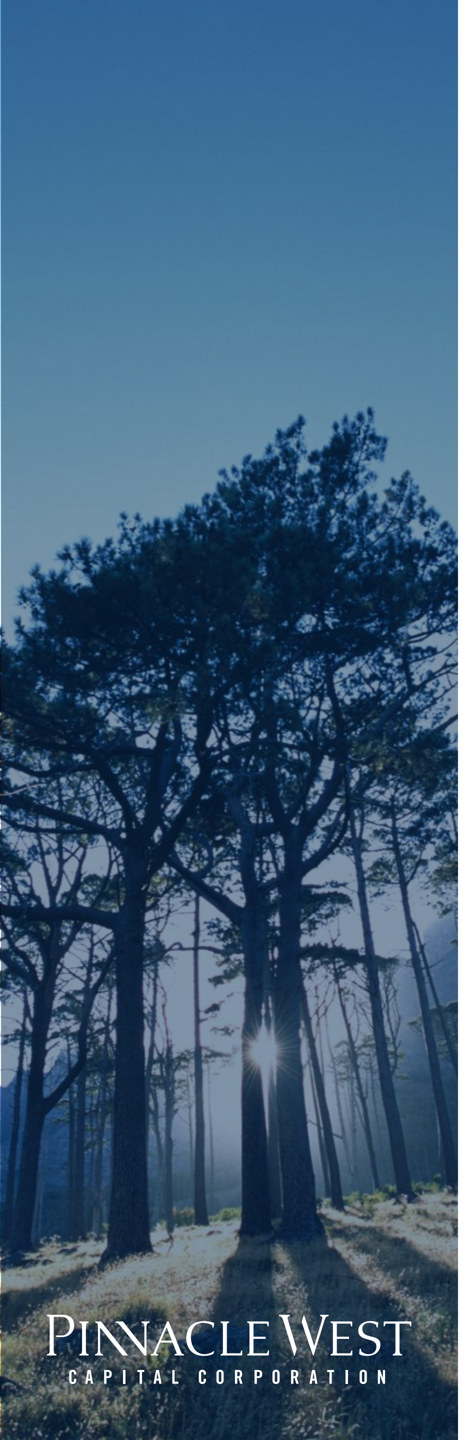
PINNACLE WEST

CAPITAL CORPORATION

POWERING GROWTH
DELIVERING VALUE

Third Quarter 2020 Results
October 30, 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, but not limited to, 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, in Part II, Item 1A in of the Pinnacle West/APS Quarterly Reports on Form 10-Q for the quarters ended March 31, 2020, June 30, 2020 and September 30, 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.

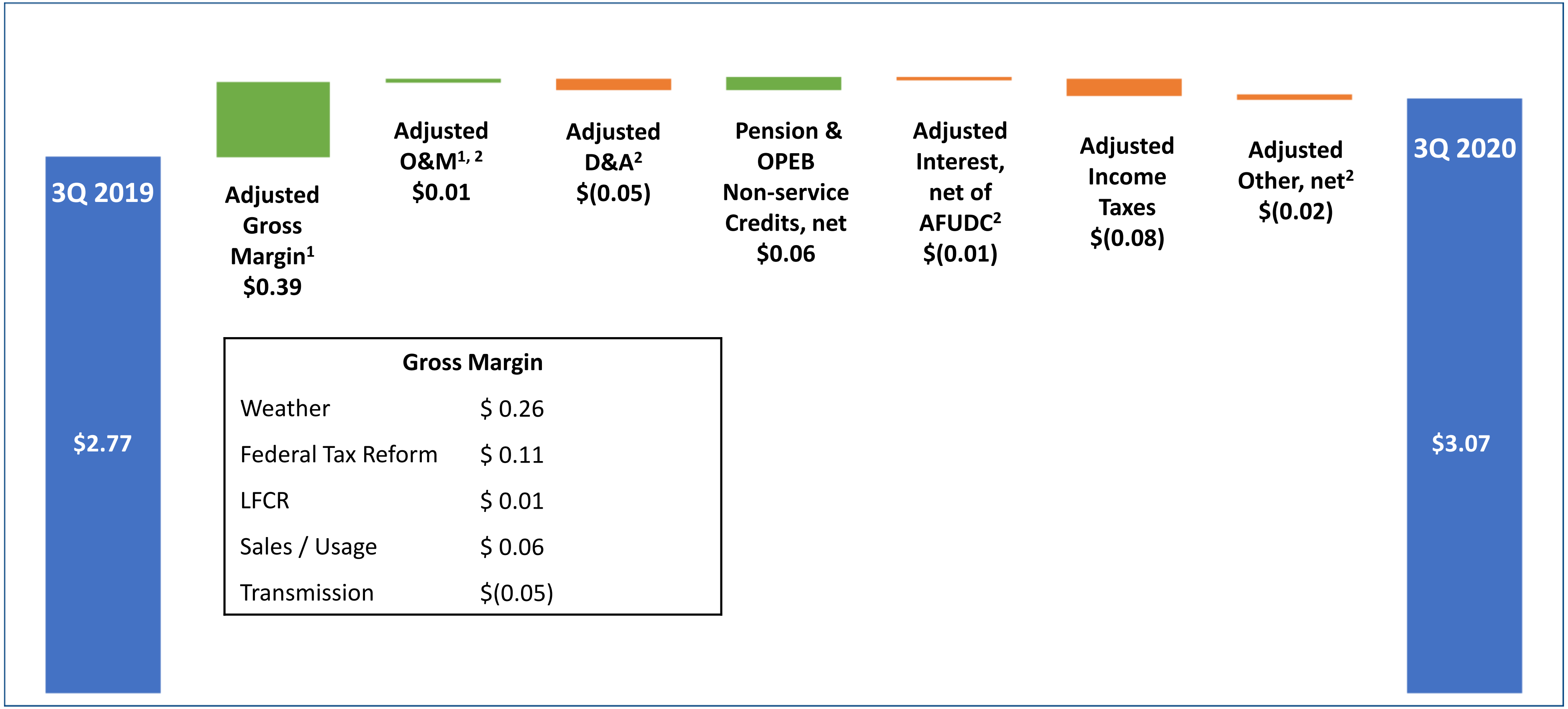
In this presentation, references to net income and earnings per share (EPS) refer to amounts attributable to common shareholders.

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 operations and maintenance,” “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 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 Corner’s 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.

EPS VARIANCES

3rd Quarter 2020 vs. 3rd Quarter 2019



Gross Margin	
Weather	$ 0.26
Federal Tax Reform	$ 0.11
LFCR	$ 0.01
Sales / Usage	$ 0.06
Transmission	$(0.05)

[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 SCRs and Ocotillo Modernization Project.

See non-GAAP reconciliation in Appendix.

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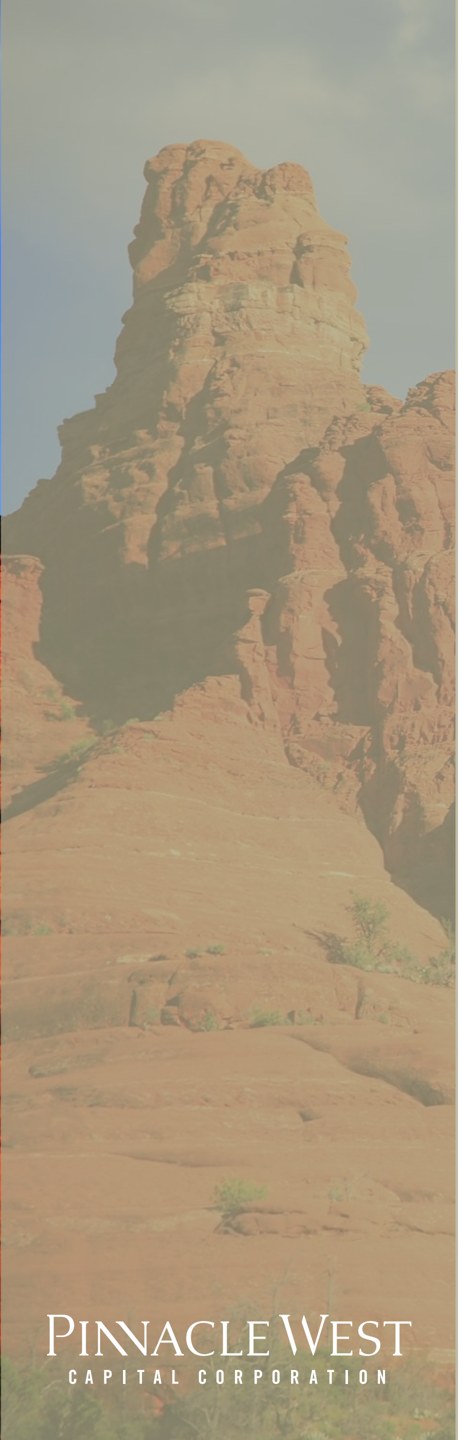


