PINNACLE WEST
CAPITAL CORPORATION

# POWERING GROWTH
# **DELIVERING VALUE**

**First Quarter 2019 Results**
May 1, 2019

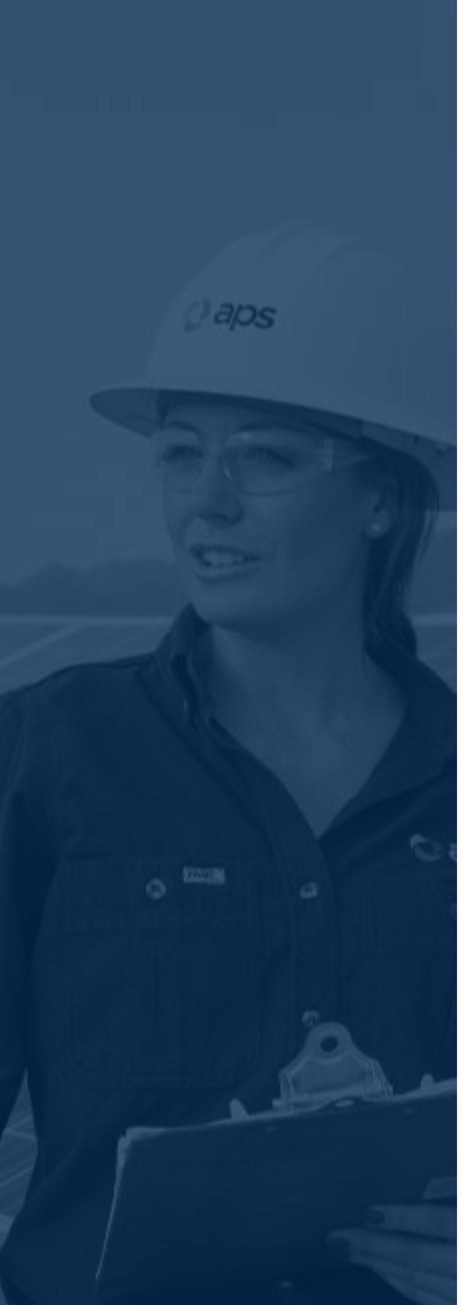

# FORWARD LOOKING STATEMENTS AND NON-GAAP FINANCIAL MEASURES

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” 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: 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, customer and sales growth (or decline), and the effects of energy conservation measures and distributed generation; 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 extend the rights for continued power plant operations; 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, 2018, 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.

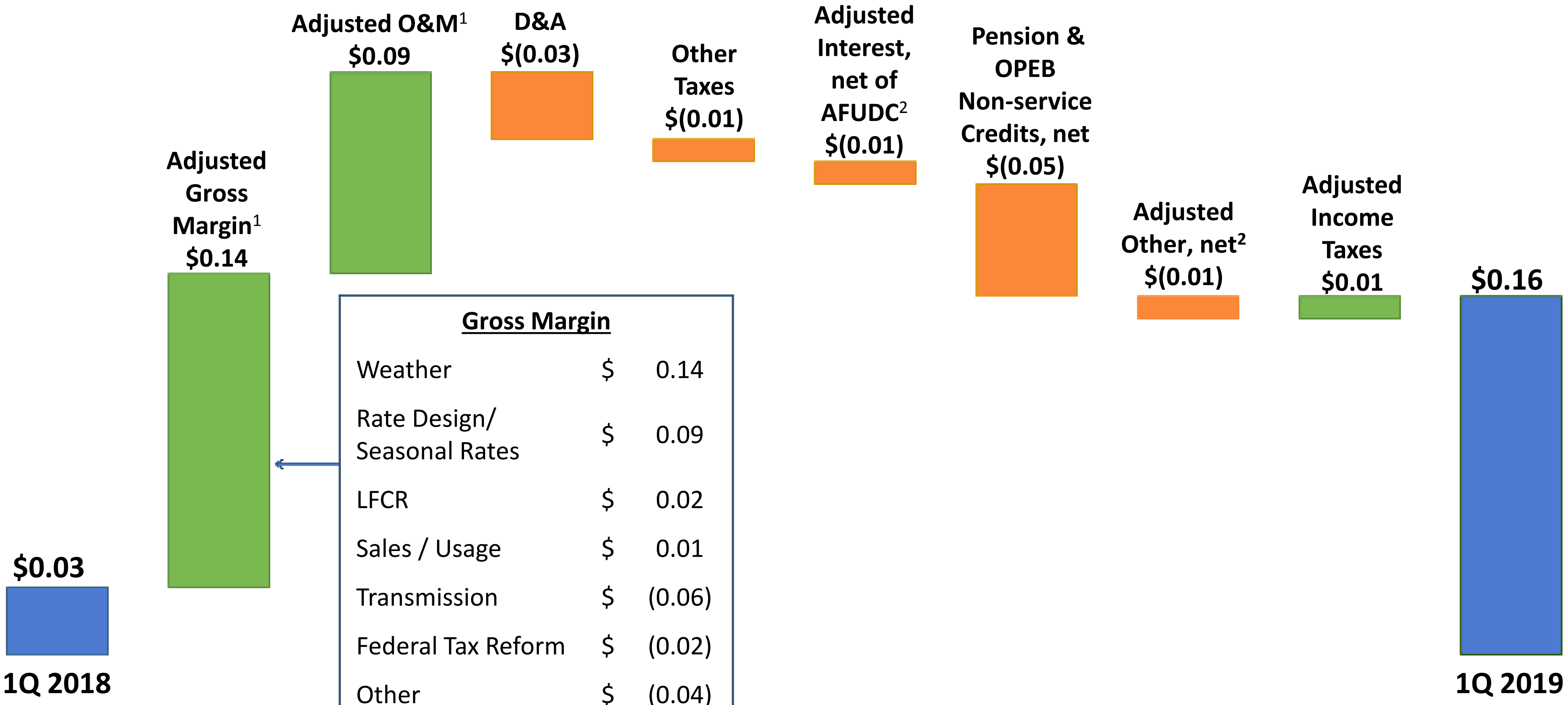
We present “gross margin” per diluted share of common stock. Gross margin refers to operating revenues less fuel and purchased power expenses. Gross margin is a “non-GAAP financial measure,” as defined in accordance with SEC rules. The appendix contains a reconciliation of this non-GAAP financial measure 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 interest, net of AFUDC” and “adjusted other, net” that have been adjusted for the deferral impacts of the Four Corner’s Selective Catalytic Reduction equipment. We also 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 income taxes" that shows the impact of tax reform. Adjusted interest, net of AFUDC, adjusted other, net, adjusted gross margin, adjusted operations and maintenance, and adjusted income taxes are “non-GAAP financial measures,” as defined in accordance with SEC rules. The appendix contains a reconciliation to show the deferral impacts of the Four Corners Selective Catalytic Reduction equipment, the exclusion of costs and offsetting operating revenues associated with renewable energy and demand side management programs, 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 and tax reform impacts, and exclude the effects of programs that overstate our gross margin.



# EPS VARIANCES

## 1st Quarter 2019 vs. 1st Quarter 2018




| Gross Margin | | |
|---|---|---|
| Weather | $ | 0.14 |
| Rate Design/ Seasonal Rates | $ | 0.09 |
| LFCR | $ | 0.02 |
| Sales / Usage | $ | 0.01 |
| Transmission | $ | (0.06) |
| Federal Tax Reform | $ | (0.02) |
| Other | $ | (0.04) |

[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.

