PINNACLE WEST
CAPITAL CORPORATION

POWERING GROWTH
DELIVERING VALUE

First Quarter 2020 Results
May 8, 2020

FORWARD LOOKING STATEMENTS AND NON-GAAP FINANCIAL MEASURES

This presentation contains forward-looking statements based on current expectations, including statements regarding our earnings guidance and financial outlook and goals. These forward-looking statements are often identified by words such as “estimate,” “predict,” “may,” “believe,” “plan,” “expect,” “require,” “intend,” “assume,” “project,” "anticipate," "goal," "seek," "strategy," "likely," "should," "will," "could," 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, but are not limited to: the potential effects of the continued COVID-19 pandemic, including on demand for energy, economic growth, our employees and contractors, supply chain, expenses, capital markets, capital projects, operations and maintenance activities, uncollectable accounts, liquidity, cash flows, or other unpredictable events; our ability to manage capital expenditures and operations and maintenance costs while maintaining high reliability and customer service levels; variations in demand for electricity, including those due to weather seasonality, the general economy or social conditions, customer and sales growth (or decline), the effects of energy conservation measures and distributed generation, and technological advancements; power plant and transmission system performance and outages; competition in retail and wholesale power markets; regulatory and judicial decisions, developments and proceedings; new legislation, ballot initiatives and regulation, including those relating to environmental requirements, regulatory policy, nuclear plant operations and potential deregulation of retail electric markets; fuel and water supply availability; our ability to achieve timely and adequate rate recovery of our costs, including returns on and of debt and equity capital investments; our ability to meet renewable energy and energy efficiency mandates and recover related costs; risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainty; current and future economic conditions in Arizona, including in real estate markets; the direct or indirect effect on our facilities or business from cybersecurity threats or intrusions, data security breaches, terrorist attack, physical attack, severe storms, droughts, or other catastrophic events, such as fires, explosions, pandemic health events, or similar occurrences; the development of new technologies which may affect electric sales or delivery; the cost of debt and equity capital and the ability to access capital markets when required; environmental, economic and other concerns surrounding coal-fired generation, including regulation of greenhouse gas emissions; volatile fuel and purchased power costs; 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; generation, transmission and distribution facility and system conditions and operating costs; the ability to meet the anticipated future need for additional generation and associated transmission facilities in our region; the willingness or ability of our counterparties, power plant participants and power plant land owners to meet contractual or other obligations or continue or discontinue power plant operations consistent with our corporate interests; and restrictions on dividends or other provisions in our credit agreements and ACC orders. These and other factors are discussed in Risk Factors described in Part I, Item 1A of the Pinnacle West/APS Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and in Part II, Item 1A in of the Pinnacle West/APS Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, which you should review carefully before placing any reliance on our financial statements, disclosures or earnings outlook. Neither Pinnacle West nor APS assumes any obligation to update these statements, even if our internal estimates change, except as required by law.

In this presentation, references to net income and earnings per share (EPS) refer to amounts attributable to common shareholders.

We present “gross margin” per diluted share of common stock. Gross margin refers to operating revenues less fuel and purchased power expenses. Gross margin is a “non-GAAP financial measure,” as defined in accordance with SEC rules. The appendix contains a reconciliation of this non-GAAP financial measure to the referenced revenue and expense line items on our Consolidated Statements of Income, which are the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles in the United States of America (GAAP). We view gross margin as an important performance measure of the core profitability of our operations, 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.

We present “adjusted gross margin” and “adjusted operations and maintenance” that have been adjusted to exclude costs and offsetting operating revenues associated with renewable energy and demand side management programs. We also present “adjusted D&A,” “adjusted interest, net of AFUDC,” and “adjusted other, net” that have been adjusted for the deferral impacts of the Four Corner’s Selective Catalytic Reduction (SCR) equipment and the Ocotillo Modernization Project. We also present “adjusted income taxes" that shows the impact of tax reform. Adjusted gross margin, adjusted operations and maintenance, adjusted D&A, adjusted interest, net of AFUDC, adjusted other, net, and adjusted income taxes are “non-GAAP financial measures,” as defined in accordance with SEC rules. The appendix contains a reconciliation to show the exclusion of costs and offsetting operating revenues associated with renewable energy and demand side management programs, the deferral impacts of the Four Corners SCR equipment and the Ocotillo Modernization Project, and the impact of tax reform. We believe the information provided in the reconciliation provides investors with useful indicators of our results that are comparable among periods because they exclude the effects of unusual items that may occur on an irregular basis, such as the installation of the SCR equipment, the Ocotillo Modernization Project and tax reform impacts, and exclude the effects of programs that overstate our gross margin.

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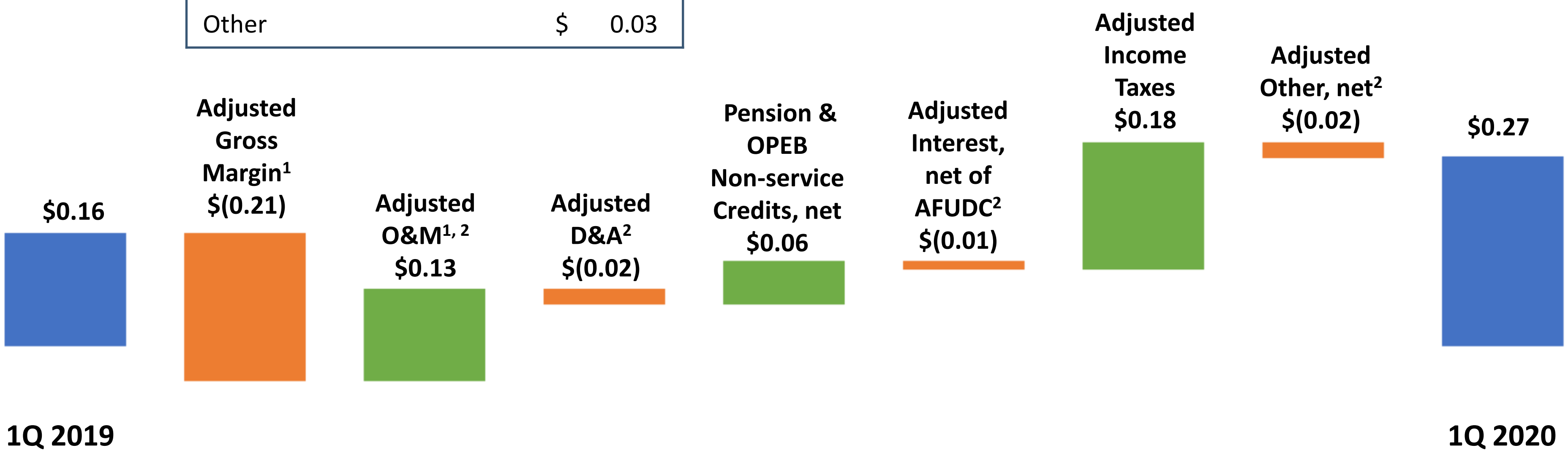
EPS VARIANCES

1st Quarter 2020 vs. 1st Quarter 2019

Gross Margin		
Transmission	$	(0.01)
Weather	$	(0.08)
Federal Tax Reform	$	(0.15)
Other	$	0.03



[1] Excludes costs and offsetting operating revenues associated with renewable energy and demand side management programs.

[2] Driver adjusted for the deferral impacts of the Four Corners Selective Catalytic Reduction (SCR) equipment and Ocotillo Modernization Project.

See non-GAAP reconciliation in Appendix.

