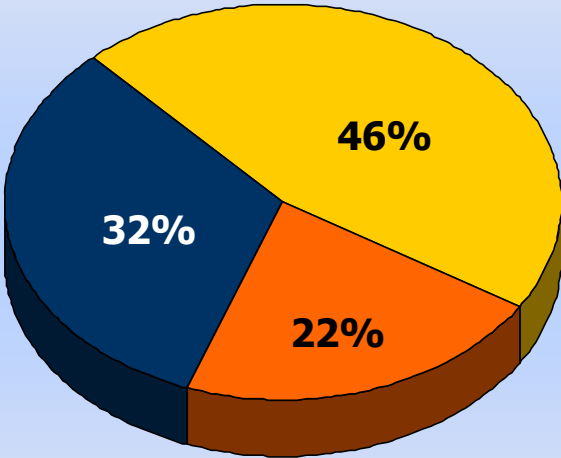
■ Other

2009 APS Generation and Energy Fuel Mixes

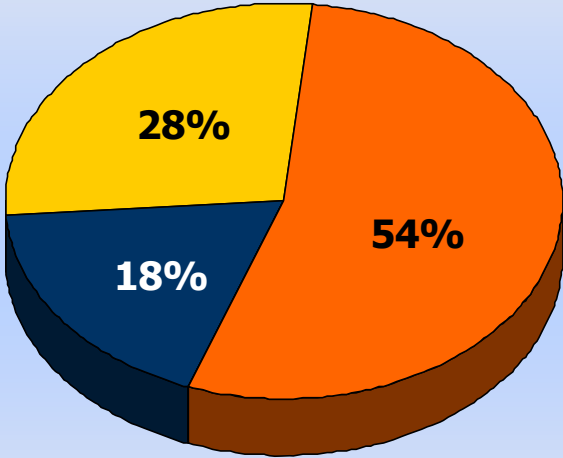
Energy
Fuel Mix
34,514 GWh



Generation
Fuel Mix
27,374 GWh



Generation
Capacity Mix
6,288 MW



■ Nuclear

■ Coal

■ Gas & Oil

■ Purchased Power

Arizona Corporation Commissioners

Terms Through January 2011



Kristin Mayes
Chairman (Rep)



Gary Pierce (Rep)

Elected November 2008, Terms Through January 2013



Sandra Kennedy (Dem)



Paul Newman (Dem)



Bob Stump (Rep)

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):

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

Allowed ROE (%) 11

Equity ratio (%) 54

Rate base (\$ billions) \$5.6

Base fuel rate (¢ per kWh) 3.76

Effective date 1/1/2010

**Line Extension Fees – 2010-2012 payments received to be recorded as revenues
instead of contributions in aid of construction (CIAC) (pretax estimates):**

• 2010	\$23 million
• 2011	\$25 million
• 2012	\$49 million



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**

Key ACC Regulatory Proceedings

Case	Description	Docket Number
2008-2009 General Retail Rate Case	Settlement approved effective January 1, 2010	E-01345A-08-0172
2008 Interim Rate Approval	APS received \$65.2 million interim base rate surcharge effective January 1, 2009 until new baser rates became effective January 1, 2010.	E-01345A-08-0172
Demand Side Management Programs 2008-2010	APS was authorized to recover \$25.5 million per year.	E-01345A-03-0437 E-01345A-05-0526
Resource Plan	APS has filed for approval of its resource plan. Suggested financial recovery mechanisms included in report.	E-01345A-09-0037
Energy Efficiency Rate Incentives for Electric and Gas Utilities'	ACC Staff has begun workshop process to explore encouragement of energy efficiency through use of regulatory and rate incentives, including decoupling and performance-based utility incentives.	E-00000J-08-0314 G-00000C-08-0314
Demand Response Program	As ordered in 2007 rate decision, APS has requested approval of Commercial & Industrial Load Management Program. Annual budget for this program ramps up to \$8.5 million by 2013.	E-01345A-08-0569
Concentrating Solar Power Contract (Solana)	In September 2008, ACC approved APS participation in Solana project.	E-01345A-08-0106
Concentrating Solar Power Contract (Starwood Solar I)	In May 2009, APS filed application for approval of purchased power agreement.	E-01345A-09-0261
Transmission Cost Adjustor	In July 2009, ACC approved TCA increase to reflect changes in FERC transmission rates. APS collected \$31.5 million through TCA mechanism in 2008.	E-01345A-08-0265
2010 RES Implementation Plan	APS was authorized to recover \$86.7 million in 2010.	E-01345A-09-0338

