PINNACLE WEST
CAPITAL CORPORATION

January Investor Meetings

January 2024



Forward Looking Statements

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 current economic environment and its effects, such as lower economic growth, a tight labor market, inflation, supply chain delays, increased expenses, volatile capital markets, or other unpredictable effects; our ability to manage capital expenditures and operations and maintenance costs while maintaining reliability and customer service levels; variations in demand for electricity, including those due to weather, seasonality (including large increases in ambient temperatures), the general economy or social conditions, customer, and sales growth (or decline), the effects of energy conservation measures and distributed generation, and technological advancements; the potential effects of climate change on our electric system, including as a result of weather extremes such as prolonged drought and high temperature variations in the area where APS conducts its business; 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 or interpretations of existing legislation or regulations, including those relating to environmental requirements, regulatory and energy 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 through our rates and adjustor recovery mechanisms, including returns on and of debt and equity capital investment; our ability to meet renewable energy and energy efficiency mandates and recover related costs; the ability of APS to achieve its clean energy goals (including a goal by 2050 of 100% clean, carbon-free electricity) and, if these goals are achieved, the impact of such achievement on APS, its customers, and its business, financial condition, and results of operations; risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainty; current and future economic conditions in Arizona; the direct or indirect effect on our facilities or business from cybersecurity threats or intrusions, data security breaches, terrorist attack, physical attack, severe storms, 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, including as a result of delays in the development and application of new technologies; the cost of debt, including increased cost as a result of rising interest rates, and equity capital and the ability to access capital markets when required; environmental, economic, and other concerns surrounding coal-fired generation, including regulation of GHG 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 landowners 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 the most recent Pinnacle West/APS Form 10-K and 10-Q along with other public filings with the Securities and Exchange Commission, 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.

Navigating Short-Term Challenges. Longer-Term, A Powerful Growth Story

1
Company Profile - Solid Foundation

2
Growth Outlook Remains Strong

3
Customer Initiatives and ESG Leadership

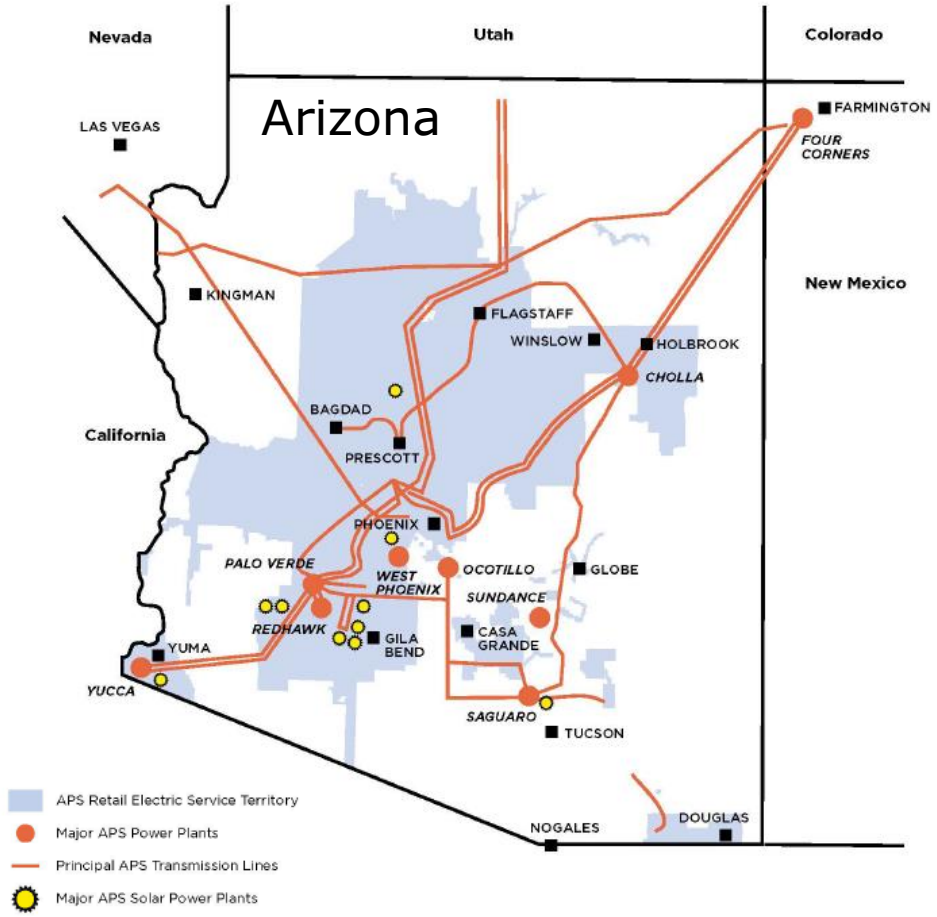
4
Financial Outlook & 2022 Rate Case



AT A GLANCE

Arizona's Largest Electric Company

Service Territory[1]