PINNACLE WEST CAPITAL CORPORATION

2020 EPS GUIDANCE

Key Factors & Assumptions as of May 8, 2020

	2020
Adjusted gross margin[1,2] (operating revenues, net of fuel and purchased power expenses)	$2.48 – $2.54 billion
• Retail customer growth about 1.5-2.5%	
• Weather-normalized retail electricity sales volume about 1-2% higher compared to prior year (excludes potential data center load growth)	
• Assumes normal weather	
Adjusted operating and maintenance (O&M)[1,2]	$830 – $850 million
Other operating expenses (depreciation and amortization, deferrals, and taxes other than income taxes)	$830 – $850 million
Other income (pension and other post-retirement non-service credits, other income and other expense)	$70 – $80 million
Interest expense, net of allowance for borrowed and equity funds used during construction (Total AFUDC ~$35 million)	$235 – $245 million
Net income attributable to noncontrolling interests	$20 million
Effective tax rate	14%
Average diluted common shares outstanding	112.8 million
EPS Guidance[3]	$4.75 – $4.95

[1] Excludes O&M of $65 million, and offsetting revenues, associated with renewable energy and demand side management programs.

[2] The Covid-19 disconnect suspension and summer disconnection moratorium and revised policies are currently estimated to result in a decrease of approximately $20 million to $30 million of pre-tax income in 2020 depending on certain assumptions, including customer behavior.

[3] Guidance range assumes impacts from Covid-19 dissipate by the end of the second quarter and customer and sales growth resume once the economy normalizes.

FINANCIAL OUTLOOK

Key Factors & Assumptions as of May 8, 2020

Gross Margin – Customer and Sales Growth (2020-2022)

Assumption	Impact
Retail customer growth	• Expected to average about 1.5-2.5% annually • Strength in Arizona and U.S. economic conditions
Weather-normalized retail electricity sales volume growth (excludes potential data center load growth)	• About 1.0–2.0%

Gross Margin – Related to 2017 Rate Review Order

Assumption	Impact
Lost Fixed Cost Recovery (LFCR)	• Offsets 30-40% of revenues lost due to ACC-mandated energy efficiency and distributed renewable generation initiatives
Environmental Improvement Surcharge (EIS)	• Ability to recover up to $14 million annually of carrying costs for government-mandated environmental capital expenditures (cumulative per kWh cap rate of $0.00050)
Power Supply Adjustor (PSA)	• 100% recovery • Includes certain environmental chemical costs and third-party battery storage
Transmission Cost Adjustor (TCA)	• TCA is filed each May and automatically goes into rates effective June 1 • Transmission revenue is accrued each month as it is earned
APS Solar Communities	• Additions to flow through RES until next base rate case

Property Tax Rate Deferral: APS is allowed to defer for future recovery (or credit to customers) the Arizona property tax expense above (or below) the 2015 test year caused by changes to the applicable composite property tax rate.

Outlook Through 2020: Goal of earning more than 9.5% Return on Equity (earned Return on Equity based on average Total Shareholder's Equity for PNW consolidated, weather-normalized)

COVID-19 EVENTS AND ENERGY UPDATE

Our top priority is to provide reliable service to our customers while maintaining the health and safety of our employees

Our Company has made preparations and is executing our plan to effectively manage the current environment and mitigate future impacts.

Effectively transitioned employees to remote work or implemented health and safety protocols

Implemented crisis management plan including pandemic response

Providing our communities with support by contributing $8 million to assist customers and non-profits affected by Covid-19

PINNACLE WEST PROFILE

We are a financially healthy company well positioned to succeed in achieving our long-term goals

- ✓ Strong balance sheet
- ✓ Sufficient liquidity
- ✓ De-risked pension plan through liability driven investment strategy
- ✓ Sales weighted heavily in the Q3 hot summer months
- ✓ Large residential population provides potential for offset to lower C&I usage
- ✓ 2020 guidance included an estimate for an increase in bad debt over 2019 related to the summer disconnect moratorium
- ✓ Lean initiative implemented in 2019 to accelerate O&M reductions
- ✓ All essential operations work and investments continue, including summer preparedness
- ✓ Currently no material supply chain risk

PINNACLE WEST CAPITAL CORPORATION

ENERGY USAGE AND SALES

Second half of March and April show decrease in C&I and increase in residential.

Too soon to reach conclusions on usage trends.

From March 13th through April 30th the EPS impact from the net reduction in load was **$(0.10)** compared to original expectations

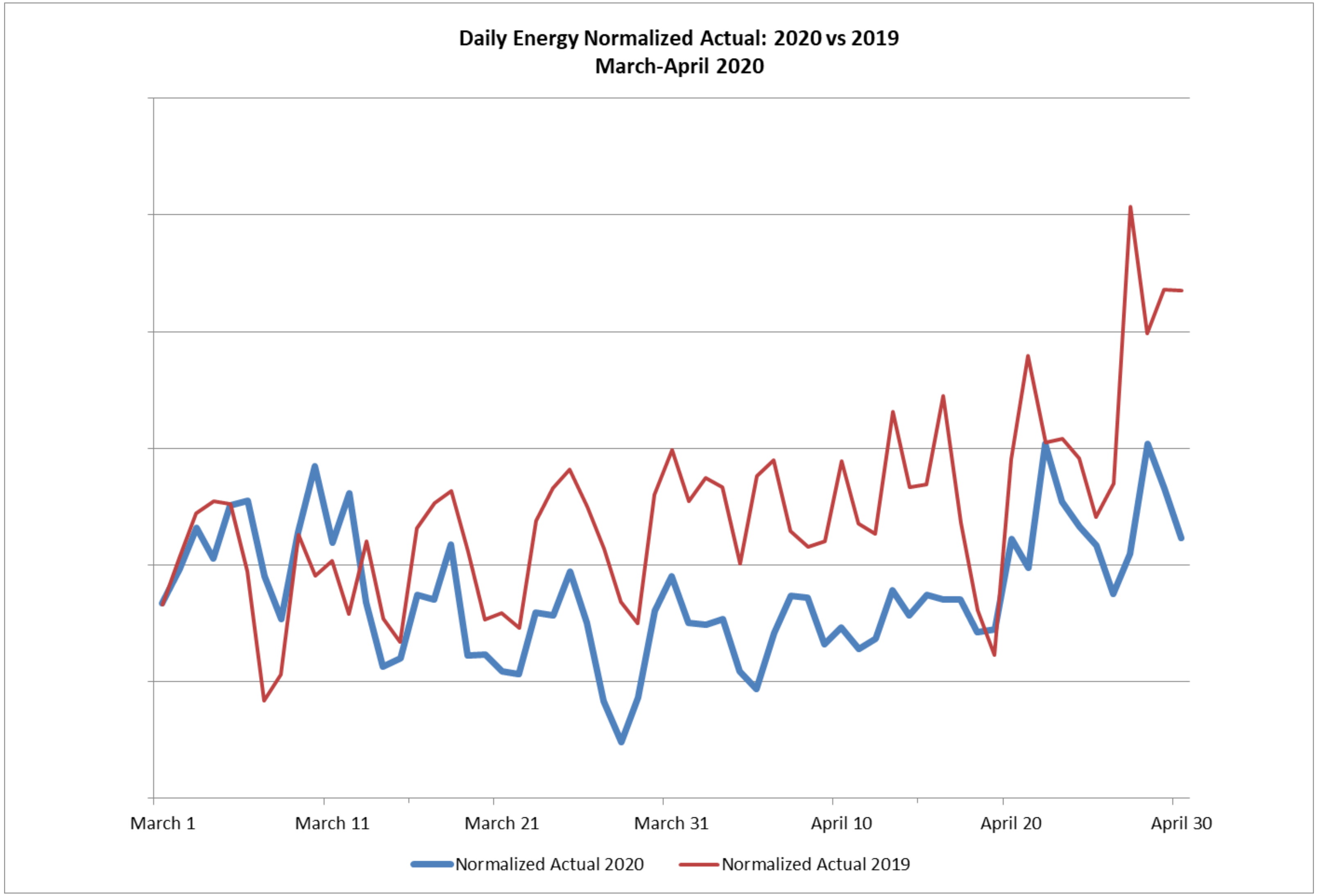
Customer	Estimated EPS impact 1% change in *annual* sales
Residential	$0.09
Commercial	$0.07
Industrial	$0.01
Total	$0.16 - $0.20

YoY Approximate Sales Growth[1]	January 1 – March 12	March 13 – April 30
All Classes	1%	(7)%
Residential	2%	7%
C&I	(1)%	(14)%

[1] Weather normalized.