**See non-GAAP reconciliation in Appendix.**

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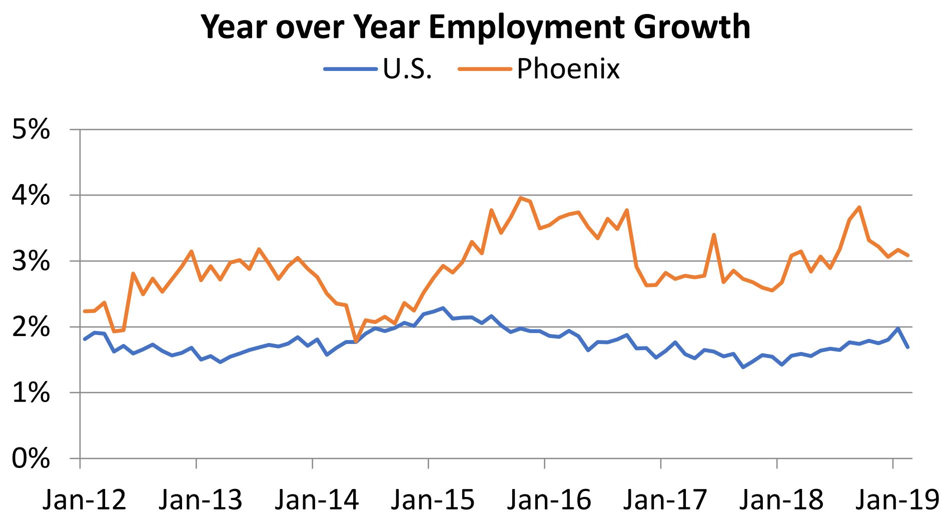
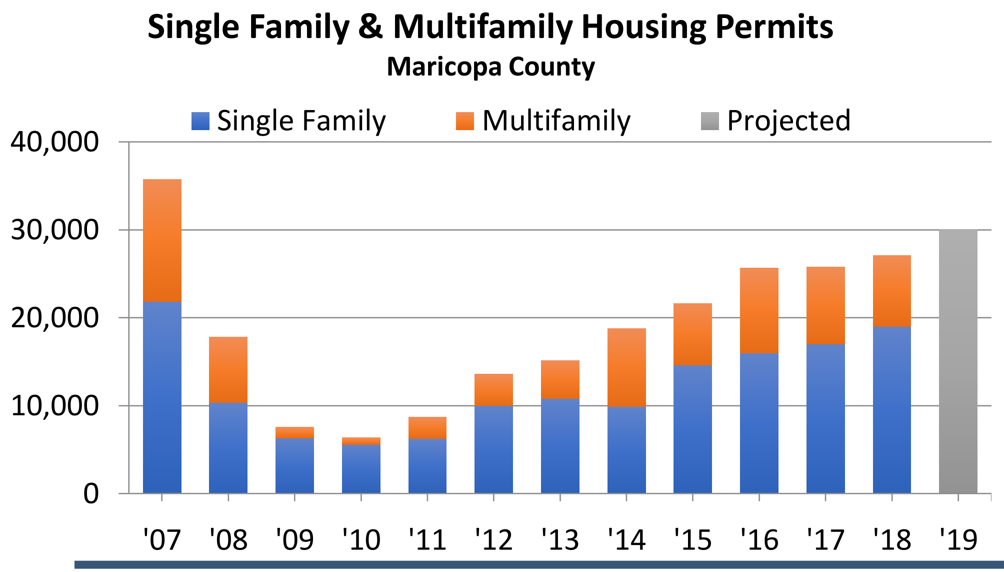
# ECONOMIC INDICATORS

## Arizona's focus on economic development continues to support growth in the state




***Arizona is the 4th fastest-growing state in the U.S. according to new Census data.[1]***

**2018** – APS partnered with Greater Phoenix Economic Council and Arizona Commerce Authority to welcome 17 new companies to the state, adding an estimated:

- 43 MW
- 3,800 new jobs
- $1.3B in capital investment
- Notable corporations include Anderson Windows, Nikola Motors and Seattle Box Company

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

[1] U.S. Census Bureau, Population Division, Release date December 2018
[2] U.S. Census Bureau April 2019

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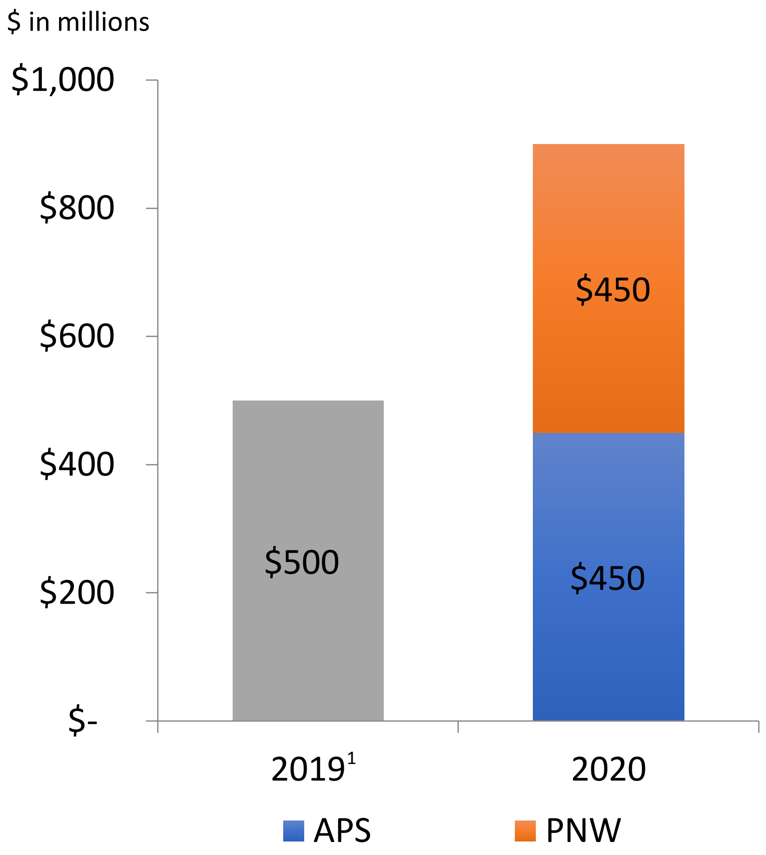
# BALANCE SHEET STRENGTH

## Long-Term Debt Maturity Schedule




[1] *APS debt matured on March 1, 2019*

## Credit Ratings[2]

- **APS Senior Unsecured**: A- or equivalent ratings or better at S&P, Moody's and Fitch
- **PNW Senior Unsecured**: BBB+ or equivalent ratings or better at S&P, Moody's and Fitch

## 2019 Major Financing Activities

- $200 million 18-month APS unsecured term loan entered into in February 2019
- $300 million 30-year 4.25% APS senior unsecured notes issued February 2019
- Expect up to $450 million of long-term debt issuance at APS for the remainder of 2019