2020 EPS GUIDANCE

Key Factors & Assumptions as of October 30, 2020

	2020
Adjusted gross margin[1,2] (operating revenues, net of fuel and purchased power expenses)	$2.49 – $2.55 billion
• Retail customer growth about 1.5-2.5%	
• Weather-normalized retail electricity sales volume flat to 1% growth compared to prior year	
• Assumes actual weather through September 30, 2020 and normal weather for the remainder of the year	
Adjusted operating and maintenance (O&M)[1,2]	$870 – $890 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)	$80 – $90 million
Interest expense, net of allowance for borrowed and equity funds used during construction (Total AFUDC ~$50 million)	$200 – $210 million
Net income attributable to noncontrolling interests	$20 million
Effective tax rate	13%
Average diluted common shares outstanding	112.9 million
EPS Guidance	$4.95 – $5.15

[1] Excludes O&M of $70 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.

FINANCIAL OUTLOOK

Key Factors & Assumptions as of October 30, 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)	• Expected to average about 0.5%–1.5%

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.

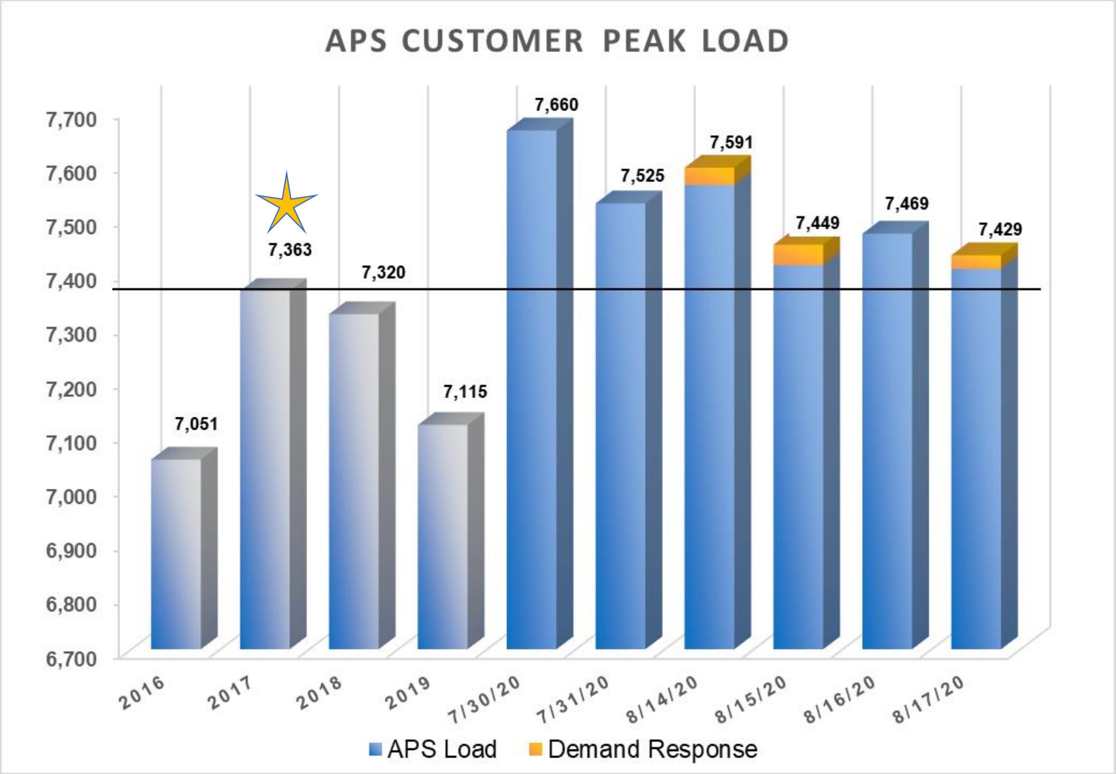
Outlook Through 2020: Goal of earning more than 9.5% Return on Equity (earned Return on Equity based on average Total Shareholder's Equity for PNW consolidated, weather-normalized)

2020 Record Summer

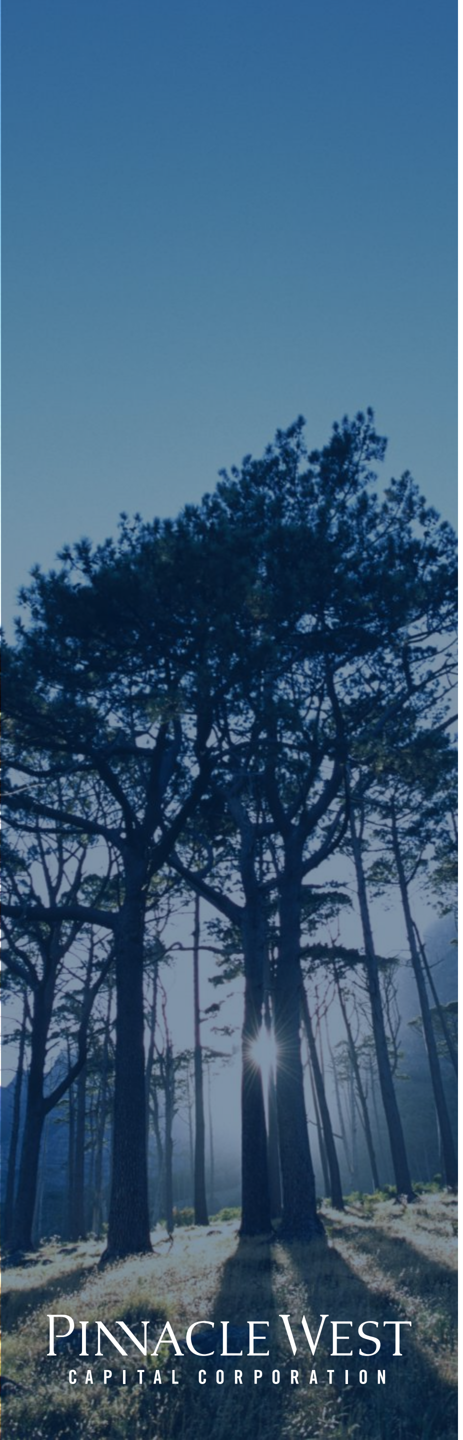
Hottest Recorded Summer
- 145 days ≥ 100 degrees
- 53 days ≥ 110 degrees
- 14 days ≥ 115 degrees