PRELIMINARY WEATHER-NORMALIZED ENERGY TREND

Friday, March 13: date when the trend in normalized load begins to change



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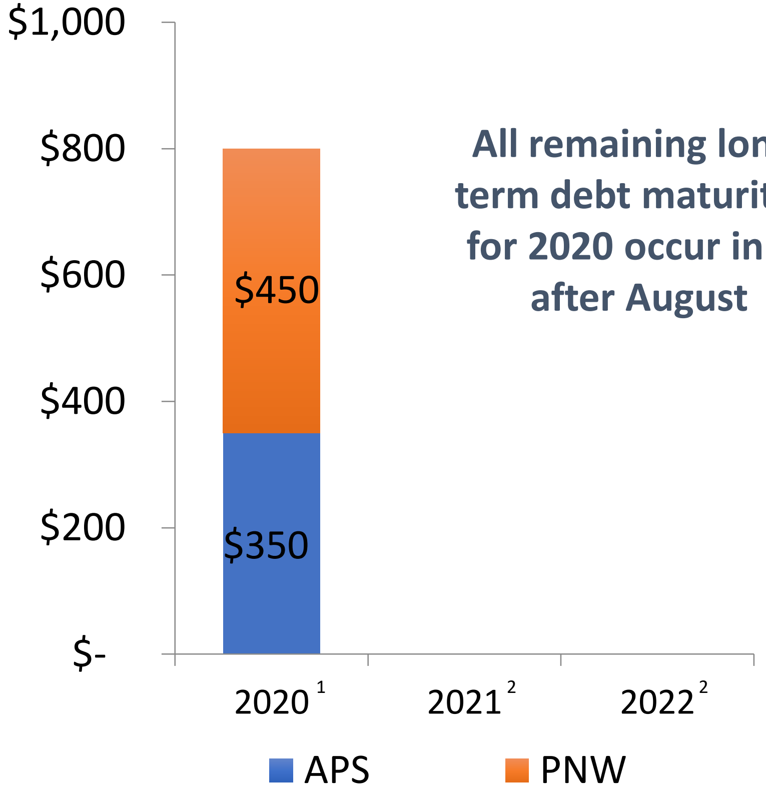
STRONG BALANCE SHEET AND HEALTHY LIQUIDITY

Near-Term Long-Term Debt Maturities

$ in millions



All remaining long-term debt maturities for 2020 occur in or after August

[1] 2020 maturities include $150 million of APS 2.2% notes repaid in January 2020.

[2] No long-term debt maturities in 2021 and 2022.

Liquidity and Financing Activity

- $1.2 billion revolver capacity
  - As of May 1st have drawn down $310 million
- Option to increase revolver capacity by $500 million
- Expect *up to* $1.0 billion of term debt issuance at APS and $450 million at PNW in 2020
- All PNW long-term debt matures in November or December 2020
- $150 million of APS debt repaid in January
- $200 million APS Term Loan matures in August 2020

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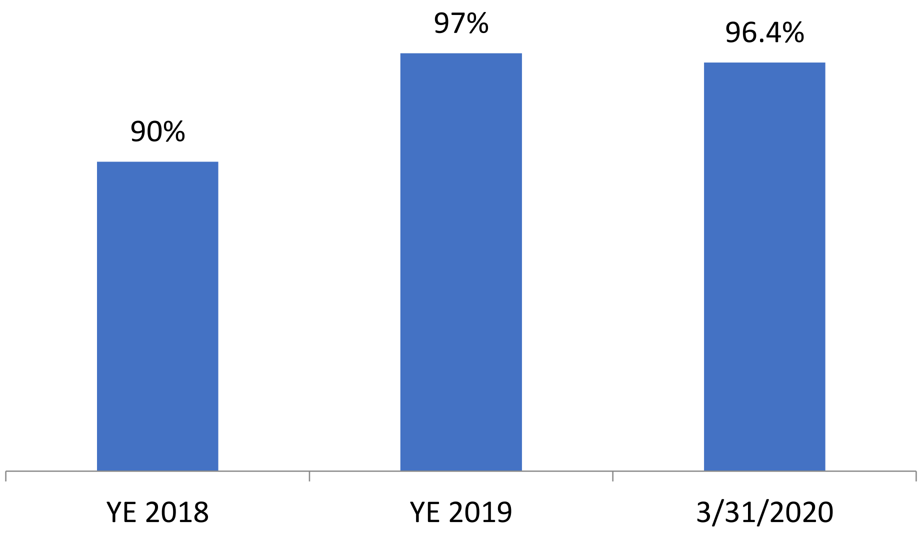
PENSION PLAN

Well funded pension plan with investment strategy that mitigates funding status volatility

- Liability driven investment strategy helps reduce funded status volatility
- Approximately 65% of the pension portfolio is in fixed income assets
- Hedge 100% of interest rate volatility using Treasury futures contracts

Pension Funded Status



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OPERATIONS AND SUPPLY CHAIN

Our operations team has health and safety protocols consistent with our pandemic crisis management plan in place

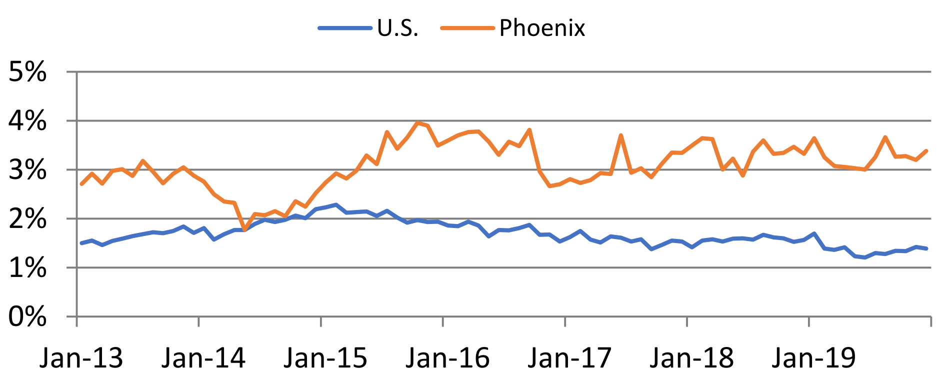
Crisis Preparedness
- Executing effectively under our crisis management and business continuity plans
- Employee safety top priority with remote working policies and social distancing protocols in place

Operations
- Essential planned work and capital investments continue
- Preparing for summer peak season
- Some non-essential planned work postponed to later in 2020