Significant Regulatory Progress Since 2005

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

Mechanism	Adopted / Last Adj.	Description
Power Supply Adjustor ("PSA")	April 2005 / February 2009	<ul style="list-style-type: none"> Recovers 90% of variance between actual fuel and purchased power costs and base fuel rate Includes forward-looking, historical and transition components
Transmission Cost Adjustor ("TCA")	April 2005 / July 2009	<ul style="list-style-type: none"> Recovers FERC-approved transmission costs related to retail customers Resets annually as a result of the FERC Formula Rate process (see below)
Renewable Energy Surcharge ("RES")	May 2008 / January 2009	<ul style="list-style-type: none"> Recovers costs related to renewable initiatives Collects projected dollars to meet RES targets Provides incentives to customers to install distributed renewable energy
Demand-Side Management Adjustor ("DSM")	April 2005 / April 2009	<ul style="list-style-type: none"> Recovers retroactively costs related to conservation and DSM programs above \$10 million in base rates Provides 10% performance incentive to APS for net benefits achieved Provides rebates and incentives to participating customers
Environmental Improvement Surcharge ("EIS")	July 2007 / July 2007	<ul style="list-style-type: none"> Recovers retroactive costs related to environmental upgrades not fully covered under base rates Allows for cost recovery of ACC-approved projects
Retail Line Extension Fees	July 2007 / February 2008	<ul style="list-style-type: none"> "Pay as you go" mechanism collects dollars spent for new construction at beginning of project Better protects existing customers by allocating cost of expansion to developers
FERC Formula Rates	2008 / June 2009	<ul style="list-style-type: none"> Recovers transmission costs based on historical costs per FERC Form 1 and certain projected data Resets annually

Constructive Transmission Rate Regulation

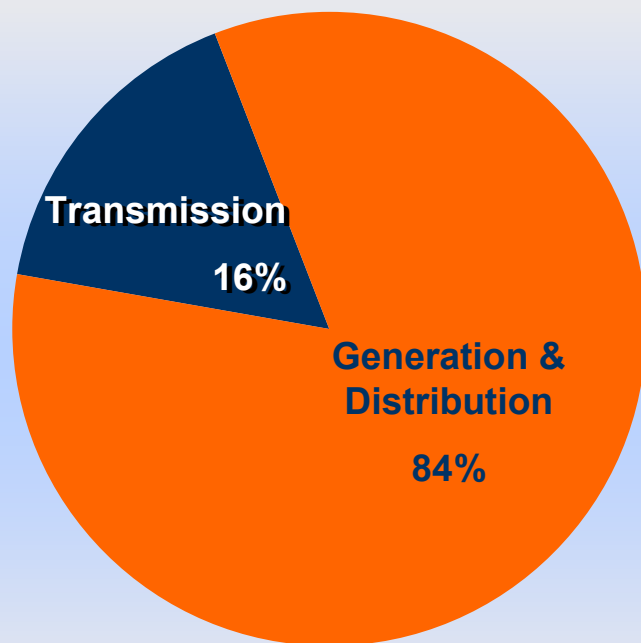
We have achieved constructive transmission rate treatment.

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

	1 st Increase		2 nd Increase		3 rd Increase	
	Annual Revenue	Effective Date	Annual Revenue	Effective Date	Annual Revenue	Effective Date
Retail Portion (TCA)	\$27M	3/1/2008	\$13M	7/3/2008	\$21M	8/1/2009
Wholesale Portion	\$ 1M	3/1/2008	\$ 2M	6/1/2008	\$ 2M	6/1/2009
Total Increase	\$28M		\$15M		\$23M	
Allowed ROE	10.75%		10.75%		10.75%	
Equity Ratio	53%		53%		55%	
Rate Base	\$0.8B		\$1.0B		\$1.1B	
Test Year	2006		2007		2008	