6 days with load > previous all-time peak

Peak temperature decreased
- 2017 - 119 degrees
- 2020 - 118 degrees

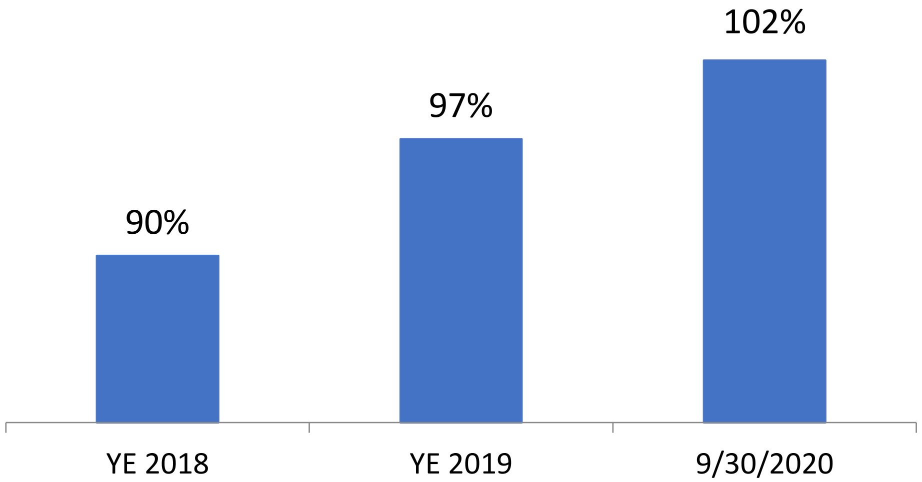


★ Previous All-Time Peak Record



WELL-FUNDED PENSION AND HEALTHY LIQUIDITY

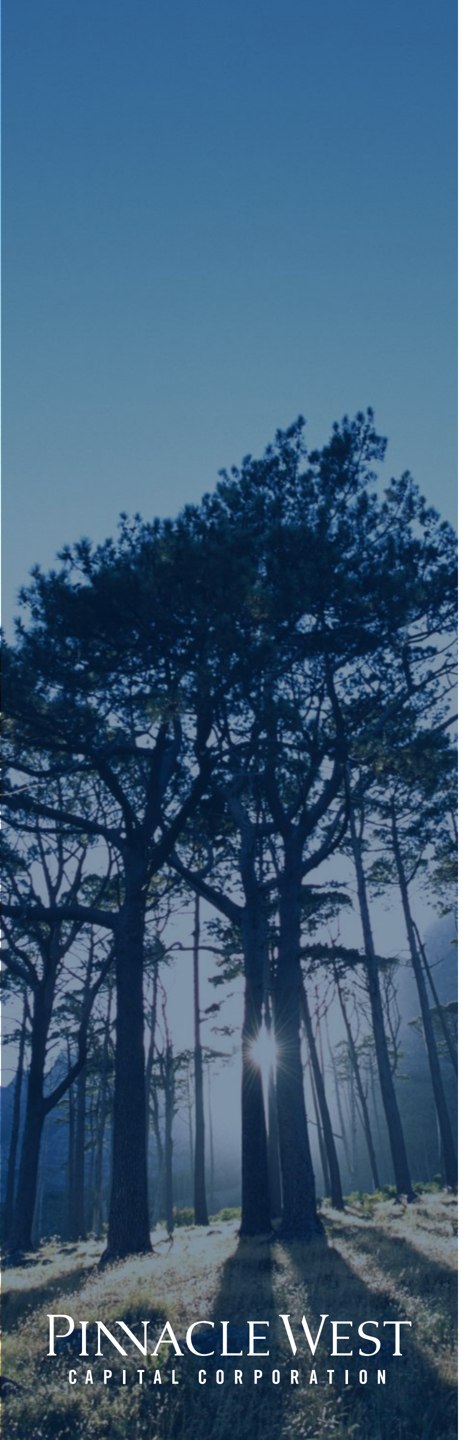
Pension Funded Status



- 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

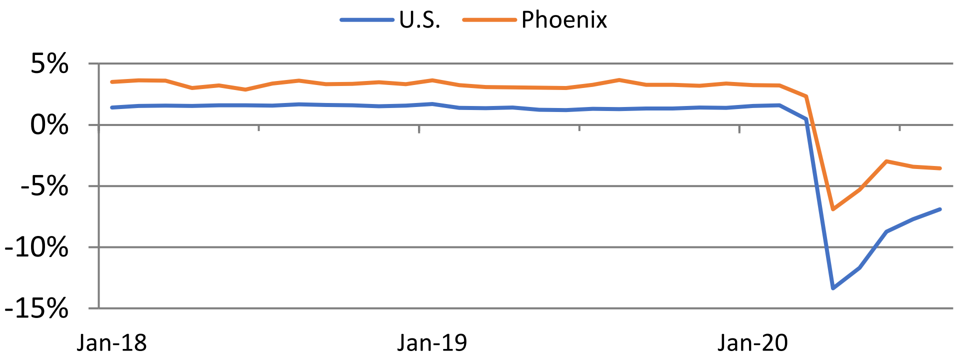
Liquidity and Financing Activity

- $1.2 billion revolver capacity
- $600 million 30-year 3.35% APS senior unsecured notes issued May 2020
- $500 million 5-year 1.30% PNW senior unsecured notes issued June 2020
- $400 million 30-year 2.65% APS **green bonds** issued September 2020
- All PNW debt maturing in 2020 was repaid in June 2020
- $150 million of APS debt repaid in January 2020
- $200 million APS Term Loan repaid in May 2020
- No APS or PNW long-term debt maturities until 2024

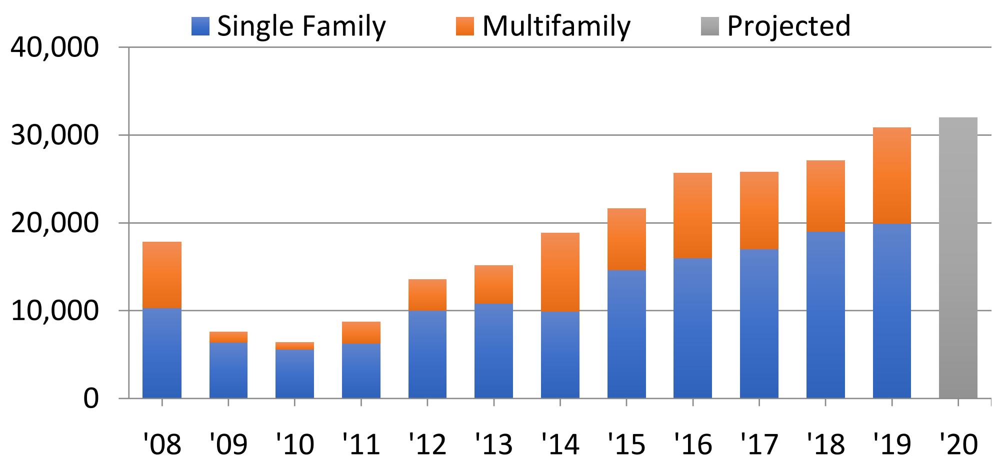


ECONOMIC INDICATORS

Monthly Year-over-Year Employment Growth
Ending August 2020



Single Family & Multifamily Housing Permits
Maricopa County



Amazon announced 13 new sites and 3,000 new jobs coming to the Valley [1]

Maricopa housing permits increased over 30% year-over-year for July-August [2]

Phoenix continues to be a popular migration destination – "Valley homebuilders can't build fast enough" [3]

[1] Phoenix Business Journal. August 21, 2020
[2] Data pulled from census.gov
[3] Phoenix Business Journal. Sept 29, 2020

ECONOMIC DEVELOPMENT

Future expansions

- **Microsoft** is constructing all three of its new mega data centers in the West Valley. These datacenters are projected to create 100 permanent jobs and 1,000 construction jobs.
- **Stream Data Centers** has launched a 418,000 sq ft facility in the West Valley. At full build, the entire campus will support up to 200MW of load.
- **Stack Infrastructure** plans to build a 1 million-square-foot data center on 79 acres in the West Valley less than half a mile from one of Microsoft's data centers.
- **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.

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

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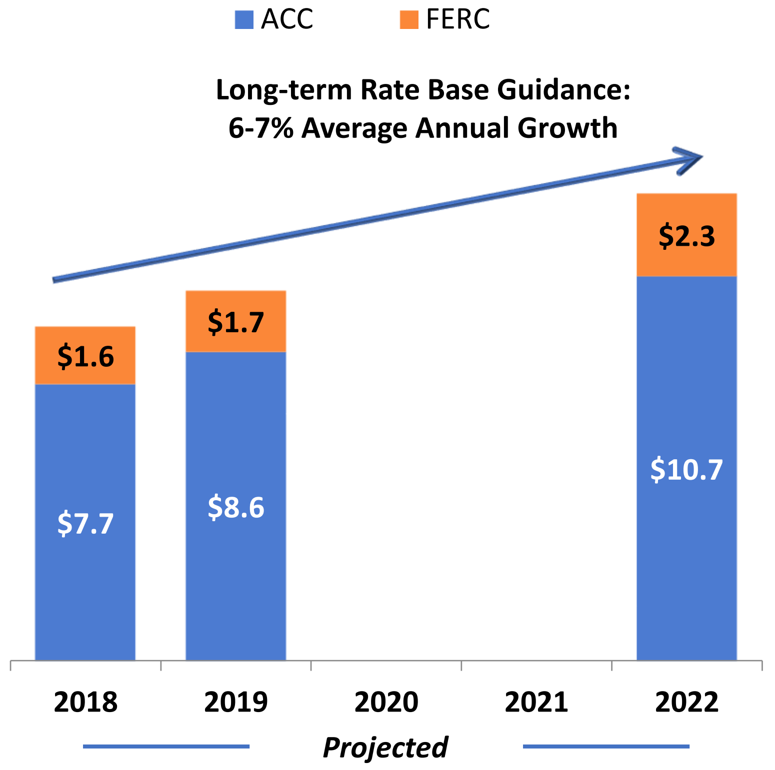
RATE BASE