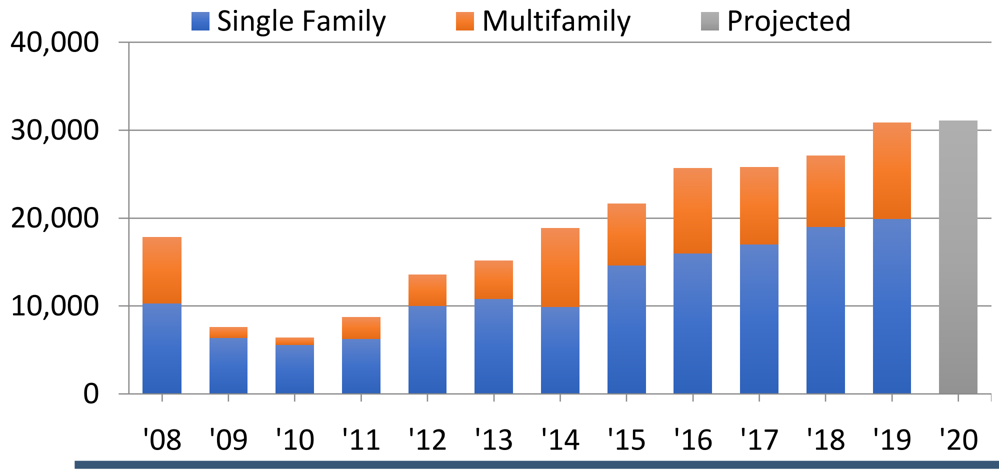
Supply Chain
- Conducted contract review to confirm adequacy of summer resource needs
- Solicited supplier input to identify market risks associated with 800+ high volume suppliers, including critical suppliers
- Currently no material supply chain risk
- Mitigation plans are in place

ECONOMIC INDICATORS

Year over Year Employment Growth



Single Family & Multifamily Housing Permits
Maricopa County



Arizona's job growth ranked second in the nation in 2019[1]

Maricopa County ranked #1 in U.S. for population growth for third straight year [2]

Arizona is the 3rd fastest-growing state in the U.S. according to Census data.[3]

[1] U.S. Bureau of Labor Statistics December 2019
[2] U.S. Census Bureau April 2019
[3] Census Bureau, Population Division, Release date December 2019

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ECONOMIC DEVELOPMENT

FUTURE EXPANSIONS

- White Claw/Mark Anthony Brewing Inc. announced plans to build a 916,000-square-foot facility co-located next to Red Bull in Glendale creating an estimated 200 jobs.
- Red Bull announced a 700,000-square-foot distribution center, in addition to the 700,000 square foot facility announced in 2019, adding an estimated 115 new jobs and an additional $84 million in capital investment.
- Nacero Inc. made public plans to build a $3.3 billion natural gas to gasoline manufacturing facility in Casa Grande. The project is expected to encompass a total of 1,038 acres.
- Ball Corporation announced plans to build a second location within the Phoenix metropolitan area next to the Red Bull and White Claw manufacturing facilities in Glendale. Ball plans to invest $300 million and create 190 jobs. This is in addition to their current 500,000-square-foot facility located in Goodyear.

OUR APPROACH FOCUSES ON FOUR MAIN AREAS

Business Attraction & Expansion - constructive engagement with economic development community partners and timely, strategic engagement with economic development prospects, site selectors, and local developers

Community Development - provide financial and strategic economic development support in both rural and metro communities

Entrepreneurial Support - advance the entrepreneurial ecosystem by supporting the strategies of organizations that are making an impact, whether through job creation, capital raised, quality programming or helping to change the perception of the region

Infrastructure Support - drive commercial real estate development by working closely with developers and the Arizona State Land Department to make large commercial land parcels “shovel ready”

What others are saying:

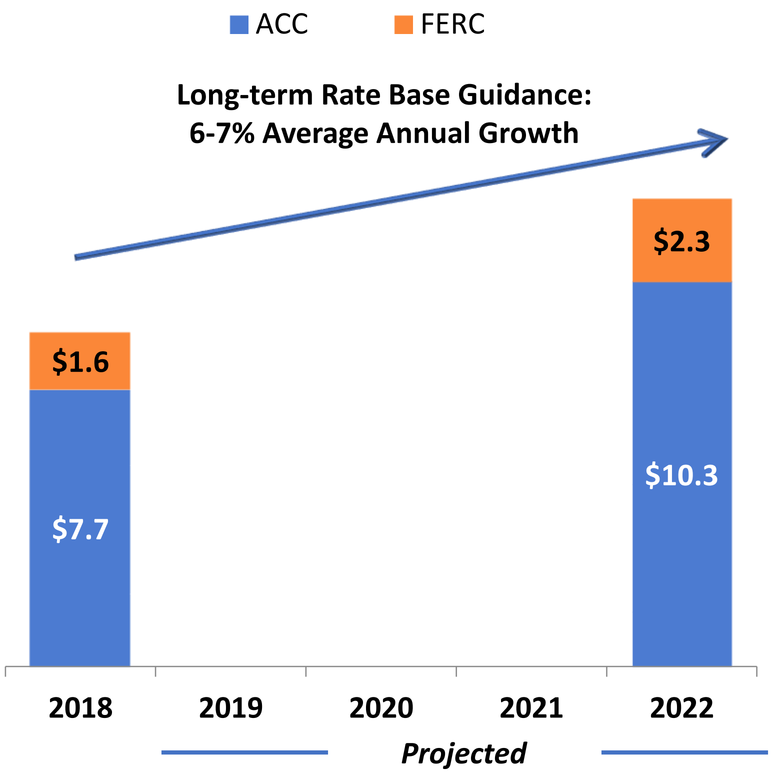
- Census report ranks Arizona 3rd in percentage growth rate; AZ Business Magazine, Jan. 2, 2020
- Arizona gaining as top state for newcomers, study says; Arizona Republic, Jan. 2, 2020
- Electric-car maker breaks ground in Casa Grande as competition grows; Capitol Media Services (AZ Capitol Times), Dec. 3, 2019

RATE BASE

APS's revenues come from a regulated retail rate base and meaningful transmission business

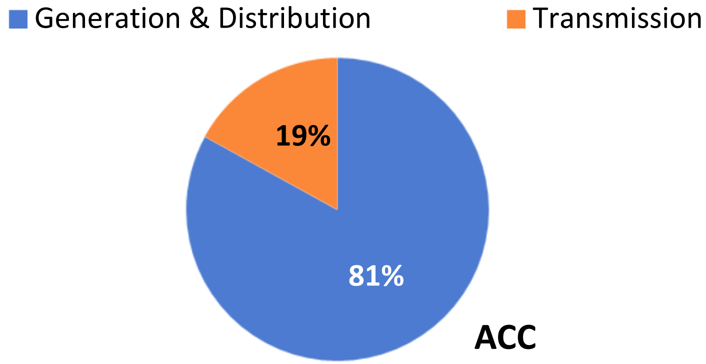
APS Rate Base Growth

Year-End



Rate base $ in billions, rounded

Total Approved Rate Base



	ACC	FERC
Rate Effective Date	8/19/2017	6/1/2019
Test Year Ended	12/31/2015[1, 2]	12/31/2018
Rate Base	$6.8B	$1.6B
Equity Layer	55.8%	54.6%
Allowed ROE	10.0%	10.75%