Key Facts as of Dec. 31, 2022

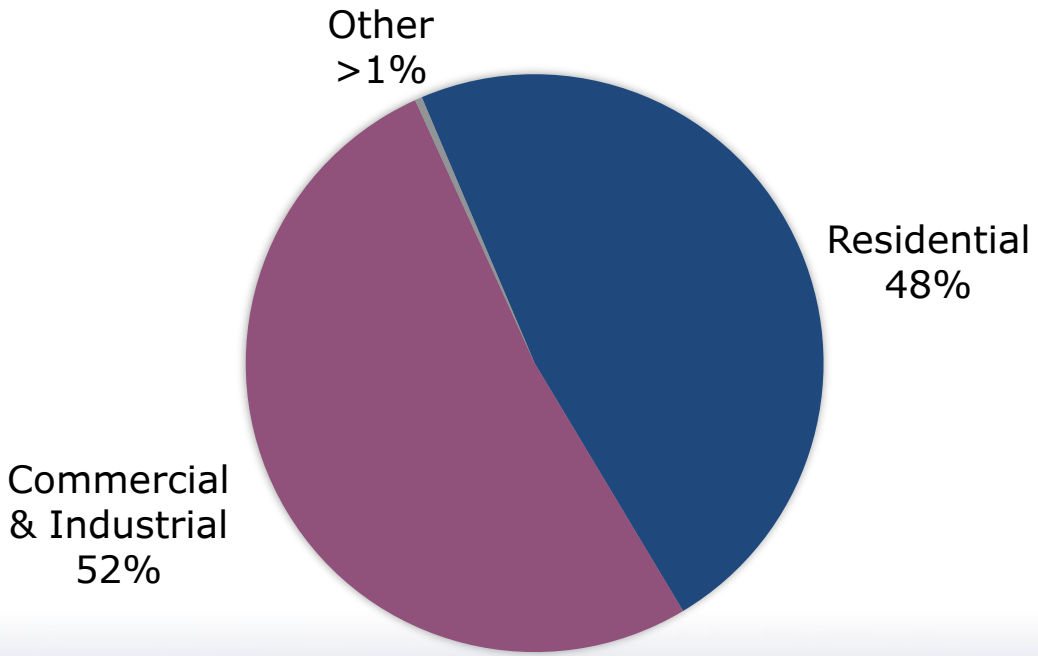
Consolidated assets	$22.7B
Revenues	$4.3B
Market cap	~$8.6B
Generating capacity owned or leased – year end	~6.3 GW
Customers	1.3M
Current % from clean energy	~51%
Nuclear plant in U.S.	Largest

[1] As of December 31, 2022.