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

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# 2019 EPS GUIDANCE

## Key Factors & Assumptions as of May 1, 2019

| | 2019 |
|---|---|
| **Adjusted gross margin**[1] (operating revenues, net of fuel and purchased power expenses) | $2.50 – $2.56 billion |
| • Retail customer growth about 1.5–2.5% | |
| • Weather-normalized retail electricity sales volume about 1-2% higher compared to prior year | |
| • Assumes normal weather | |
| **Adjusted operating and maintenance** (O&M)[1] | $865 – $885 million |
| **Other operating expenses** (depreciation and amortization, deferrals, and taxes other than income taxes) | $850 – $870 million |
| **Other income** (pension and other post-retirement non-service credits, other income and other expense) | $35 – $45 million |
| **Interest expense**, net of allowance for borrowed and equity funds used during construction (Total AFUDC $40 million) | $195 – $205 million |
| **Net income attributable to noncontrolling interests** | $20 million |
| **Effective tax rate** | 10% |
| **Average diluted common shares outstanding** | 113.6 million |
| **EPS Guidance** | $4.75 - $4.95 |

[1] Excludes O&M of $80 million, and offsetting revenues, associated with renewable energy and demand side management programs.


# FINANCIAL OUTLOOK

## Key Factors & Assumptions as of May 1, 2019

**Gross Margin – Customer and Sales Growth (2019-2021)**

| Assumption | Impact |
|---|---|
| Retail customer growth | • Expected to average about 1.5-2.5% annually<br>• Strength in Arizona and U.S. economic conditions |
| Weather-normalized retail electricity sales volume growth | • About 1.5–2.5% |

**Gross Margin – Related to 2017 Rate Review Order**

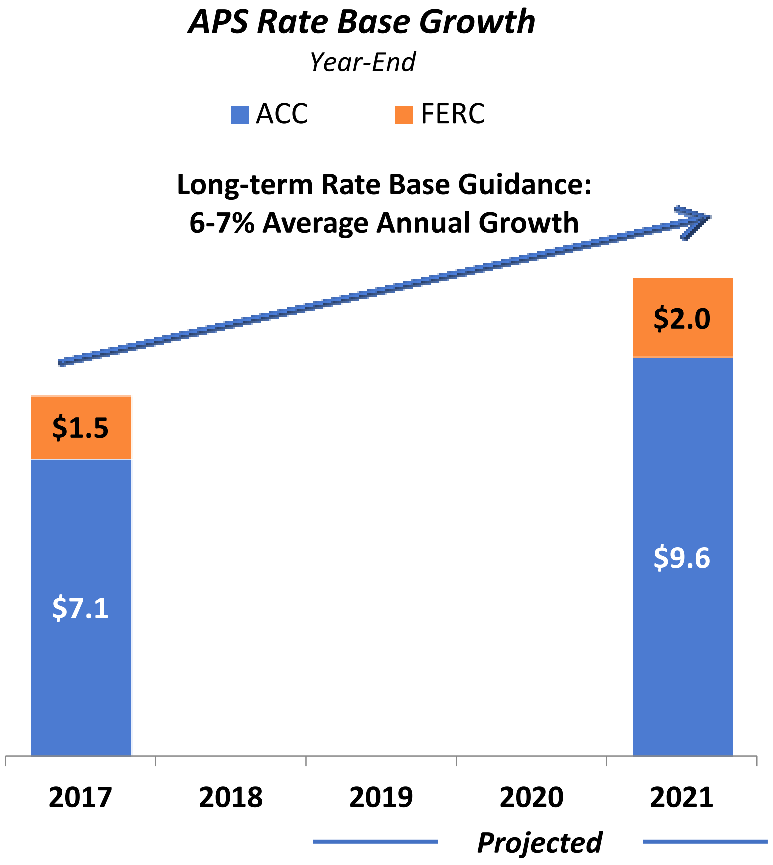
| Assumption | Impact |
|---|---|
| Lost Fixed Cost Recovery (LFCR) | • Offsets 30-40% of revenues lost due to ACC-mandated energy efficiency and distributed renewable generation initiatives |
| Environmental Improvement Surcharge (EIS) | • Ability to recover up to $14 million annually of carrying costs for government-mandated environmental capital expenditures (cumulative per kWh cap rate of $0.00050) |
| Power Supply Adjustor (PSA) | • 100% recovery<br>• 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<br>• Transmission revenue is accrued each month as it is earned |
| APS Solar Communities | • Additions to flow through RES until next base rate case |
| Four Corners Units 4 and 5 SCRs | • 2019 step increase |

**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.

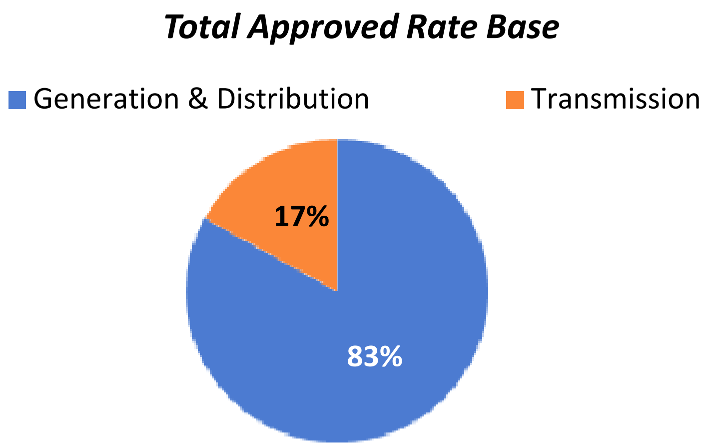
**Outlook Through 2021:** Goal of earning more than 9.5% Return on Equity (earned Return on Equity based on average Total Shareholder's Equity for PNW consolidated, weather-normalized)