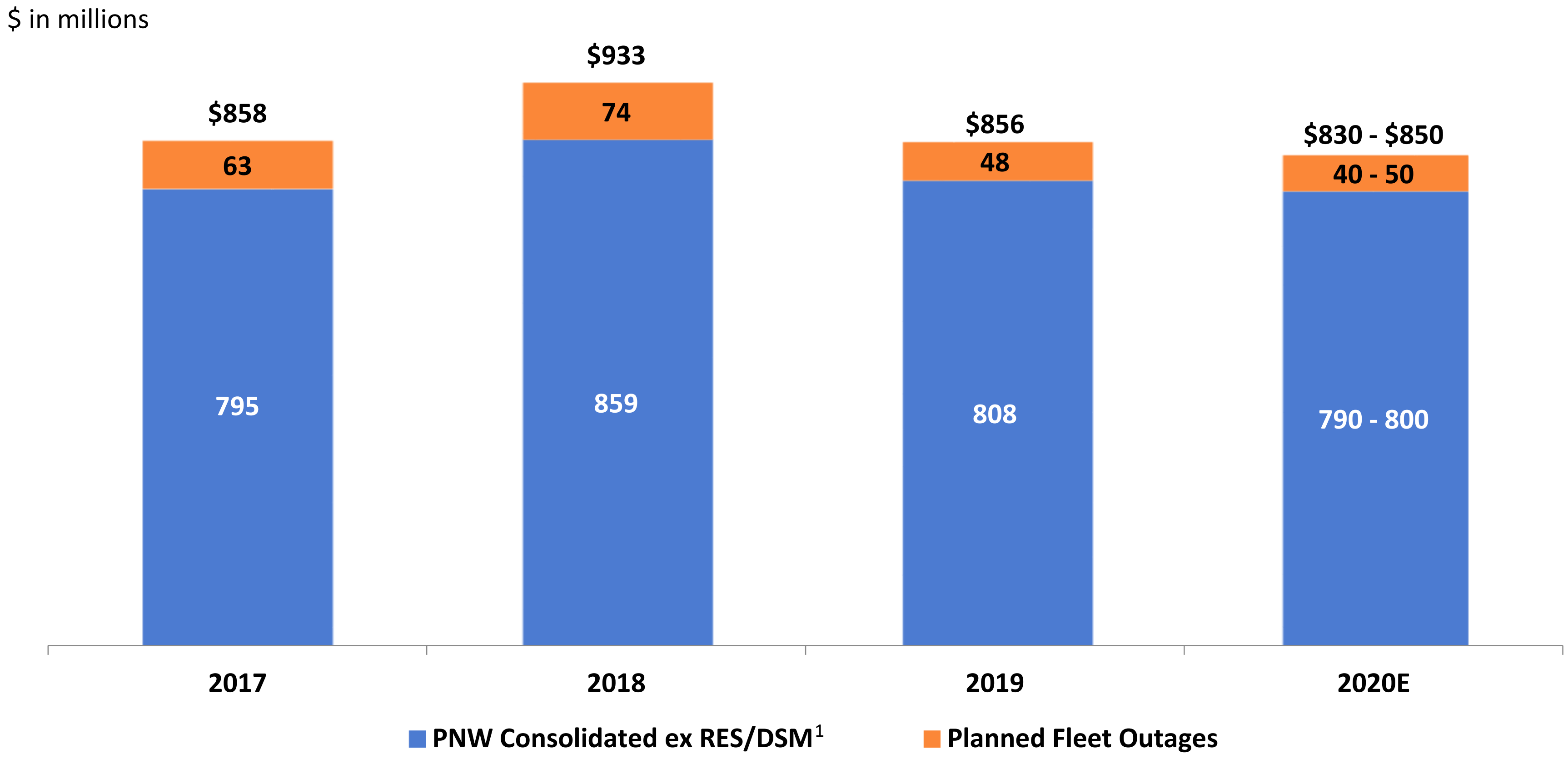
[1] Adjusted to include post test-year plant in service through 12/31/2016

[2] On 10/31/19 APS filed an ACC general rate case with a proposed $8.9B rate base for an adjusted test year ended 6/30/19.

PINNACLE WEST CAPITAL CORPORATION

OPERATIONS & MAINTENANCE

Goal is to keep O&M per kWh flat, adjusted for planned outages



[1] Excludes RES/DSM of $91 million in 2017, $104 million in 2018, $86 million in 2019, and $65 million in 2020E.

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2020 PLANNED OUTAGE SCHEDULE

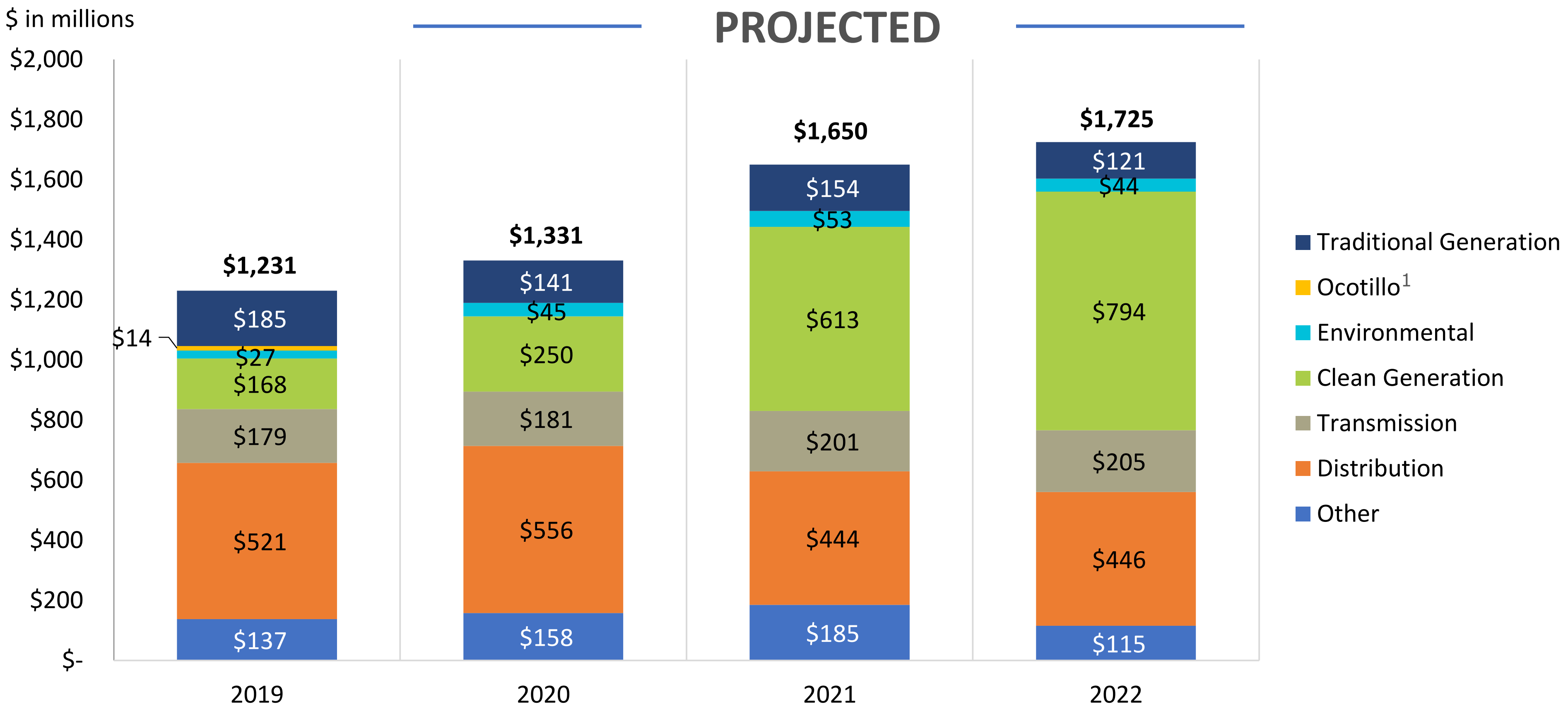
Coal, Nuclear, and Large Gas Planned Outages

Q1				Q2				Q4		
Plant	Unit	Estimated Duration in Days		Plant	Unit	Estimated Duration in Days		Plant	Unit	Estimated Duration in Days
Four Corners*	5	46		Four Corners*	5	29		Palo Verde	1	44
				Palo Verde	2	30				

*Outage duration spans Q1-Q2. Number of days noted per quarter.

APS CAPITAL EXPENDITURES

Capital expenditures will support our growing customer base and utilization of advanced technology



- 2020 – 2022 as disclosed in the 2020 First Quarter Form 10-Q.

[1] Ocotillo Modernization Project: Units in service second quarter 2019.