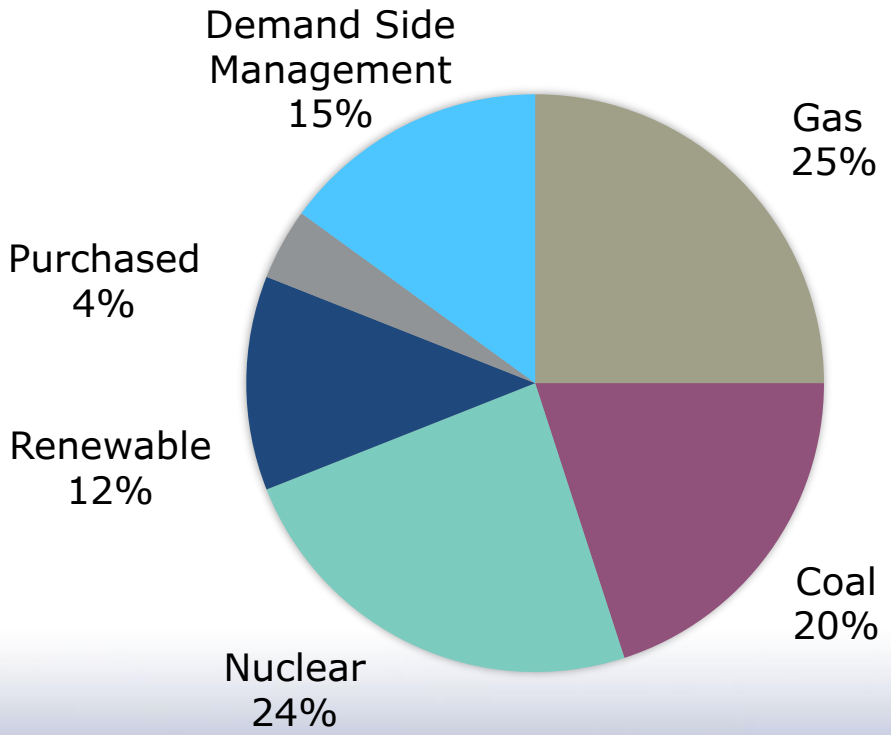
PINNACLE WEST CAPITAL CORPORATION

Attractive Customer Mix and Shifting Generation Profile

Retail Sales Mix[1]



Energy Mix – Will Shift Going Forward[1]



[1] As of December 31, 2022.

Navigating Short-Term Challenges. Longer-Term, A Powerful Growth Story

1
Company Profile - Solid Foundation

2
Growth Outlook Remains Strong

3
Customer Initiatives and ESG Leadership

4
Financial Outlook & 2022 Rate Case



2023 EPS guidance

Key Factors and Assumptions as of November 2, 2023	2023
Adjusted gross margin (operating revenues, net of fuel and purchased power expenses, x/RES,DSM,CCT)[1]	$2.72 – $2.77 billion
• Retail customer growth of 1.5%-2.5%	
• Weather-normalized retail electricity sales growth of 1.0%-3.0% • Includes 1.0%-2.0% contribution to sales growth of new large manufacturing facilities and several large data centers	
• Assumes normal weather for balance of year forecast	
Adjusted operating and maintenance expense (O&M x/RES,DSM,CCT)[1]	$915 – $935 million
Other operating expenses (depreciation and amortization, and taxes other than income taxes)	$1.02 – $1.03 billion
Other income (pension and other post-retirement non-service credits, other income and other expense)	$43 – $48 million
Interest expense, net of allowance for borrowed and equity funds used during construction (Total AFUDC ~$96 million)	$265 – $285 million
Net income attributable to noncontrolling interests	$17 million
Effective tax rate	12.8% – 13.3%
Average diluted common shares outstanding	113.7 million
EPS Guidance	$4.10 – $4.30

[1] Excludes costs and offsetting operating revenues associated with renewable energy and demand side management programs. For reconciliation, see slide 22.

Key drivers for EPS guidance[1]

2023 EPS guidance of $4.10-$4.30 key drivers[1,2]

- ↑ Retail customer growth of 1.5%-2.5%
- ↑ Weather-normalized retail electricity sales growth of 1.0%-3.0%
- ↑ Transmission revenues
- ↑ LFCR
- ↑ 2019 Rate Case Appeal Outcome
- ↓ Depreciation, amortization and property taxes due to higher plant in service
- ↓ Operations and maintenance expense
- ↓ Interest expense
- ↓ Pension and OPEB

Long-term guidance and key drivers

- Long-term EPS growth target of 5%-7%[3]
- Retail customer growth of 1.5%-2.5%[4]
- Weather-normalized retail electricity sales growth of 4.5%-6.5%[4]