# RATE BASE

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




Rate base $ in billions, rounded



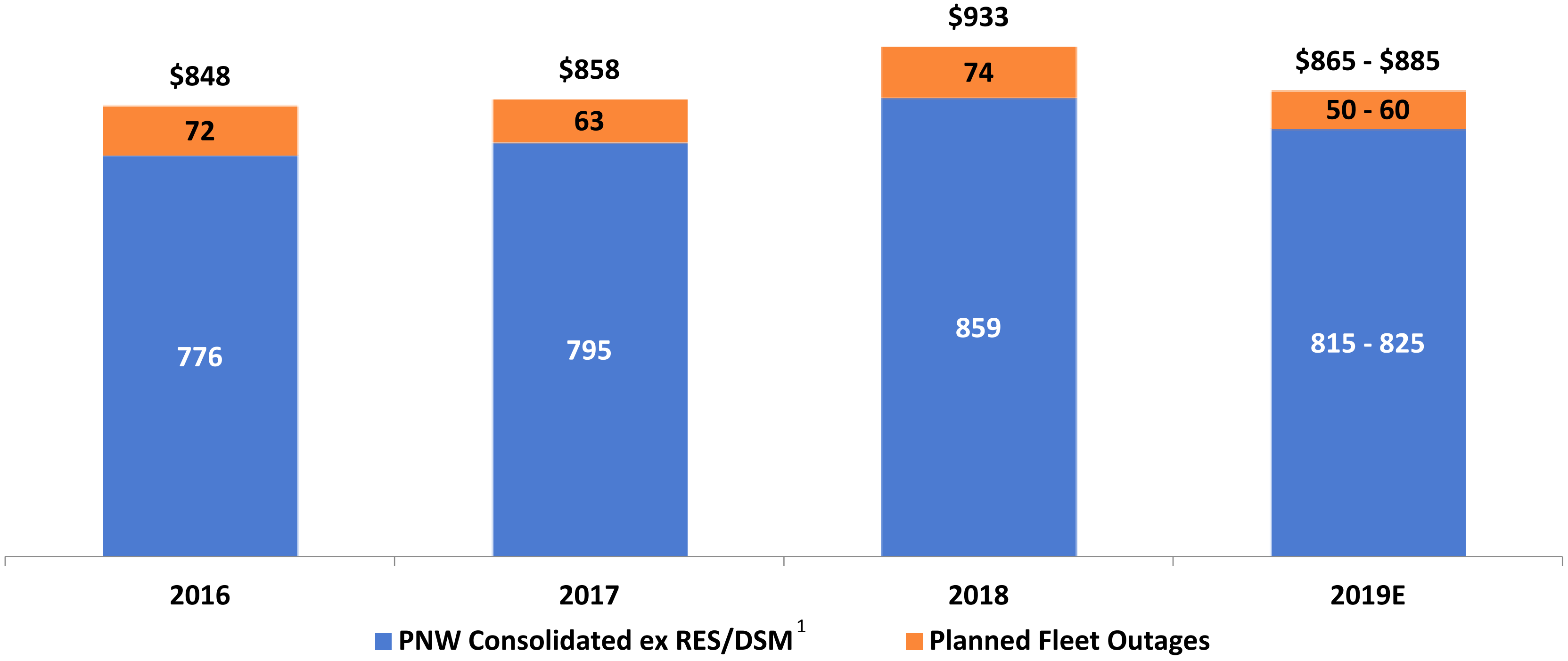

| | ACC | FERC |
|---|---|---|
| **Rate Effective Date** | 8/19/2017 | 6/1/2018 |
| **Test Year Ended** | 12/31/2015[1] | 12/31/2017 |
| **Rate Base** | $6.8B | $1.5B |
| **Equity Layer** | 55.8% | 53.4% |
| **Allowed ROE** | 10.0% | 10.75% |

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


# OPERATIONS & MAINTENANCE

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

$ in millions




[1] Excludes RES/DSM of $83 million in 2016, $91 million in 2017, $104 million in 2018, and $80 million in 2019E

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# 2019 PLANNED OUTAGE SCHEDULE

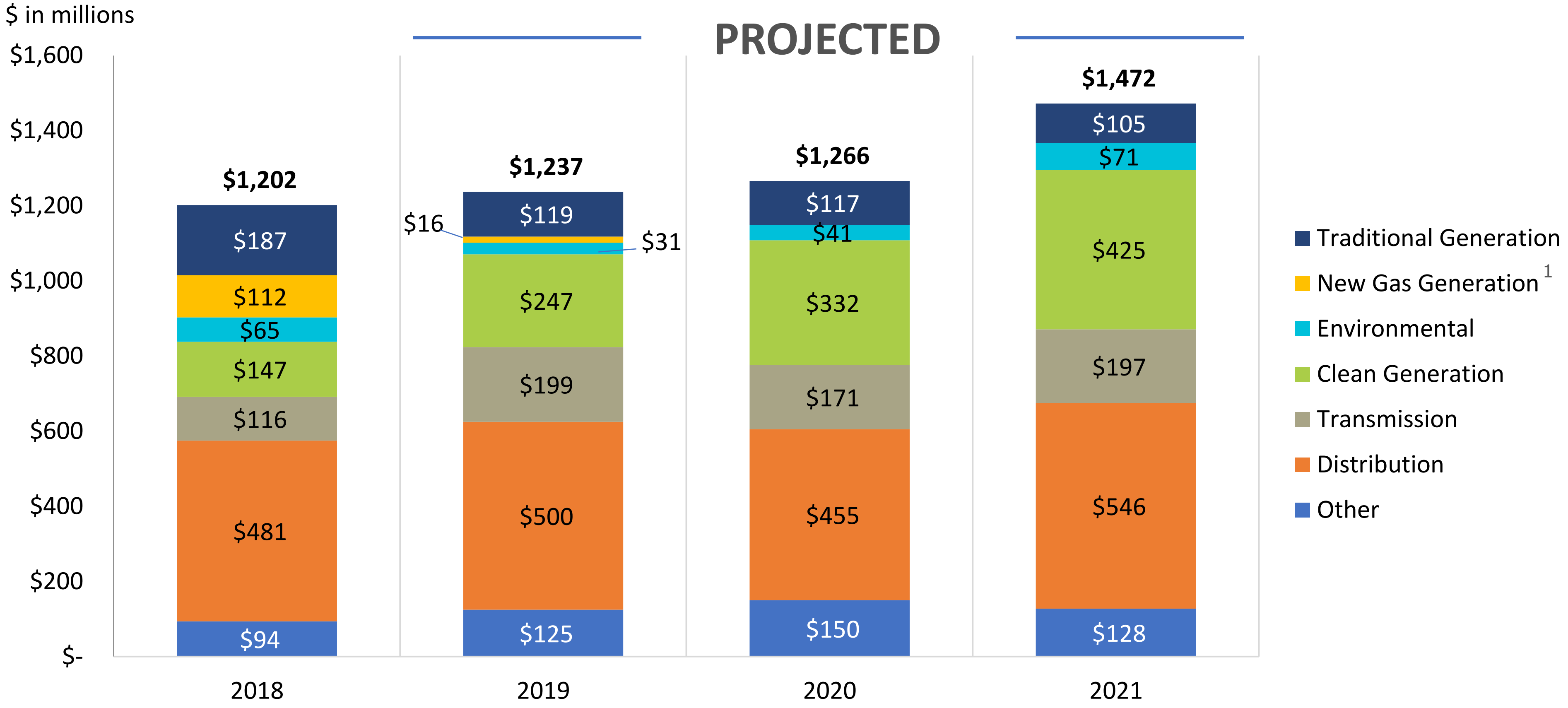
## Coal, Nuclear, and Large Gas Planned Outages

| Q1 | | | | Q2 | | | | Q4 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Plant | Unit | Estimated Duration in Days | | Plant | Unit | Estimated Duration in Days | | Plant | Unit | Estimated Duration in Days |
| Four Corners | 4 | 21 | | Palo Verde | 1 | 30 | | Palo Verde | 3 | 44 |
| Four Corners | 5 | 21 | | Cholla* | 1 | 49 | | West Phoenix | 4 | 62 |
| Cholla* | 1 | 37 | | Redhawk* | 2 | 28 | | | | |
| Redhawk* | 2 | 29 | | | | | | | | |

*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**




- The chart does not include capital expenditures related to 4CA's 7% interest in the Four Corners Power Plant Units 4 and 5 of $10 million in 2018.
- 2019 – 2021 as disclosed in the First Quarter 2019 Form 10-Q.

[1] Ocotillo Modernization Project: Units scheduled for completion by mid-2019.