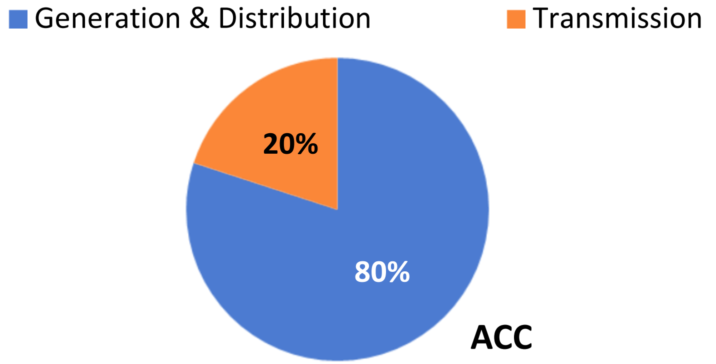
APS's revenues come from a regulated retail rate base and meaningful transmission business

APS Rate Base Growth

Year-End



Total Approved Rate Base



	ACC	FERC
Rate Effective Date	8/19/2017	6/1/2020
Test Year Ended	12/31/2015[1, 2]	12/31/2019
Rate Base	$6.8B	$1.7B
Equity Layer	55.8%	53%
Allowed ROE	10.0%	10.75%

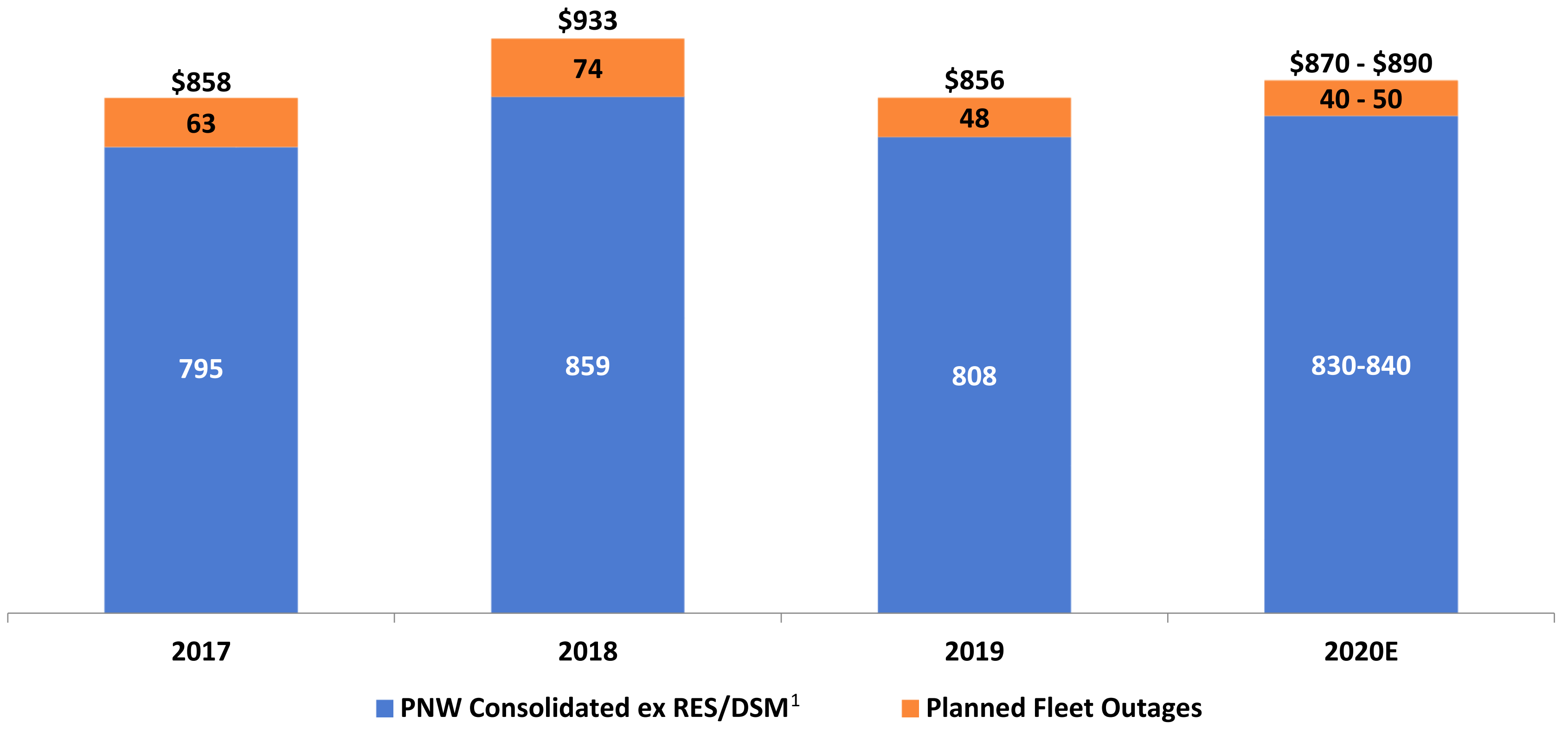
[1] Adjusted to include post test-year plant in service through 12/31/2016
[2] On 10/31/19 APS filed an ACC general rate case with a proposed $8.9B rate base for an adjusted test year ended 6/30/19

Rate base $ in billions, rounded

OPERATIONS & MAINTENANCE

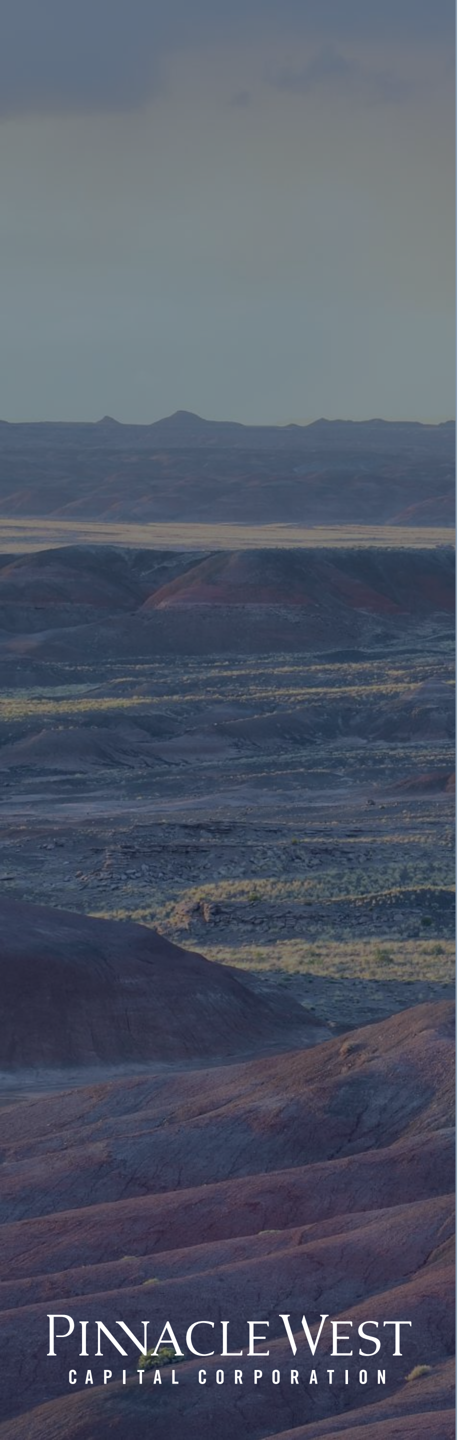
Goal is to keep O&M per kWh flat, adjusted for planned outages

$ in millions



[1] Excludes RES/DSM of $91 million in 2017, $104 million in 2018, $86 million in 2019, and $70 million in 2020E.