APPENDIX

CREDIT RATINGS AND METRICS

	APS	Pinnacle West
Corporate Credit Ratings[1]		
Moody's	A2	A3
S&P	A-	A-
Fitch	A-	A-
Senior Unsecured[1]		
Moody's	A2	A3
S&P	A-	BBB+
Fitch	A	A-
S&P rates the outlooks for APS and Pinnacle West as Stable. Fitch & Moody's rate the outlooks for both as Negative.		

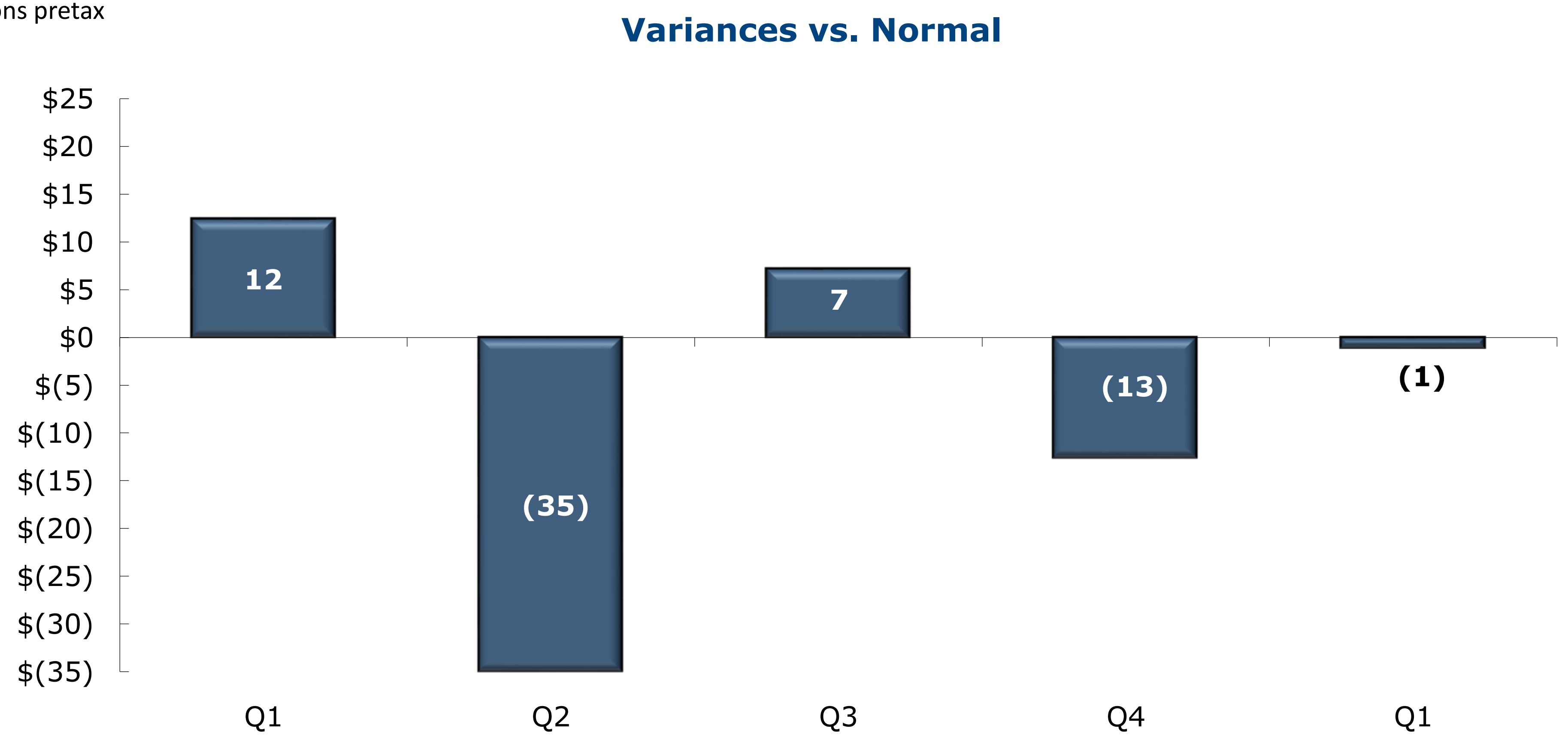
	2017	2018	2019
APS			
FFO / Debt	29.4%	24.5%	22.5%
FFO / Interest	7.5x	6.5x	6.4x
Debt / Capitalization	46.8%	47.0%	47.7%
Pinnacle West			
FFO / Debt	26.4%	22.1%	19.5%
FFO / Interest	7.1x	6.2x	5.9x
Debt / Capitalization	50.0%	51.4%	52.1%

Source: Standard & Poor's

[1] We are disclosing credit ratings to enhance understanding of our sources of liquidity and the effects of our ratings on our costs of funds.

GROSS MARGIN EFFECTS OF WEATHER

$ in millions pretax

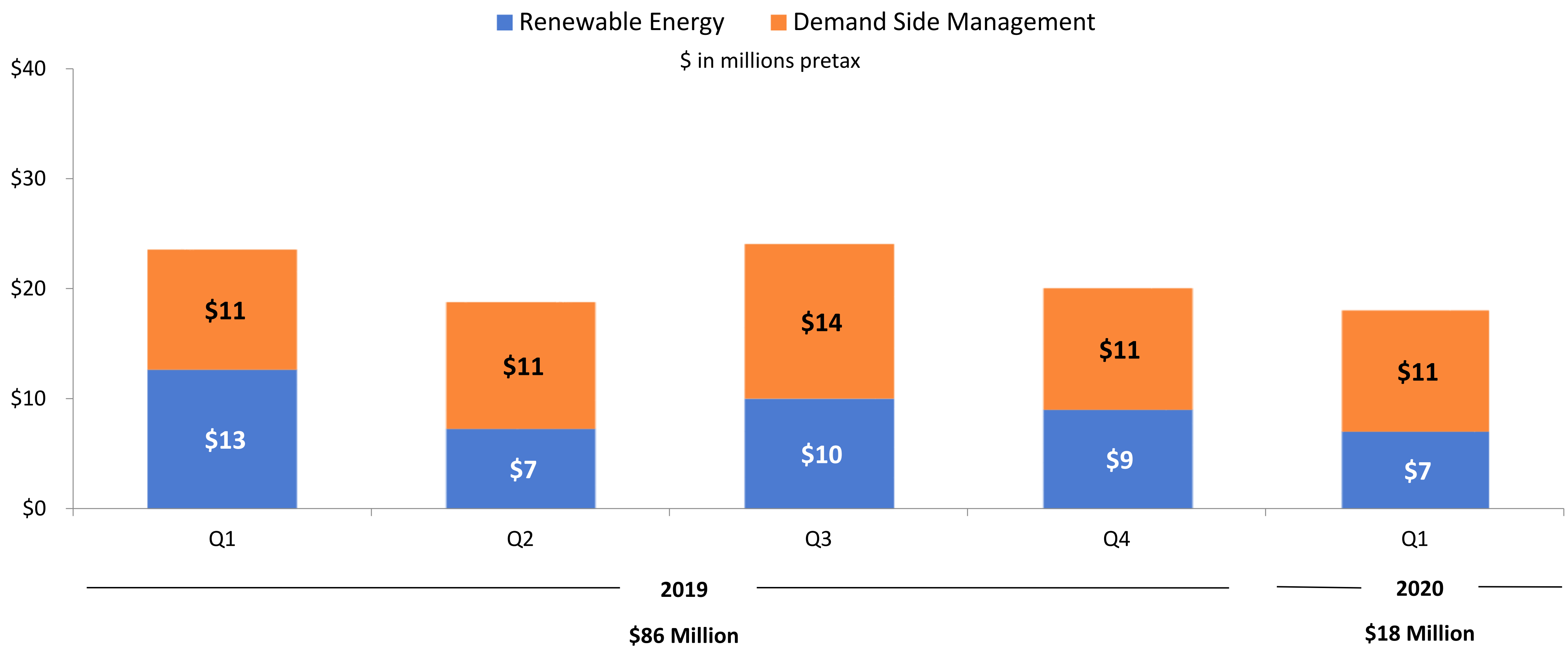


2019 — **$(28) Million**

2020 — **$(1) Million**

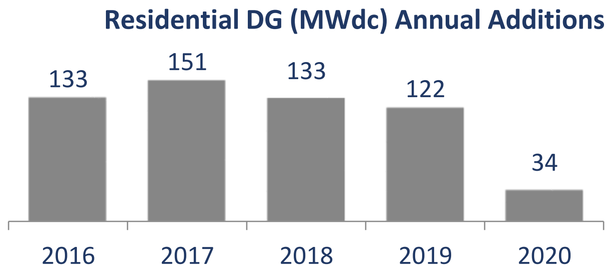
All periods recalculated to current 10-year rolling average (2008 – 2017)