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# DISTRIBUTION GRID INVESTMENTS

## Grid Operations and Investment Projected to be $1.5 billion from 2019-2021

### Customer Growth
Approximately 50% of distribution capex

**Line Extensions for new residential and commercial customers**
*Average annual spend ~ $68M*

- Extend, relocate, and upgrade APS facilities in response to customer request

**New Distribution Substations & Upgrades**
*Average annual spend ~ $38M*

Construction over the next 3 years:
- 21 New Substations
- 3 Upgrades

### Grid Modernization
Approximately 9% of distribution capex

**Cap Bank Controllers, Substation Regulators, Voltage Management Algorithms**
*Average annual spend ~ $11Mpend*

- Controls regulators and capacitor banks to manage power quality such as power factor and voltage

R T

**Reclosers – Supervisory Controlled Switches, Trip Savers**
*Average annual spend ~ $14M*

- Leveraging AMI for distribution automation
- Strategically deploying Fiber for communications backhaul

### Run and Maintain
Approximately 41% of distribution capex

**Overhead Lines & Wood Pole Replacements**
*Average annual spend ~ $8M*

- Replace equipment or components due to damage, degradation or failure
- Ensure the integrity of the structure and enhance system reliability

**Underground Cable Replacements**
*Average annual spend ~ $22.5M*

- Replace all remaining direct buried primary distribution cable
- Direct buried cable has become a major cause of power outages

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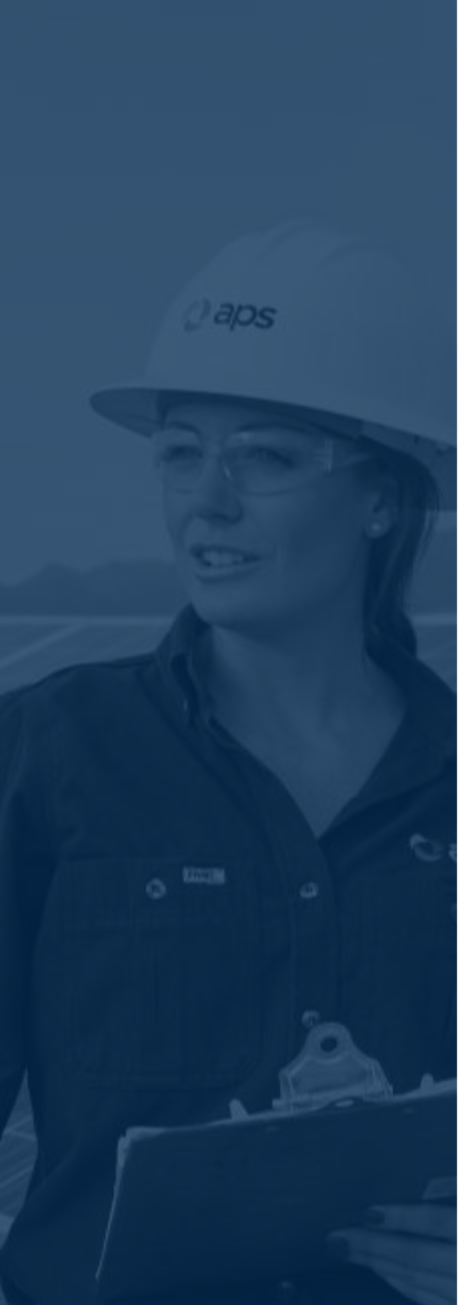


# CLEAN ENERGY INVESTMENTS

## Plans to Invest in 950 MW of New Clean Technology by 2025

### 2018 Battery Storage RFP

- 141 MW located on six APS solar plant sites
- Utility owned
- Anticipated in-service by mid-2020

### 2018 Peaking Capacity RFP

- 150 MW of battery storage
- 20 year PPA contracts beginning June 2021

### 2019 RFPs

- 60 MW located on two APS solar plant sites
- 100 MW of solar plus 100 MW of battery storage
- Utility owned
- Anticipated in-service 2021

### Future Investments

- At least 400 MW of solar plus battery storage and stand-alone battery storage by mid-2025
- Utility owned

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# APPENDIX

# TAX REFORM

## Customer Rate Reductions

**ACC – TAX EXPENSE ADJUSTOR MECHANISM:**

- *PHASE I*: The ACC approved $119 million annual rate reduction reflecting the lower federal tax rate. Effective for the March 2018 billing cycle
- *PHASE II*: The ACC approved an additional $86.5 million rate reduction to return the unprotected "excess" deferred taxes to ACC customers over a 12-month period. Effective for the April 2019 billing cycle
- *PHASE III*: Filed in April 2019 – will address the refund of protected "excess" deferred taxes which are required to be returned over the regulatory life of plant property. The Company has proposed that Phase III begin July 1, 2019 and annually refund $34.5 million to customers over the first 36 months. The ACC has not yet approved this request

**Cash Taxes**

- Due to loss of bonus depreciation, cash tax payments normalize in 2019 as the Company utilizes its remaining tax credit carryforwards
- Future investment tax credits from renewable efforts will likely reduce cash tax payments in 2020 and 2021

**Effective Tax Rate**

- Amortization of TEAM Phase II excess deferred taxes will benefit the Company's 2019 and 2020 ETR
- Amortization of TEAM Phase III excess deferred taxes are anticipated to benefit the ETR over a 28.5 year period

| Net Regulatory Liability for Excess Deferred Taxes ($ in millions) | At March 31, 2019 |
|---|---|
| Total Net Regulatory Liability for Regulated Excess Deferred Taxes | $1,520 |
| Net Regulatory Liability for Depreciation Related Excess Deferred Taxes (to be returned over the life of property) | $1,400 |
| Net Regulatory Liability for Non-Depreciation Related Excess Deferred Taxes | $120 |

# OCOTILLO MODERNIZATION PROJECT & FOUR CORNERS SCRs

- Included in the 2017 Rate Review Order[1], APS has been granted Accounting Deferral Orders for two large generation-related capital investments
  - Ocotillo Modernization Project: Retiring two aging, steam-based, natural gas units, and replacing with 5 new, fast-ramping, combustion turbine units
  - Four Corners Power Plant: Installed Selective Catalytic Reduction (SCR) equipment to comply with Federal environmental standards

| | **Ocotillo Modernization Project** | **Four Corners SCRs** |
|---|---|---|
| In-Service Dates | Units 3 – 7 – Mid-2019 | Unit 5 – Late 2017<br>Unit 4 – Spring 2018 |
| Total Cost (APS) | $500 million | $400 million |
| Estimated Cost Deferral | $45 million (through 2019) | $30 million (through 2018) |
| Accounting Deferral | • Cost deferral from date of commercial operation to the effective date of rates in next rate case<br>• Includes depreciation, O&M, property taxes, and capital carrying charge[2] | • Cost deferral from time of installation to incorporation of the SCR costs in rates using a step increase beginning in 2019<br>• Includes depreciation, O&M, property taxes, and capital carrying charge[2] |

[1] The ACC's decision is subject to appeals

[2] APS will calculate the capital carrying charge using the 5.13% embedded cost of debt established in the 2017 Rate Review Order

# FOUR CORNERS SCR STEP INCREASE

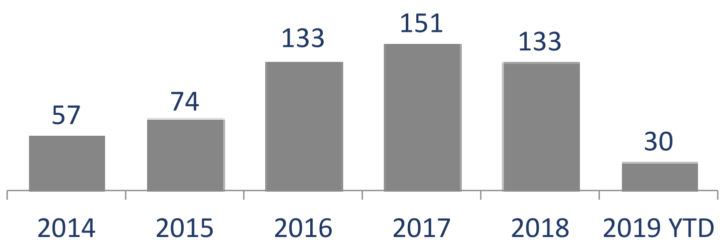
## The Administrative Law Judge issued a Recommended Opinion and Order on November 27, 2018[1]