PINNACLE WEST CAPITAL CORPORATION

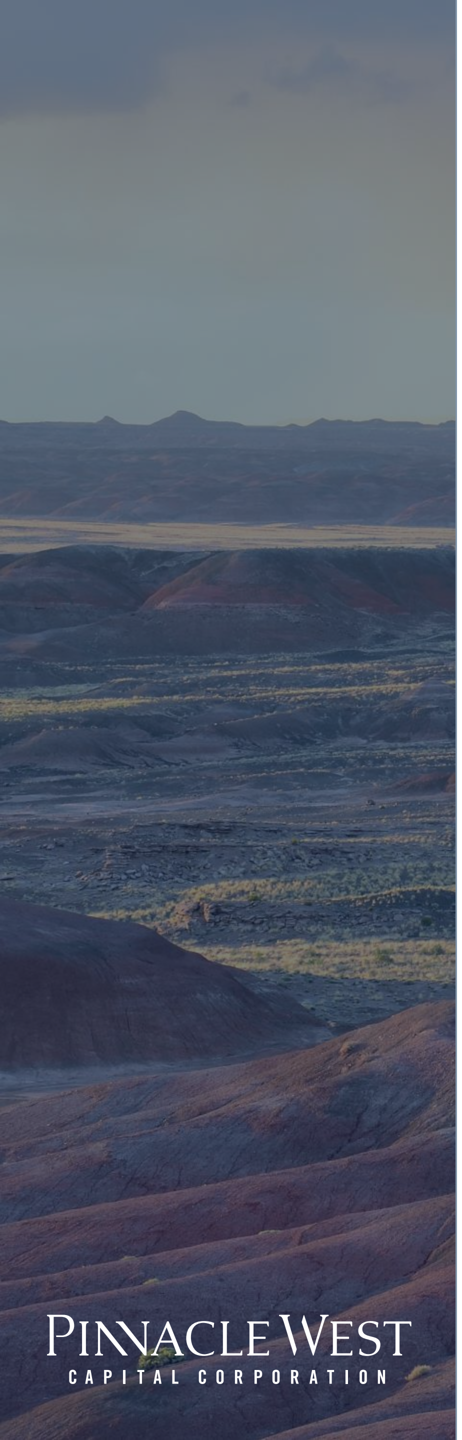


2020 PLANNED OUTAGE SCHEDULE

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	36		Palo Verde	1	44
				Palo Verde	2	30				

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



2021 PLANNED OUTAGE SCHEDULE

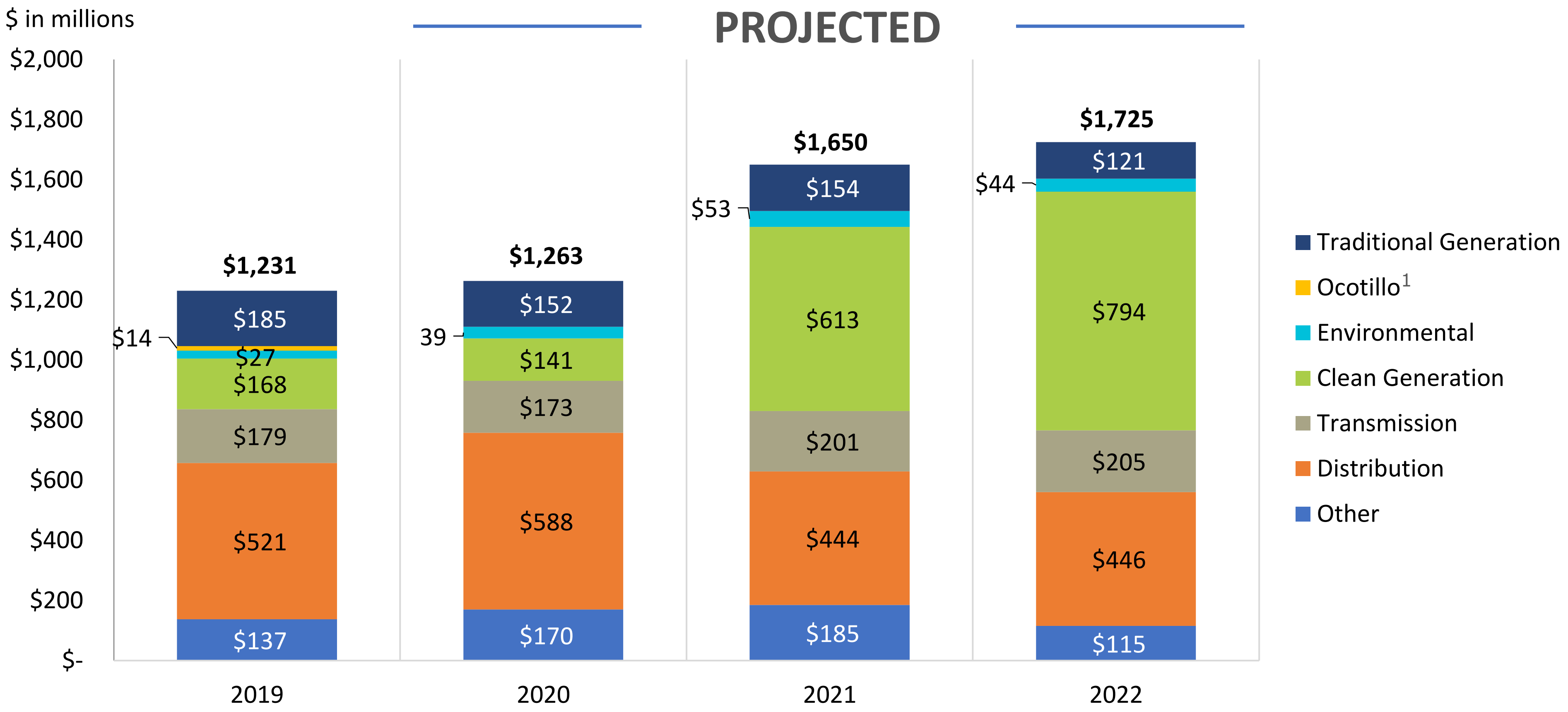
Coal, Nuclear, and Large Gas Planned Outages

Q1				Q2				Q4		
Plant	Unit	Estimated Duration in Days		Plant	Unit	Estimated Duration in Days		Plant	Unit	Estimated Duration in Days
Four Corners*	4	47		Four Corners*	4	25		Palo Verde	2	30
				Palo Verde	3	30				

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

APS CAPITAL EXPENDITURES

Capital expenditures will support our growing customer base and our transition to a cleaner generation mix



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

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

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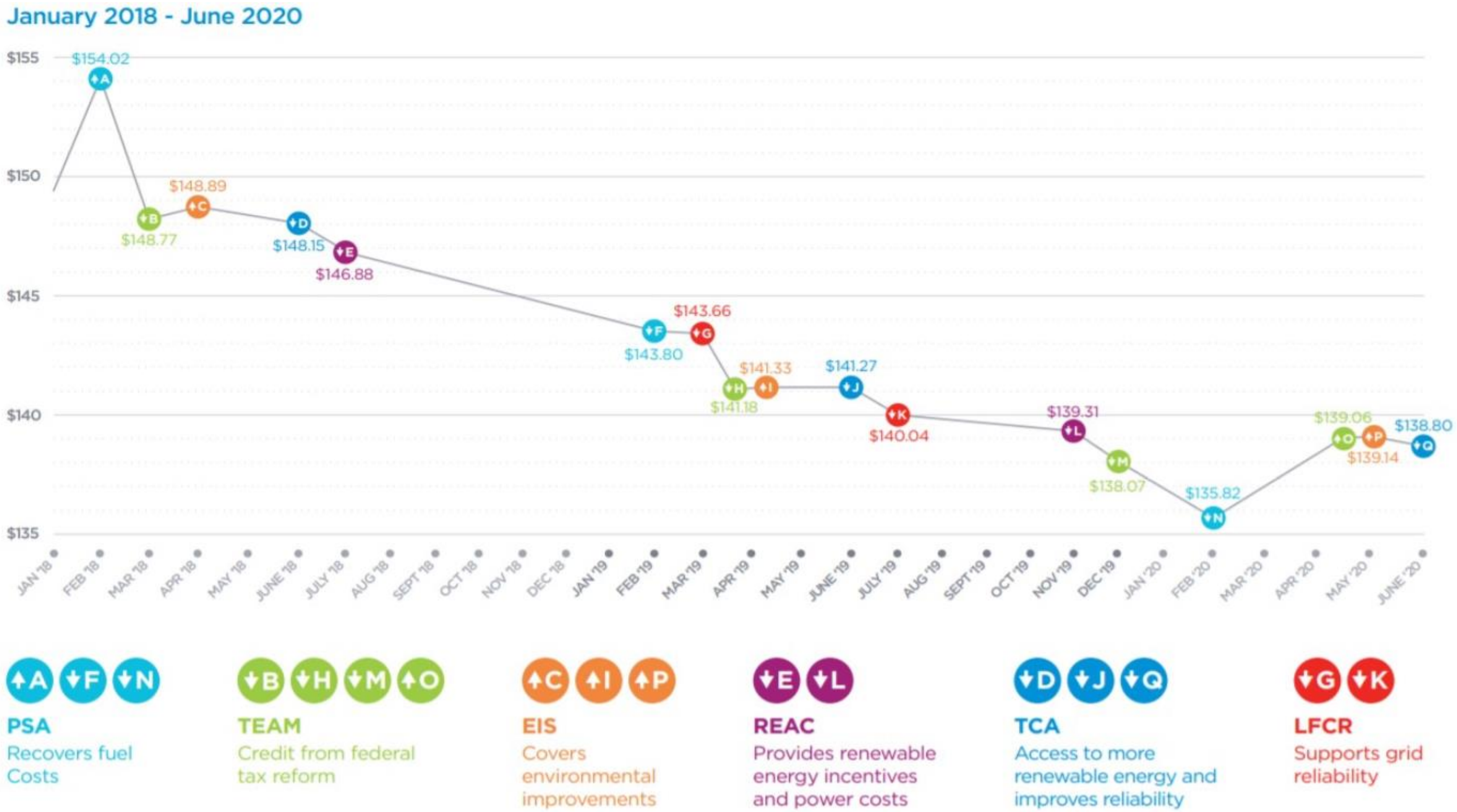
APPENDIX