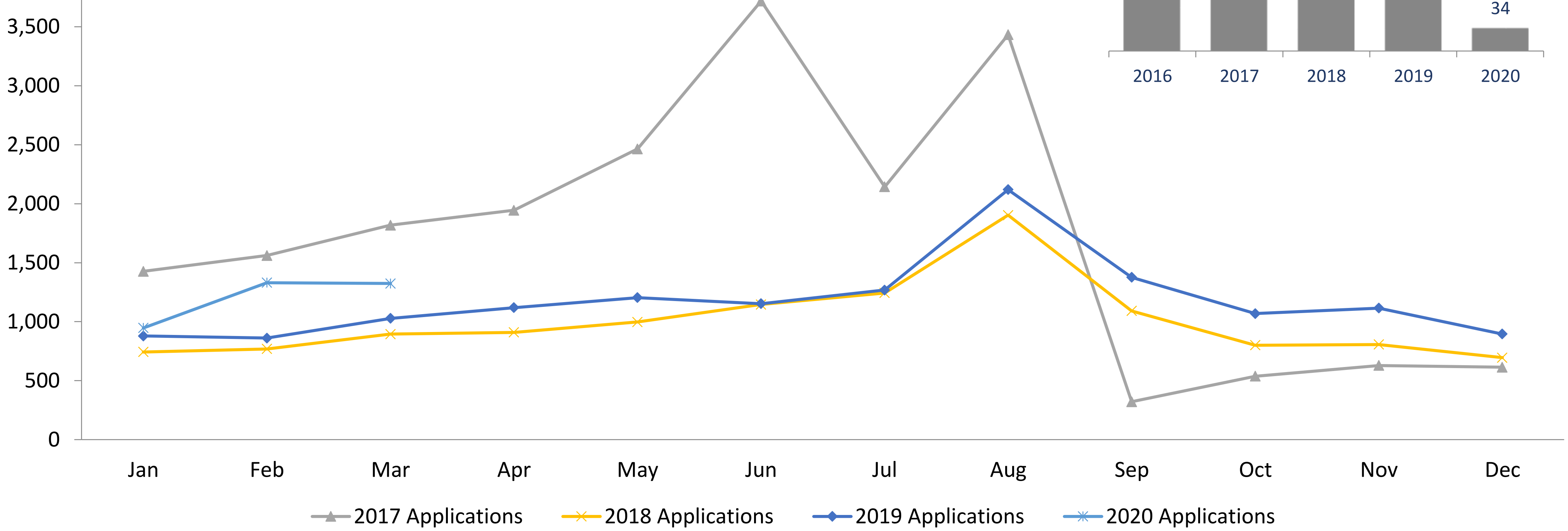
RENEWABLE ENERGY AND DEMAND SIDE MANAGEMENT EXPENSES[1]



[1] Renewable energy and demand side management expenses are offset by adjustment mechanisms

RESIDENTIAL PV APPLICATIONS[1]





[1] Monthly data equals applications received minus cancelled applications. As of March 31, 2020, approximately 107,800 residential grid-tied solar photovoltaic (PV) systems have been installed in APS's service territory, totaling approximately 869 MWdc of installed capacity. Excludes APS Solar Partner Program residential PV systems.

Note: www.arizonagoessolar.org logs total residential application volume, including cancellations. Solar water heaters can also be found on the site, but are not included in the chart above.

2020 KEY DATES

ACC Key Dates / Docket #	Q1	Q2	Q3	Q4
Power Supply Adjustor (PSA): **E-01345A-16-0036**	Effective: Feb 1			
Lost Fixed Cost Recovery: **E-01345A-16-0036**	Filed: Feb 14	Effective: May 1		
Transmission Cost Adjustor: **E-01345A-16-0036**		To be Filed: May 15 Effective: Jun 1		
2020 DSM/EE Implementation Plan: **E-01345A-19-0148**				
2020 RES Implementation Plan: **E-01345A-19-0088**				
2019 Rate Case: **E-01345A-19-0236**			Hearing Begins: Sept 30	
Resource Planning and Procurement: **E-00000V-19-0034**		IRP Due: Jun 26		
Resource Comparison Proxy (RCP): **New Docket**		Filed: May 1		
Possible Modification to Commission's Energy Rules: **RU-00000A-18-0284**	Workshops Mar 10, 11			
Modification to Retail Competition Rules: **RE-00000A-18-0405**	Workshops Feb 25, 26			
Proposed Termination of Service Rule Modifications: **RU-00000A-19-0132**	Workshop Jan 30			

2019 APS RATE CASE APPLICATION

Filed October 31, 2019
Docket Number: E-01345A-19-0236
Additional details, including filing, can be found at http://www.pinnaclewest.com/investors

Adjustor Changes and New Mechanisms Overview	
Formula Rate	- Proposed as an alternative to existing adjustor mechanisms
Deferral of Costs for Limited Income Program	- Allows for growth of program without requiring estimation of future enrollment
Property Tax Deferral	- Deferral of any increase or decrease in Arizona property taxes attributable to tax rate changes

Rate Design Overview	
Residential Rate Design	- Extend super off peak to residential demand rates - Subscription rate pilot
Commercial and Industrial Rate Design	- Propose AG-Y (access to market index pricing) program for medium and large general service customers
Customer Support Programs	- More ways to enroll in the program - Propose increasing funding of Crisis Bill from $1.25M to $2.5M

2019 RATE CASE KEY FINANCIALS

APS has requested a rate increase to become effective December 1, 2020

Test year ended June 30, 2019	
Total Rate Base - Adjusted	$11.12 Billion
ACC Rate Base - Adjusted	$8.87 Billion
Allowed Return on Equity	**10.15%**
Capital Structure	
Long-term debt	45.3%
Common equity	54.7%
Base Fuel Rate (¢/kWh)	**3.0168**
Post-test year plant period	**12 months**

Overview of Rate Increase ($ in Millions)		
Total stated base rate increase (inclusive of existing adjustor transfers)	$ 68.59	2.1%
Plus: Transfer to base rates of various adjustors already in effect	$ 115.04	3.5%
Net Customer Bill Impact	**$ 183.63**	**5.6%**

2019 RATE CASE KEY FINANCIALS

APS has requested a rate increase to become effective December 1, 2020

Overview of Rate Increase ($ in Millions) - Key Components		
Four Corners SCRs	$	73
Ocotillo Modernization Project		100
Post-Test Year Plant Additions		66
Net Change in Other Items		64
Tax Expense Adjustor Termination		(119)
Total Revenue Request	$	184

APS
RATE CASE PROCEDURAL SCHEDULE

Arizona Public Service Company
Docket # E-01345A-19-0236

Application Filed October 31, 2019

Staff/Intervenor Direct Testimony (August 3, 2020)

Staff/Intervenor Direct Testimony (Rate Design) (August 10, 2020)