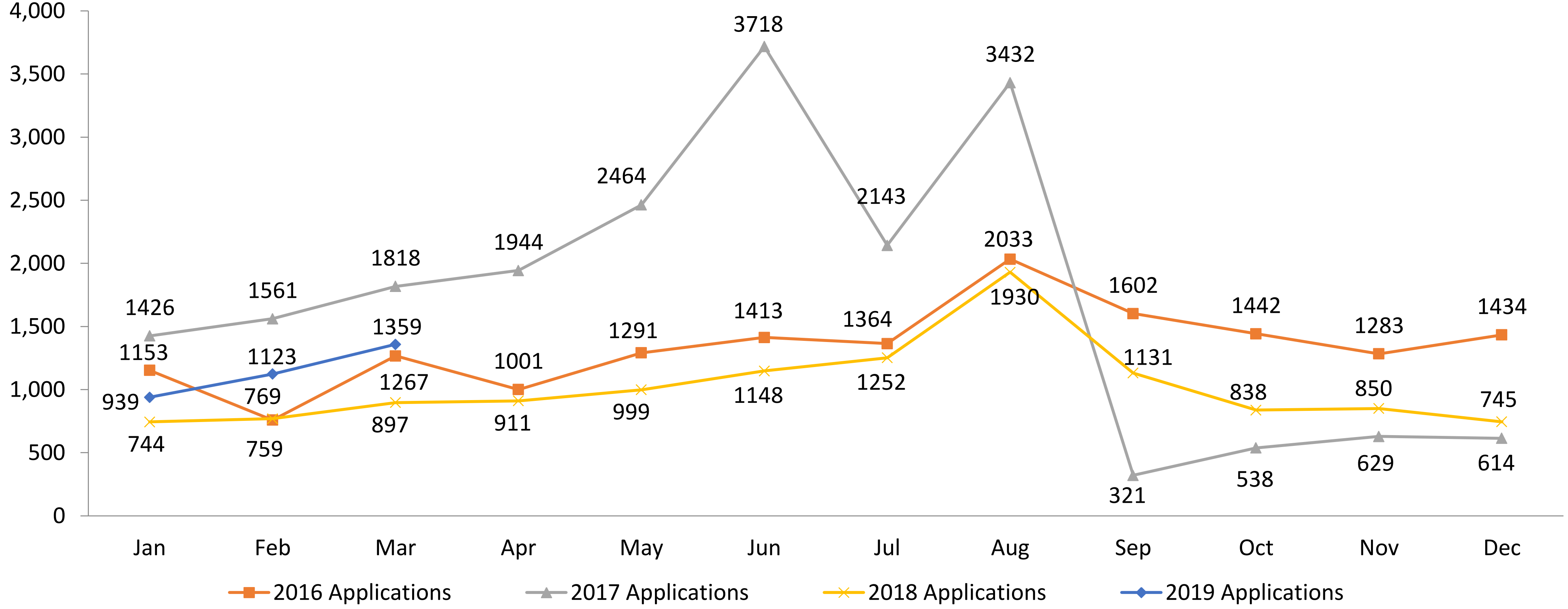
### Key Components of APS's Filed Request

| Financial | Cost of Capital | Bill Impact |
|---|---|---|
| • Consistent with prior disclosed estimates | • 7.85% Return on Rate Base[2]<br>– Weighted Average Cost of Capital (WACC) | • Rate rider applied as a percentage of base rates for all applicable customers |
| • $390 million direct costs vs. $400 million[1] contemplated in APS's recent rate case | • 5.13% Return on Deferral[2]<br>– Embedded Cost of Debt | • $67.5 million revenue requirement[2] |
| • $40 million in indirect costs (overhead, AFUDC) | • 5% Depreciation Rate<br>– 20-year useful life (2038-depreciation study) | • ~2% bill impact |
| | • 5-year Deferral Amortization | |

[1] Arizona Corporation Commission Staff recommended a $58.5 million revenue increase and the Administrative Law Judge issued a Recommended Opinion and Order consistent with Commission Staff's recommendation
[2] Based on 2017 Rate Review Order

# RESIDENTIAL PV APPLICATIONS[1]




[1] Monthly data equals applications received minus cancelled applications. As of March 31, 2019, approximately 92,200 residential grid-tied solar photovoltaic (PV) systems have been installed in APS's service territory, totaling approximately 740 MWdc of installed capacity. Excludes APS Solar Partner Program residential PV systems.

Note: [www.arizonagoessolar.org](http://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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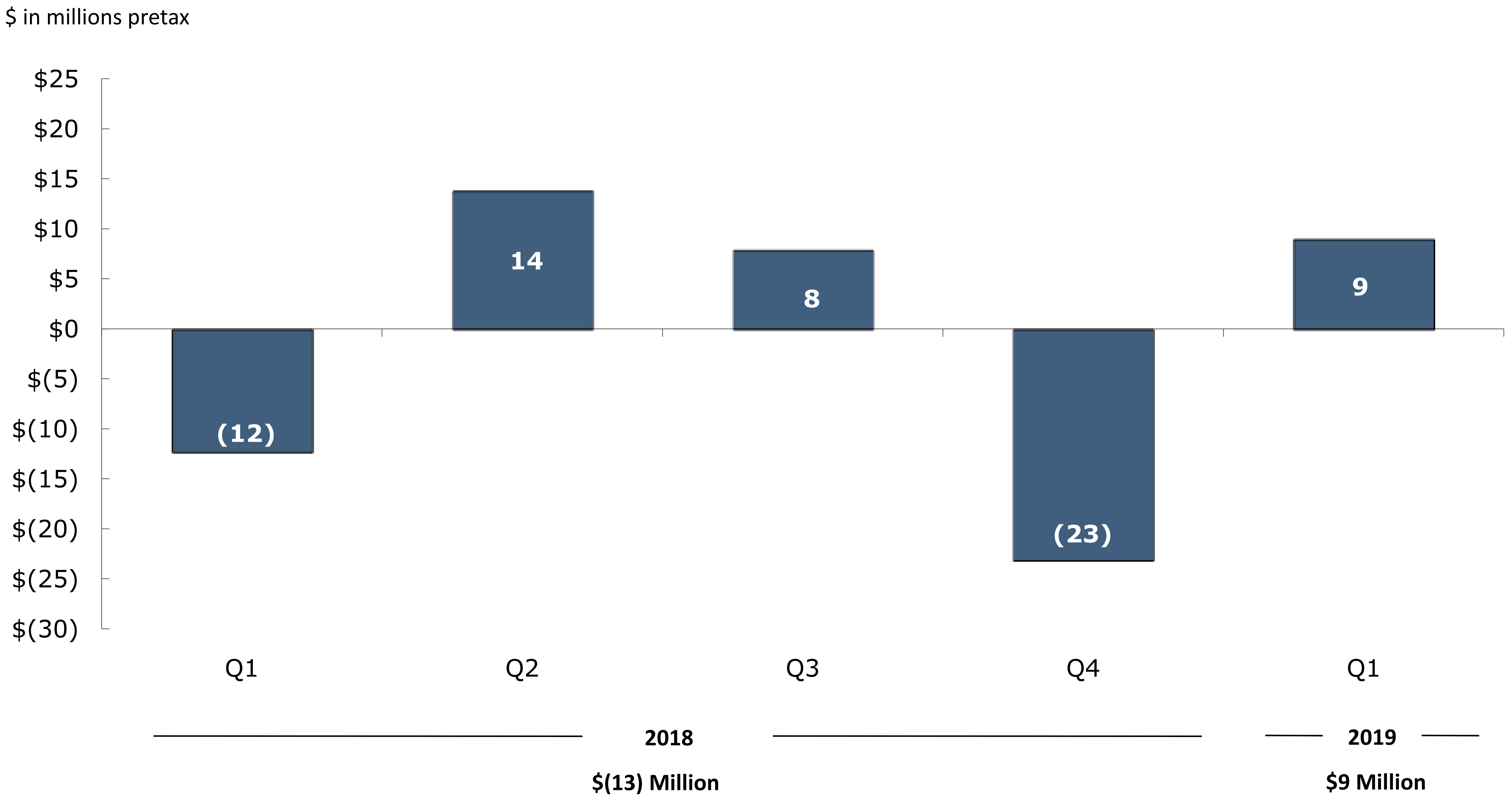
# GROSS MARGIN EFFECTS OF WEATHER