AVERAGE MONTHLY APS BILL

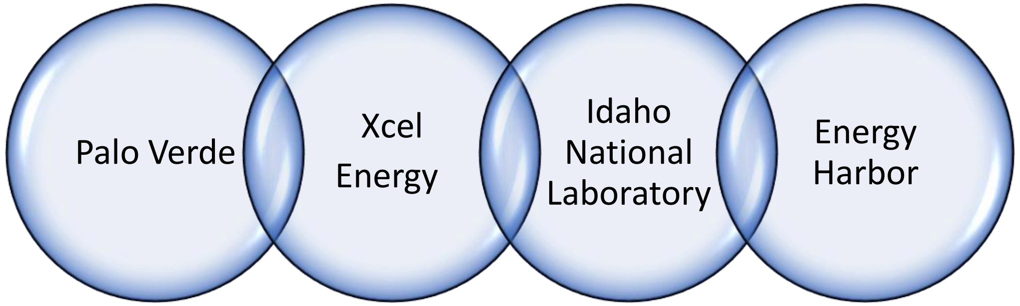
Since 2018, changes to adjustors have lowered the average residential customer's bill $10.95 (7.31% lower)



HYDROGEN

Palo Verde collaborates on a pilot project to explore the production of hydrogen at Palo Verde Generating Station

Collaborators Include →



- The pilot program will examine the long-term cost-effectiveness of hydrogen production at utility scale and is expected to run from 2020 to 2023.

- Idaho National Laboratory will prepare technical & economic feasibility assessment. The assessment will consider regional power prices in order to determine the cost-effectiveness of producing hydrogen using Palo Verde Generating Station electricity.

- APS will look at the technical feasibility of electrolysis, a method that splits water into oxygen and hydrogen, and the cost of equipment, principally the electrolyzer.

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.

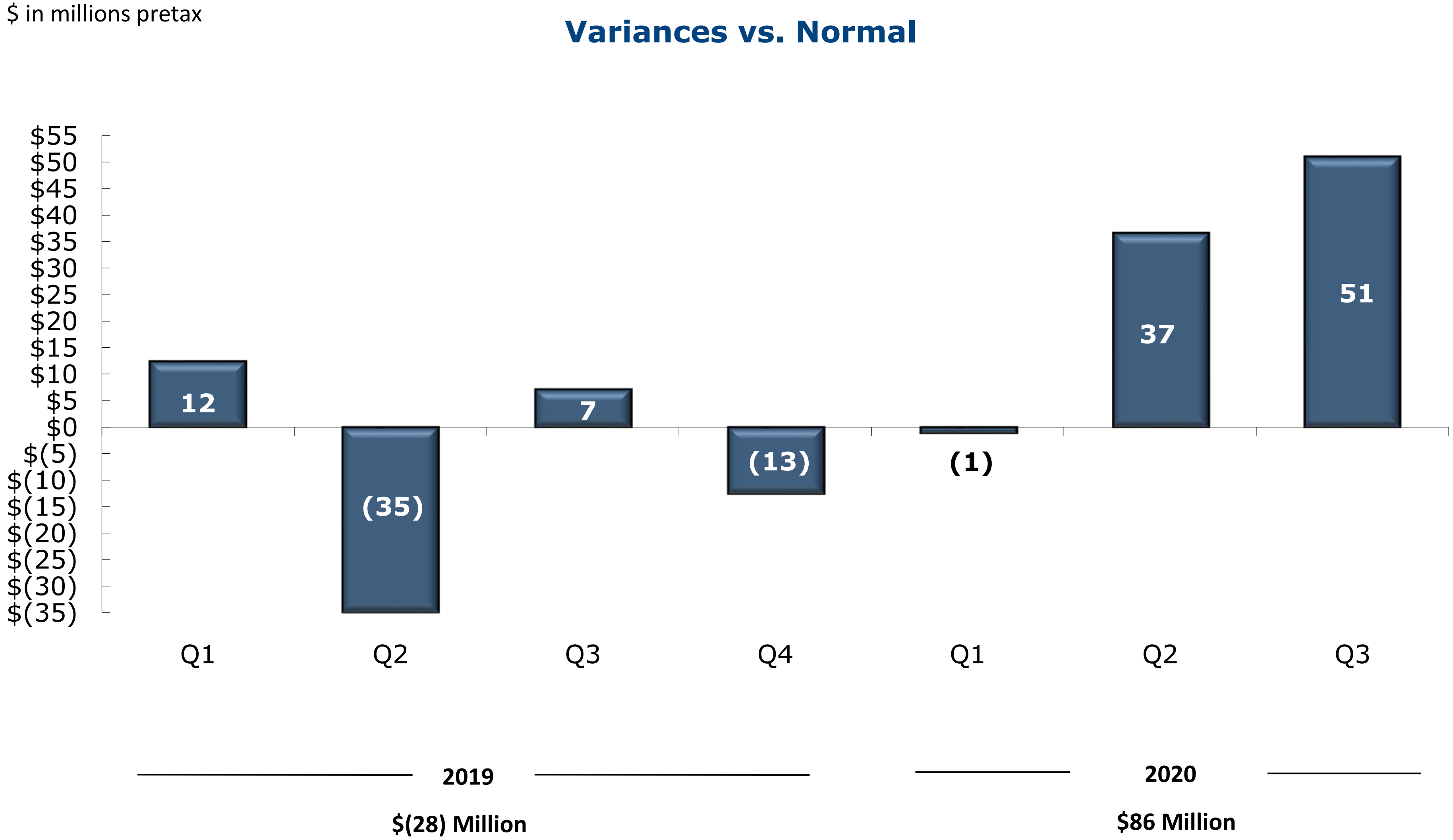
	2017	2018	2019
APS			
FFO / Debt	29.4%	24.5%	22.5%
FFO / Interest	7.5x	6.5x	6.4x
Debt / Capitalization	46.8%	47.0%	47.7%
Pinnacle West			
FFO / Debt	26.4%	22.1%	19.5%
FFO / Interest	7.1x	6.2x	5.9x
Debt / Capitalization	50.0%	51.4%	52.1%

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



All periods recalculated to current 10-year rolling average (2008 – 2017). Numbers may not foot due to rounding.