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

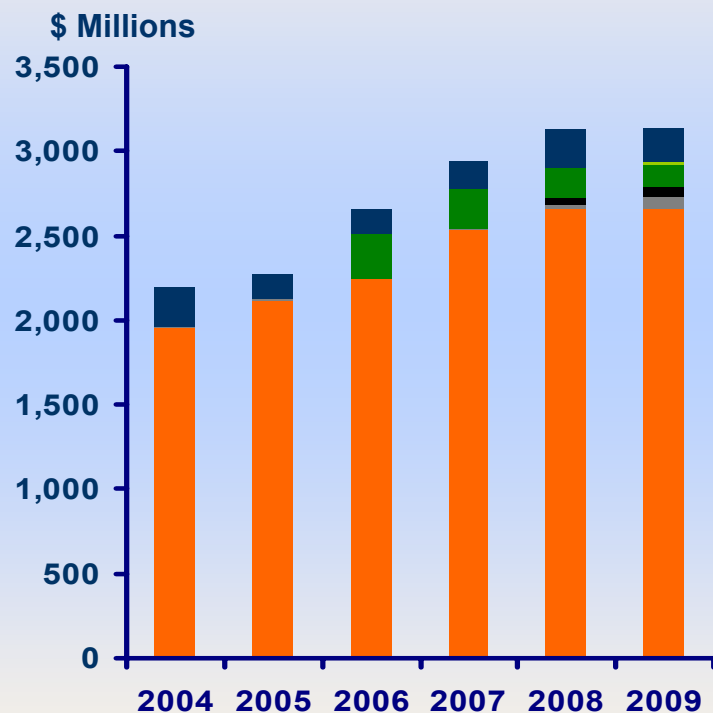
Most Recent Rate Decisions

	<u>ACC</u>	<u>FERC</u>
Effective Date	1/1/2010	6/1/2009
Test Year Ending	12/31/2007	12/31/2008
Rate Base	\$5.6 B	\$1.1 B
Equity Layer	54%	55%
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.



Renewable Resource Obligations

APS is committed to renewable energy well in excess of the State's requirements.

APS retail regulatory settlement provisions

- **1.7 million MWh additional generation or savings to be in service by end of 2015**
 - ◆ **New resources to be in addition to resources and commitments as of year-end 2008**
- **Estimate APS will supply 10% of retail sales with renewable energy by year-end 2015**
 - ◆ **Double ACC requirements**

Arizona Renewable Energy Standard (RES)

- **Minimum renewable energy requirements**
 - ◆ **5% of energy for retail sales by 2015**
 - ◆ **15% of energy for retail sales by 2025**
- **Required distributed energy component**
 - ◆ **30% of total requirement by 2012**



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

Proposed AZ Sun Program

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



- 100 MW of photovoltaic solar plants to be owned by APS
- Estimated \$500 million capital investment
- To be placed into service in 2011 through 2014
- Size and timing to be determined through responses to requests for proposal to be issued
- Rate recovery through Renewable Energy Surcharge adjustor
- ACC consideration expected in March 2010

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 ¹	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>							1,146
<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>							1,747
<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>							1,871
<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>							430
<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>							1,088
<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>							5.8
Total Generation Capacity							6,288

Note: As of December 31, 2009

¹ Includes leased generating plants.

Renewable Contracts Provide Bridge

Fuel / Contract	Location	Developer/ Operator	Status [*]	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
<i>Total Wind</i>							190
<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
Total Renewable Contracted Capacity							498

Note: As of December 31, 2009.

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

Recognized as One of America's Greenest Companies

Newsweek ranked Pinnacle West 13th 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)**



**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**



**EPA Climate
Protection Award**



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

Employee Innovation Supports Customer Reliability

**We're not just an energy company,
we embrace technological innovation in our industry.**

Recipient of 2008 EEI Award



"APS' new system for monitoring transformer performance (TOAN) is a remarkable achievement and could potentially benefit electric utilities everywhere.... This system represents a significant step forward in managing and monitoring the electric grid."

**Thomas Kuhn
Edison Electric Institute President
June 2008**

- **27 U.S. patents issued since 1997**
 - ◆ **State-of-the-art solar technology advancements**
 - ◆ **Underground piping system inspections & maintenance**
 - ◆ **Nuclear safety & maintenance**
- **Additional patents pending in U.S. and abroad**
 - ◆ **Remote transformer monitoring (TOAN)**
 - ◆ **Solar technology advancements**
- **Other innovative projects**
 - ◆ **Coal conversion to Substitute Natural Gas**
 - ◆ **CO₂ emission capture using algae**