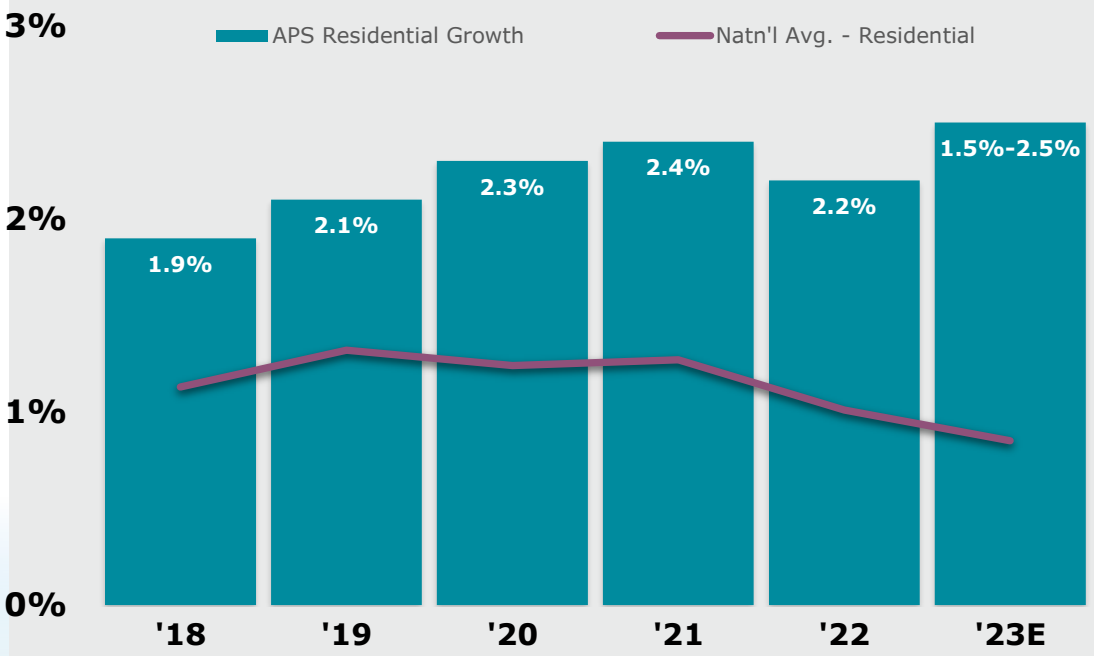
[1] Arrows represent expected comparative year-over-year impact of each driver on earnings.
[2] As of November 2, 2023.
[3] Long-term EPS growth target based on the Company's current weather-normalized 5-year compound annual growth rate projections from 2022-2026.
[4] Forecasted guidance range through 2025.

PINNACLE WEST CAPITAL CORPORATION

Arizona remains among the fastest growing states in the U.S.

Consistent Residential Growth Past Five Years

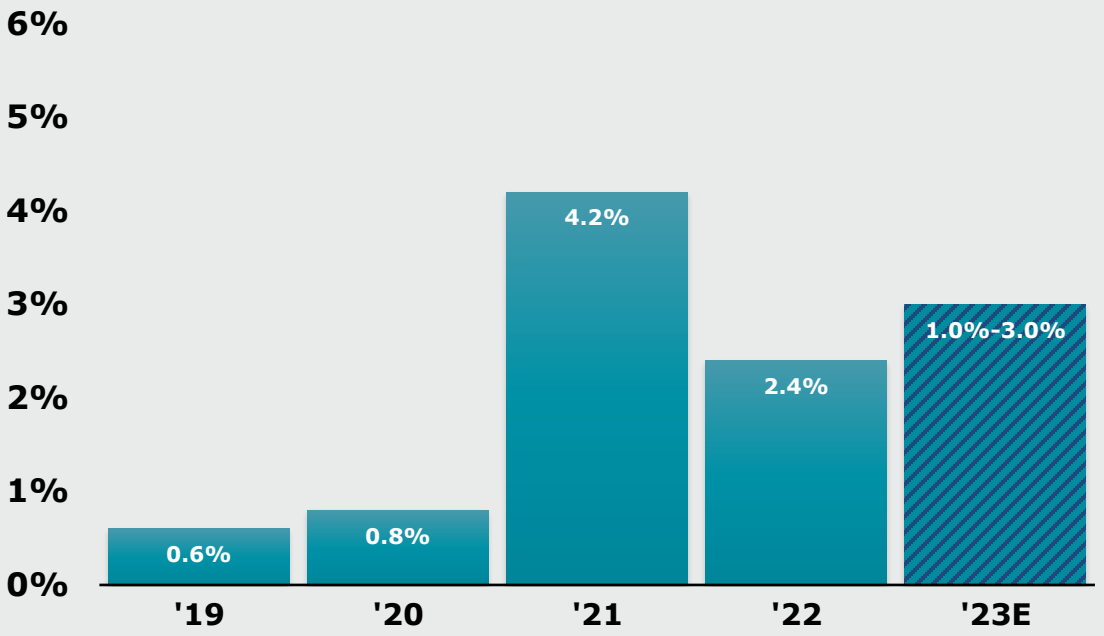
Residential Customer Growth[1]