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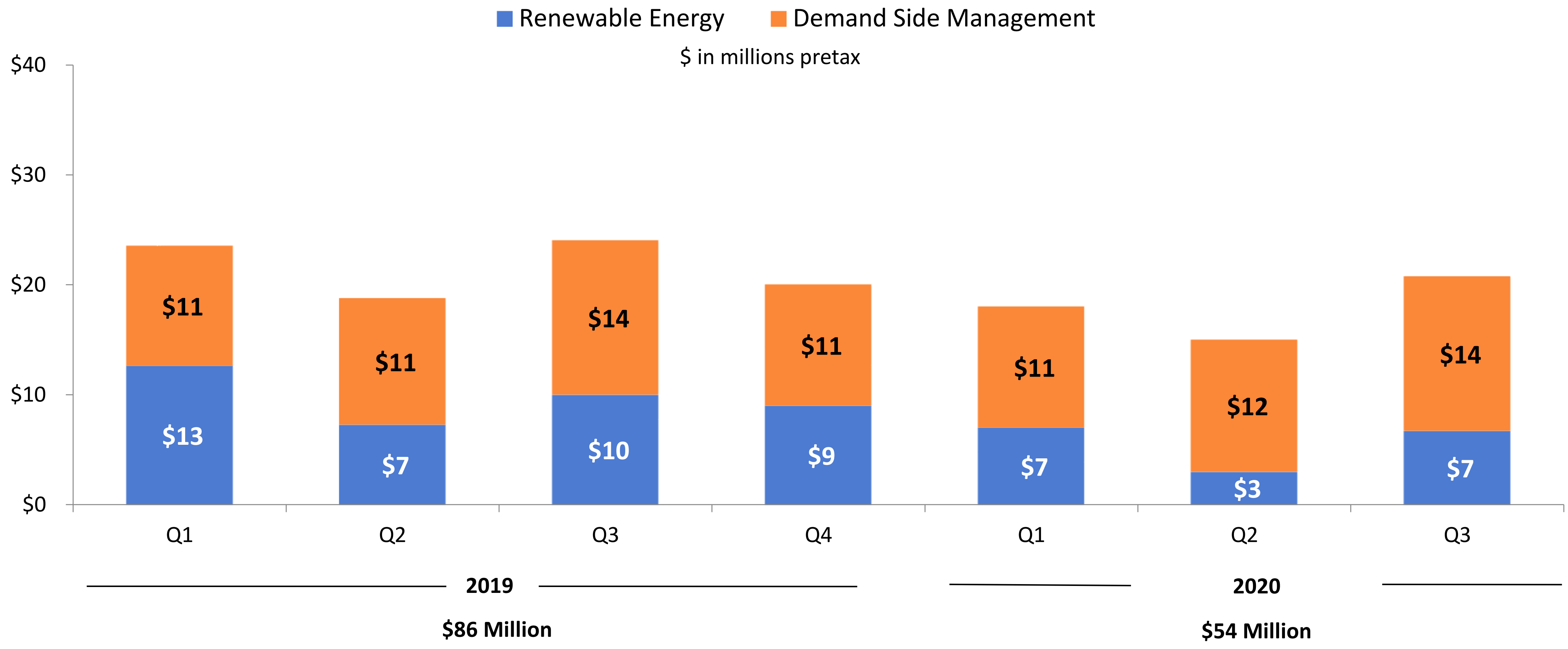
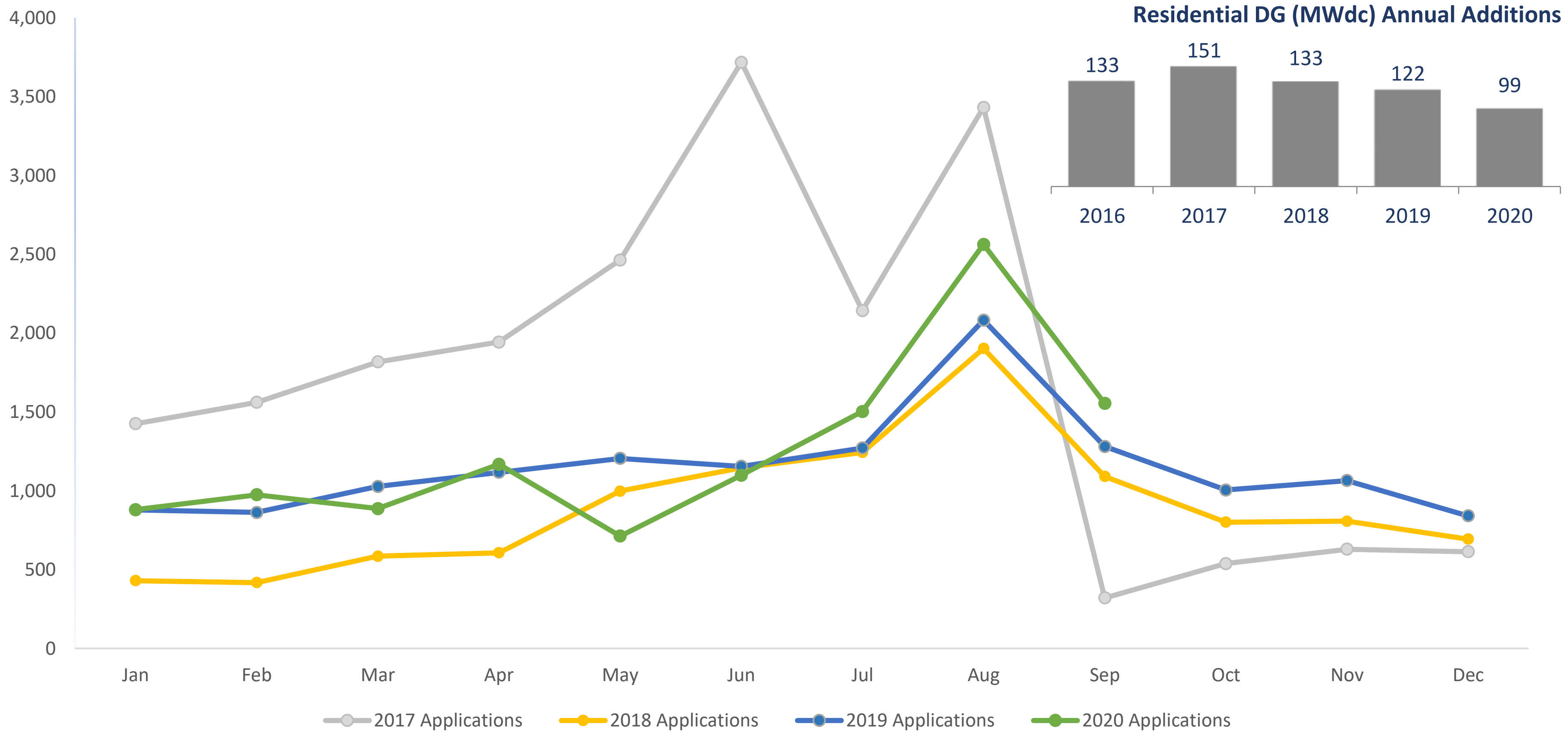
RENEWABLE ENERGY AND DEMAND SIDE MANAGEMENT EXPENSES[1]



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

PINNACLE WEST CAPITAL CORPORATION

RESIDENTIAL PV APPLICATIONS[1]



[1] Monthly data equals applications received minus cancelled applications. As of September 30, 2020, approximately 114,400 residential grid-tied solar photovoltaic (PV) systems have been installed in APS's service territory, totaling approximately 935 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.

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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**		Filed: May 15 Effective: Jun 1		
2020 DSM/EE Implementation Plan: **E-01345A-19-0148**		Amended Plan Filed: May 15	Approved: Sept 23	
2020 RES Implementation Plan: **E-01345A-19-0088**			Approved: Sept 23	
2019 Rate Case: **E-01345A-19-0236**				Hearing Begins: Dec 14
Resource Planning and Procurement: **E-00000V-19-0034**		IRP Filed: Jun 26		
Resource Comparison Proxy (RCP): **E-01345A-20-0113**		Filed: May 1	Approved: Sept 23 Effective: Oct 2021	
Possible Modification to Commission's Energy Rules: **RU-00000A-18-0284**	Workshops Mar 10, 11		Open Meeting: July 30, Sept 24	Open Meeting: Oct 14, 29
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

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%**

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SUMMARY OF RATE CASE INTERVENOR RECOMMENDATIONS

	APS	ACC Staff	RUCO
Total Revenue Increase (Base Rate and Adjustors) ($MM)	$183.6 5.6%	$89.7 2.7%	($20.8) (0.63%)
Base Rate Increase ($MM)	$68.6	($25.3)	($135.8)
ROE	10.15%	9.40%	8.74%
Return on Fair Value Increment	1.00%	Alt 1: 0.00% Alt 2: 0.30% (Alt 2 recommended)	0.00%
Weighted Average Cost of Capital / Rate of Return on FVRB	7.41% / 5.62%	7.00% / 5.11%	6.75% / 4.69%
Base Fuel Rate (¢/kWh)	3.0168	3.1451	Not addressed
Post-Test Year Plant	12 Months	12 Months	12 months, reduces amount by over 20%
SCRs and Deferral	Include both	Include both	Disallow both
OMP and Deferral	Include both	Include asset, investigating deferral	Include both
Equity Layer	54.7%/45.3%	54.7%/45.3%	54.7%/45.3%