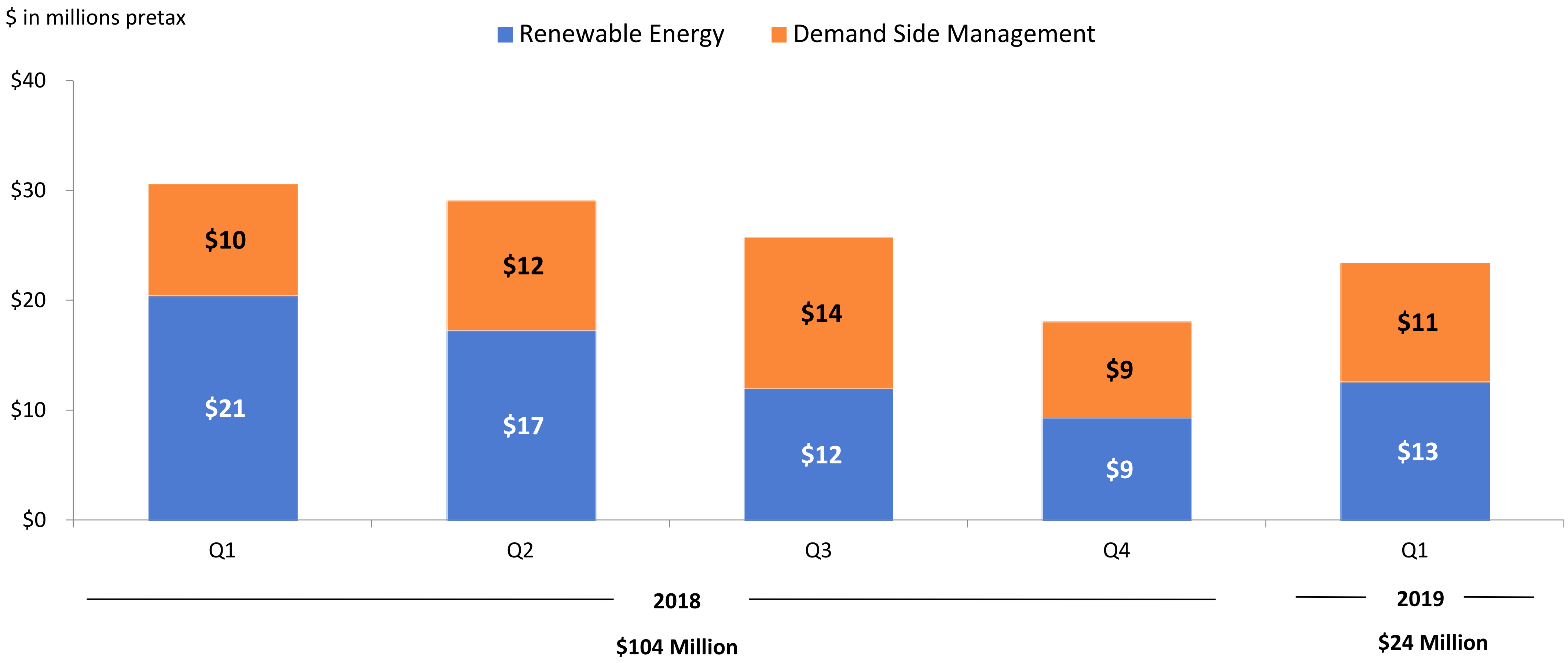
## Variances vs. Normal






All periods recalculated to current 10-year rolling average (2007 – 2016)

# RENEWABLE ENERGY AND DEMAND SIDE MANAGEMENT EXPENSES[1]




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

# 2019 KEY DATES

| ACC Key Dates / Docket # | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| Power Supply Adjustor (PSA)<br>**E-01345A-16-0036** | Implemented: Feb 1 | | | |
| Lost Fixed Cost Recovery<br>**E-01345A-16-0036** | 2018 LFCR approved 2019 LFCR Filed: Feb 15 | | | |
| Transmission Cost Adjustor<br>**E-01345A-16-0036** | | To be filed: May 15<br>Implementation: Jun 1 | | |
| 2020 DSM/EE Implementation Plan<br>New Docket to be Assigned | | 2020 To be filed: Jun 1 | | |
| 2020 RES Implementation Plan<br>New Docket to be Assigned | | | To be Filed: Jul 1 | |
| Four Corners SCR Step Increase<br>**E-01345A-16-0036** | No scheduled events | | | |
| Resource Planning and Procurement<br>**E-00000V-19-0034** | | | File preliminary IRP Aug 1 | |
| Tax Expense Adjustor (TEAM)<br>**E-01345A-18-0003** | TEAM II approved<br>Mar 13 | TEAM III filed: Apr 10 | | |
| Resource Comparison Proxy (RCP)<br>New Docket to be Assigned | | Year 3 To be filed:<br>May 1 | Year 3 Implementation Expected:<br>Sept 1 | |
| QF/PURPA Contracts (EPR-2)<br>**E-01345A-16-0272** | Workshop Mar 29 | | APS testimony due<br>Jul 26 | Hearing begins<br>Nov 13 |
| Possible Modification to Commission's Energy Rules<br>**RU-00000A-18-0284** | Workshops Feb 25,<br>Mar 14, Mar 26 | Workshops Apr 17, 29, 30 | | |
| Modification to Retail Competition Rules<br>**RE-00000A-18-0405** | | | Workshop proposed Jul | |
| Customer Complaint – Stacey Champion<br>**E-01345A-18-0002** | | Commission Discussion Apr 23 | | |
| APS Rate Review<br>**E-01345A-19-0003** | Rate Review Began | Staff report due May 3 | | |