APS Rebuttal Testimony (September 1, 2020)

Staff/Intervenor Surrebuttal Testimony (September 15, 2020)

APS Rejoinder Testimony (September 23, 2020)

Pre-Hearing Conference (September 25, 2020)

Hearing Commences (September 30, 2020)

ARIZONA UTILITIES
GENERAL RATE CASES

Tucson Electric Power Company **Docket # E-01933A-19-0028** Application Filed April 1, 2019 Hearing Commences (Jan 16, 2020) Staff's late-filed testimony (April 10, 2020) Responsive testimony (May 8, 2020) Additional hearing dates (June 24-25, 2020) Initial post-hearing briefs (July 14, 2020) Final post-hearing briefs (Aug 4, 2020)	**Southwest Gas** **Docket # G-01551A-19-0055** Application Filed May 1, 2019 Staff /Intervenor Direct Testimony (Revenue) (Feb 5, 2020) Staff/Intervenor Direct (Rate Design) (Feb 19, 2020) SWG Rebuttal Testimony (March 11, 2020) Staff/Intervenor Surrebuttal Testimony (April 3, 2020) SWG Rejoinder Testimony (April 14, 2020) Prehearing Conference (May 7, 2020) Hearing Commences (TBD)

NON-GAAP MEASURE RECONCILIATION

$ in millions pretax, except per share amounts	Three Months Ended March 31, 2020[1]	RES/ DSM	Four Corners and Ocotillo Deferrals[2]	Income tax expense at statutory rate	Other	2020 Adjusted	2019[1]	RES/ DSM	Four Corners and Ocotillo Deferrals[2]	Income tax expense at statutory rate	2019 Adjusted	EPS Impact
Operating revenues	$ 662	$ (26)	$ -	$ -	$ -	$ 636	$ 741	$ (31)	$ -	$ -	$ 710	
Fuel and purchased power expenses	(189)	8	-	-	-	(181)	(231)	8	-	-	(223)	
Gross margin	**473**	**(18)**	**-**	**-**	**-**	**455**	**510**	**(23)**	**-**	**-**	**487**	**$(0.21)**
Operations and maintenance	**221**	**(18)**	**(1)**	**-**	**-**	**202**	**246**	**(24)**	**-**	**-**	**222**	**$ 0.13**
Depreciation and amortization	**154**	**-**	**(4)**	**-**	**1**	**151**	**149**	**-**	**(1)**	**-**	**148**	**$(0.02)**
Other taxes	**57**	**-**	**(3)**	**-**	**-**	**54**	**55**	**-**	**(1)**	**-**	**54**	**$ -**
Allowance for equity funds used during construction	(8)	-	-	-	-	(8)	(11)	-	-	-	(11)	
Interest charges	59	-	(9)	-	-	50	61	-	(5)	-	56	
Allowance for borrowed funds used during construction	(4)	-	-	-	-	(4)	(7)	-	-	-	(7)	
Interest expense, net of AFUDC	**47**	**-**	**(9)**	**-**	**-**	**38**	**43**	**-**	**(5)**	**-**	**38**	**$(0.01)**
Other expenses (operating)	1	-	-	-	-	1	-	-	-	-	-	
Other income	(13)	-	9	-	2	(2)	(7)	-	5	-	(2)	
Other expense	5	-	-	-	2	7	4	-	-	-	4	
Renewable energy and demand side management and similar regulatory programs, net	-	-	-	-	-	-	-	1	-	-	1	
Other	**(7)**	**-**	**9**	**-**	**4**	**6**	**(3)**	**1**	**5**	**-**	**3**	**$(0.02)**
Income taxes	**(20)**	**-**	**-**	**(4)**	**-**	**(24)**	**2**	**-**	**-**	**(6)**	**(4)**	**$ 0.18**

[1] Line items from Condensed Consolidated Statements of Income.

[2] See Note 4, Regulatory Matters, in Form 10-Q for the period ended March 31, 2020 for total Four Corners and Ocotillo deferral impacts.

PINNACLE WEST CAPITAL CORPORATION

Numbers may not foot due to rounding.

NON-GAAP MEASURE RECONCILIATION

$ in millions pretax	2020 Guidance		
Operating revenues[1]	$ 3,570	-	$ 3,640
Fuel and purchased power expenses[1]	(1,030)	-	(1,040)
Gross margin	2,540	-	2,600
Adjustments:			
Renewable energy and demand side management programs	(65)	-	(65)
Adjusted gross margin	$ 2,475	-	$ 2,535
Operations and maintenance[1]	$ 895	-	$ 915
Adjustments:			
Renewable energy and demand side management programs	(65)	-	(65)
Adjusted operations and maintenance	$ 830	-	$ 850

[1] Line items from Consolidated Statements of Income.

CONSOLIDATED STATISTICS

	3 Months Ended March 31,		
	2020	2019	Incr (Decr)
ELECTRIC OPERATING REVENUES (Dollars in Millions)			
Retail			
Residential	$ 325	$ 352	(26)
Business	303	333	(29)
Total Retail	628	684	(56)
Sales for Resale (Wholesale)	15	36	(22)
Transmission for Others	16	15	1
Other Miscellaneous Services	2	4	(2)
Total Electric Operating Revenues	$ 661	$ 740	(79)
ELECTRIC SALES (GWH)			
Retail			
Residential	2,510	2,577	(67)
Business	3,161	3,200	(39)
Total Retail	5,672	5,778	(106)
Sales for Resale (Wholesale)	807	846	(40)
Total Electric Sales	6,478	6,624	(146)
RETAIL SALES (GWH) - WEATHER NORMALIZED			
Residential	2,488	2,468	20
Business	3,203	3,178	25
Total Retail Sales	5,692	5,646	45
Retail sales (GWH) (% over prior year)	0.8%	1.0%	(0.2)%
AVERAGE ELECTRIC CUSTOMERS			
Retail Customers			
Residential	1,144,738	1,120,307	24,430
Business	138,023	134,943	3,080
Total Retail	1,282,761	1,255,250	27,510
Wholesale Customers	46	53	(6)
Total Customers	1,282,807	1,255,303	27,504
Total Customer Growth (% over prior year)	2.2%	1.9%	0.3%
RETAIL USAGE - WEATHER NORMALIZED (KWh/Average Customer)			
Residential	2,173	2,203	(30)
Business	23,210	23,551	(341)

PINNACLE WEST CAPITAL CORPORATION

Numbers may not foot due to rounding.

CONSOLIDATED STATISTICS

	3 Months Ended March 31,		
	2020	**2019**	**Incr (Decr)**
ENERGY SOURCES (GWH)			
Generation Production			
Nuclear	2,405	2,512	(107)
Coal	1,407	1,773	(367)
Gas, Oil and Other	2,082	1,848	234
Renewables	114	118	(4)
Total Generation Production	6,008	6,252	(244)
Purchased Power			-
Conventional	212	224	(12)
Resales	6	24	(18)
Renewables	535	460	75
Total Purchased Power	753	708	45
Total Energy Sources	6,760	6,960	(199)
POWER PLANT PERFORMANCE			
Capacity Factors - Owned			
Nuclear	96%	101%	(5)%
Coal	39%	49%	(11)%
Gas, Oil and Other	25%	27%	(2)%
Solar	23%	24%	(1)%
System Average	40%	46%	(6)%
WEATHER INDICATORS - RESIDENTIAL			
Actual			
Cooling Degree-Days	-	-	-
Heating Degree-Days	525	605	(80)
Average Humidity	0%	0%	0%
10-Year Averages (2007 - 2016)			
Cooling Degree-Days	-	-	-
Heating Degree-Days	441	441	
Average Humidity	0%	0%	-

PINNACLE WEST CAPITAL CORPORATION

Numbers may not foot due to rounding.