APS
RATE CASE PROCEDURAL SCHEDULE

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

Application Filed October 31, 2019

Staff/Intervenor Direct Testimony (October 2, 2020)

Staff/Intervenor Direct Testimony (Rate Design) (October 9, 2020)

APS Rebuttal Testimony (November 6, 2020)

Staff/Intervenor Surrebuttal Testimony (November 20, 2020)

APS Rejoinder Testimony (December 2, 2020)

Pre-Hearing Conference (December 10, 2020)

Hearing Commences (December 14, 2020)

ARIZONA UTILITIES
GENERAL RATE CASES

Tucson Electric Power Company **Docket # E-01933A-19-0028** Application Filed April 1, 2019 Hearing Commenced (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 (June 23, 2020) Hearing Commenced (June 30, 2020) Initial post-hearing briefs (August 31, 2020) Final post-hearing briefs (September 14, 2020)

NON-GAAP MEASURE RECONCILIATION

$ in millions pretax, except per share amounts	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
	Three Months Ended September 30,											
Operating revenues	$ 1,255	$ (32)	$ -	$ -	$ -	$ 1,223	$ 1,191	$ (36)	$ -	$ -	$ 1,155	
Fuel and purchased power expenses	(353)	11	-	-	-	(342)	(345)	12	-	-	(333)	
Gross margin	**902**	**(21)**	**-**	**-**	**-**	**881**	**846**	**(24)**	**-**	**-**	**822**	**$ 0.39**
Operations and maintenance	**237**	**(20)**	**(4)**	**-**	**-**	**213**	**239**	**(24)**	**-**	**-**	**215**	**$ 0.01**
Depreciation and amortization	**153**	**-**	**7**	**-**	**(1)**	**159**	**149**	**-**	**2**	**-**	**151**	**$ (0.05)**
Other taxes	**55**	**-**	**(3)**	**-**	**-**	**52**	**54**	**-**	**(2)**	**-**	**52**	**$ -**
Allowance for equity funds used during construction	(8)	-	-	-	-	(8)	(6)	-	-	-	(6)	
Interest charges	61	-	(11)	-	1	51	57	-	(12)	-	45	
Allowance for borrowed funds used during construction	(5)	-	-	-	-	(5)	(3)	-	-	-	(3)	
Interest expense, net of AFUDC	**48**	**-**	**(11)**	**-**	**1**	**38**	**48**	**-**	**(12)**	**-**	**36**	**$(0.01)**
Other expenses (operating)	2	-	-	-	-	2	1	-	-	-	1	
Other income	(14)	-	11	-	-	(3)	(15)	-	12	-	(3)	
Other expense	6	-	-	-	2	8	6	-	-	-	6	
Other	**(6)**	**-**	**11**	**-**	**2**	**7**	**(8)**	**-**	**12**	**-**	**4**	**$(0.02)**
Income taxes	**77**	**-**	**-**	**(107)**	**-**	**(30)**	**53**	**-**	**-**	**(92)**	**(39)**	**$ (0.08)**

[1] Line items from Consolidated Statements of Income.

[2] See Note 4, Regulatory Matters, in Form 10-Q for the period ended September 30, 2020 for total Four Corners and Ocotillo deferral impacts.

NON-GAAP MEASURE RECONCILIATION

$ in millions pretax	2020 Guidance		
Operating revenues[1]	3,555	-	3,640
Fuel and purchase power expenses[1]	(1,000)	-	(1,020)
Gross margin	2,555	-	2,620
Adjustments:			
Renewable energy and demand side management programs	(70)	-	(70)
Adjusted Gross margin	2,485	-	2,550
Operations and maintenance[1]	940	-	960
Adjustments:			
Renewable energy and demand side management programs	(70)	-	(70)
Adjusted operations and maintenance	870	-	890

[1]Line items from Consolidated Statements of Income

PINNACLE WEST
CAPITAL CORPORATION

CONSOLIDATED STATISTICS

	3 Months Ended September 30,			9 Months Ended September 30,		
	2020	2019	Incr (Decr)	2020	2019	Incr (Decr)
ELECTRIC OPERATING REVENUES (Dollars in Millions)						
Retail						
Residential	$ 726	$ 668	58	$ 1,566	$ 1,453	$ 114
Business	461	466	(4)	1,146	1,194	(49)
Total Retail	1,187	1,134	53	2,712	2,647	65
Sales for Resale (Wholesale)	46	37	9	76	95	(19)
Transmission for Others	18	16	2	49	46	2
Other Miscellaneous Services	2	3	(1)	5	10	(4)
Total Electric Operating Revenues	$ 1,253	$ 1,190	63	$ 2,842	$ 2,798	$ 44
ELECTRIC SALES (GWH)						
Retail						
Residential	5,618	5,037	580	11,798	10,609	1,189
Business	4,430	4,438	(8)	11,080	11,229	(149)
Total Retail	10,048	9,476	572	22,878	21,837	1,041
Sales for Resale (Wholesale)	919	1,182	(263)	2,522	3,044	(522)
Total Electric Sales	10,967	10,658	309	25,400	24,881	519
RETAIL SALES (GWH) - WEATHER NORMALIZED						
Residential	5,218	4,939	279	11,126	10,646	480
Business	4,311	4,468	(158)	10,919	11,320	(401)
Total Retail Sales	9,529	9,407	122	22,045	21,966	80
Retail sales (GWH) (% over prior year)	1.3%	0.9%		0.4%	0.5%	
AVERAGE ELECTRIC CUSTOMERS						
Retail Customers						
Residential	1,149,693	1,122,457	27,236	1,146,497	1,120,062	26,435
Business	138,727	137,049	1,678	138,284	135,770	2,514
Total Retail	1,288,420	1,259,506	28,914	1,284,781	1,255,832	28,949
Wholesale Customers	54	46	8	48	48	(0)
Total Customers	1,288,474	1,259,552	28,922	1,284,829	1,255,880	28,948
Total Customer Growth (% over prior year)	2.3%	2.1%		2.3%	1.9%	
RETAIL USAGE - WEATHER NORMALIZED (KWh/Average Customer)						
Residential	4,539	4,400	139	9,705	9,505	200
Business	31,073	32,604	(1,531)	78,959	83,373	(4,414)

Numbers may not foot due to rounding.

CONSOLIDATED STATISTICS

	3 Months Ended September 30,			9 Months Ended September 30,		
	2020	2019	Incr (Decr)	2020	2019	Incr (Decr)
ENERGY SOURCES (GWH)						
Generation Production						
Nuclear	2,531	2,490	41	7,153	7,202	(49)
Coal	2,354	2,621	(267)	5,011	6,360	(1,348)
Gas, Oil and Other	3,198	2,971	227	8,002	6,445	1,557
Renewables	171	177	(6)	465	481	(16)
Total Generation Production	8,254	8,259	(5)	20,631	20,487	144
Purchased Power						
Conventional	2,332	1,994	338	3,647	3,485	163
Resales	317	399	(82)	422	520	(99)
Renewables	534	528	6	1,760	1,608	152
Total Purchased Power	3,183	2,921	262	5,829	5,613	216
Total Energy Sources	11,437	11,180	257	26,460	26,100	360
POWER PLANT PERFORMANCE						
Capacity Factors - Owned						
Nuclear	100%	98%	2%	95%	96%	(1)%
Coal	79%	71%	8%	56%	58%	(2)%
Gas, Oil and Other	38%	45%	(7)%	32%	32%	(0)%
Renewable	34%	35%	(1)%	31%	32%	(1)%
System Average	57%	62%	(5)%	48%	51%	(3)%
WEATHER INDICATORS - RESIDENTIAL						
Actual						
Cooling Degree-Days	1,524	1,317	207	2,084	1,674	410
Heating Degree-Days	-	-		528	605	(77)
Average Humidity	22%	29%	(7)%	19%	26%	(7)%
10-Year Averages (2008 - 2017)						
Cooling Degree-Days	1,222	1,222	-	1,713	1,713	-
Heating Degree-Days	-	-		450	450	0
Average Humidity	31%	31%	-	25%	25%	0

PINNACLE WEST
CAPITAL CORPORATION

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