# NON-GAAP MEASURE RECONCILIATION

| $ in millions pretax, except per share amounts | Three Months Ended March 31, | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2019[1] | RES/ DSM | Four Corners Debt Return Deferral[2] | Income tax expense at statutory rate | 2019 Adjusted | 2018[1] | RES/ DSM | Four Corners Debt Return Deferral[2] | Income tax expense at statutory rate | 2018 Adjusted | EPS Impact |
| Operating revenues | $ 741 | $ (31) | $ - | $ - | $ 710 | $ 693 | $ (37) | $ - | $ - | $ 656 | |
| Fuel and purchased power expenses | (231) | 8 | - | - | (223) | (197) | 7 | - | - | (190) | |
| **Gross margin** | **510** | **(23)** | **-** | **-** | **487** | **496** | **(30)** | **-** | **-** | **466** | **$ 0.14** |
| **Operations and maintenance** | **246** | **(24)** | **-** | **-** | **222** | **266** | **(31)** | **-** | **-** | **235** | **$ 0.09** |
| Allowance for equity funds used during construction | (11) | - | - | - | (11) | (14) | - | - | - | (14) | |
| Interest charges | 61 | - | (5) | - | 56 | 59 | - | (2) | - | 57 | |
| Allowance for borrowed funds used during construction | (7) | - | - | - | (7) | (7) | - | - | - | (7) | |
| **Interest expense, net of AFUDC** | **43** | **-** | **(5)** | **-** | **38** | **38** | **-** | **(2)** | **-** | **36** | **$(0.01)** |
| Other expenses (operating) | - | - | - | - | - | - | - | - | - | - | |
| Other income | (7) | - | 5 | - | (2) | (4) | - | 2 | - | (2) | |
| Other expense | 4 | - | - | - | 4 | 3 | - | - | - | 3 | |
| Renewable energy and demand side management and similar regulatory programs, net | - | 1 | - | - | 1 | - | 1 | - | - | 1 | |
| **Other** | **(3)** | **1** | **5** | **-** | **3** | **(1)** | **1** | **2** | **-** | **2** | **$(0.01)** |
| **Income taxes** | **2** | **-** | **-** | **(6)** | **(4)** | **(1)** | **-** | **-** | **(2)** | **(3)** | **$ 0.01** |

[1] Line items from Consolidated Statements of Income.

[2] See Note 4, Regulatory Matters, in Form 10-Q for the period ended March 31, 2019, for total Four Corners deferral impacts.

# NON-GAAP MEASURE RECONCILIATION

| $ in millions pretax | 2019 Guidance | | |
|---|---|---|---|
| **Operating revenues**[1] | **$ 3,625** | **-** | **$ 3,695** |
| **Fuel and purchased power expenses**[1] | **(1,045)** | **-** | **(1,055)** |
| **Gross margin** | **2,580** | **-** | **2,640** |
| **Adjustments:** | | | |
| **Renewable energy and demand side management programs** | **(80)** | **-** | **(80)** |
| **Adjusted gross margin** | **$ 2,500** | **-** | **$ 2,560** |

| | | | |
|---|---|---|---|
| **Operations and maintenance**[1] | **$ 945** | **-** | **$ 965** |
| **Adjustments:** | | | |
| **Renewable energy and demand side management programs** | **(80)** | **-** | **(80)** |
| **Adjusted operations and maintenance** | **$ 865** | **-** | **$ 885** |

[1] Line items from Consolidated Statements of Income.

# CONSOLIDATED STATISTICS

| | 3 Months Ended March 31, | | |
|---|---|---|---|
| | **2019** | **2018** | **Incr (Decr)** |
| **ELECTRIC OPERATING REVENUES (Dollars in Millions)** | | | |
| Retail | | | |
| Residential | $ 352 | $ 317 | 35 |
| Business | 333 | 343 | (11) |
| Total Retail | 684 | 660 | 24 |
| Sales for Resale (Wholesale) | 36 | 12 | 24 |
| Transmission for Others | 15 | 15 | 0 |
| Other Miscellaneous Services | 4 | 4 | (1) |
| Total Electric Operating Revenues | $ 740 | $ 691 | 48 |
| **ELECTRIC SALES (GWH)** | | | |
| Retail | | | |
| Residential | 2,577 | 2,347 | 230 |
| Business | 3,200 | 3,148 | 52 |
| Total Retail | 5,778 | 5,496 | 282 |
| Sales for Resale (Wholesale) | 846 | 291 | 556 |
| Total Electric Sales | 6,624 | 5,786 | 838 |
| **RETAIL SALES (GWH) - WEATHER NORMALIZED** | | | |
| Residential | 2,494 | 2,453 | 41 |
| Business | 3,198 | 3,185 | 13 |
| Total Retail Sales | 5,692 | 5,638 | 54 |
| Retail sales (GWH) (% over prior year) | 1.0% | (0.4)% | 1.4% |
| **AVERAGE ELECTRIC CUSTOMERS** | | | |
| Retail Customers | | | |
| Residential | 1,120,307 | 1,097,992 | 22,315 |
| Business | 134,943 | 134,247 | 696 |
| Total Retail | 1,255,250 | 1,232,239 | 23,011 |
| Wholesale Customers | 53 | 29 | 23 |
| Total Customers | 1,255,303 | 1,232,269 | 23,034 |
| Total Customer Growth (% over prior year) | 1.9% | 1.7% | 0.2% |
| **RETAIL USAGE - WEATHER NORMALIZED (KWh/Average Customer)** | | | |
| Residential | 2,226 | 2,234 | (8) |
| Business | 23,696 | 23,721 | (25) |

PINNACLE WEST
CAPITAL CORPORATION



Numbers may not foot due to rounding.

# CONSOLIDATED STATISTICS

| | 3 Months Ended March 31, | | |
|---|---|---|---|
| | 2019 | 2018 | Incr (Decr) |
| **ENERGY SOURCES (GWH)** | | | |
| Generation Production | | | |
| Nuclear | 2,512 | 2,479 | 33 |
| Coal | 1,773 | 1,099 | 674 |
| Gas, Oil and Other | 1,848 | 1,646 | 202 |
| Renewables | 118 | 131 | (13) |
| Total Generation Production | 6,252 | 5,355 | 897 |
| Purchased Power | | | - |
| Conventional | 224 | 250 | (26) |
| Resales | 24 | 23 | 1 |
| Renewables | 460 | 438 | 22 |
| Total Purchased Power | 708 | 711 | (3) |
| Total Energy Sources | 6,960 | 6,066 | 894 |
| **POWER PLANT PERFORMANCE** | | | |
| Capacity Factors - Owned | | | |
| Nuclear | 101% | 100% | 1% |
| Coal | 49% | 30% | 19% |
| Gas, Oil and Other | 27% | 24% | 3% |
| Solar | 24% | 27% | (3)% |
| System Average | 46% | 40% | 6% |

| | 3 Months Ended March 31, | | |
|---|---|---|---|
| | 2019 | 2018 | Incr (Decr) |
| **WEATHER INDICATORS - RESIDENTIAL** | | | |
| **Actual** | | | |
| Cooling Degree-Days | - | - | - |
| Heating Degree-Days | 605 | 323 | 282 |
| Average Humidity | - | - | - |
| **10-Year Averages (2007 - 2016)** | | | |
| Cooling Degree-Days | - | - | - |
| Heating Degree-Days | 441 | 441 | |
| Average Humidity | 0% | 0% | - |