[1]National average from 2022 Itron Annual Energy Survey Report

Strong 2.5% Sales CAGR Past Three Years

Total Sales Growth[2,3]



[2]Weather-normalized
[3]2019-2021 as reported in PNW Statistical Reports

PINNACLE WEST CAPITAL CORPORATION

Best-in-class service territory supports high tech growth and economic development

Our Approach: Focus on Four Main Areas

- Business attraction and expansion
- Community development
- Entrepreneurial support
- Infrastructure support





Supports Influx of Manufacturing and Distribution – Examples

- **Taiwan Semiconductor**
  Increased investment from $12B to $40B factory
- **Proctor & Gamble**
  $500M capital investment in manufacturing facility
- **Jacuzzi**
  $30M investment in 143k sq ft facility
- **Rehrig Pacific Company**
  $80M investment in manufacturing facility
- **Air Products & Chemicals**
  $160M investment in manufacturing facility
- **KORE Power**
  $850M DOE loan to fund 1.3M sq ft facility





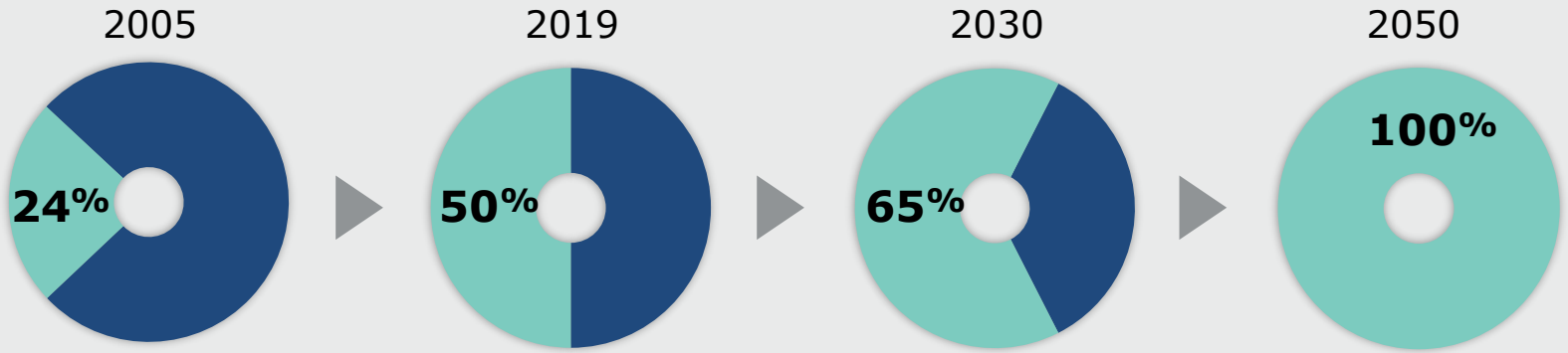
A clear plan for clean energy transition

Progress Towards Meeting Clean Energy Commitment

- Since 2020, have contracted over 4,500 MW of clean energy and storage to be in service for APS customers by end of 2025
- Successfully installed 201 MW of APS owned batteries at our AZ Sun sites and 150 MW of solar at the Agave Solar Facility
- Charted course for healthy mix of APS-owned and third party-owned assets, to be continued through future planned RFPs



Pathway





PINNACLE WEST CAPITAL CORPORATION

We Will Pursue Improvements in the Regulatory Environment

- ✓ Successfully appealed last rate case to clarify the prudency standard in Arizona
- ✓ Filed a new rate case to reduce regulatory lag and improve the ROE
- ✓ Working with stakeholders on common issues including reducing regulatory lag and improving customer experience
- ✓ Continue to find alignment with the regulators
- ✓ Focus on customer affordability



We Have Embraced a Customer-Centric Strategy

Deliver exceptional customer service



Ensure superior reliability and operating performance, anchored in safety

Make intelligent and clean investments to support a growing Arizona

Preserve strong financial health while sustaining customer affordability

PINNACLE WEST CAPITAL CORPORATION

Navigating Short-Term Challenges. Longer-Term, A Powerful Growth Story

1
Company Profile - Solid Foundation

2
Growth Outlook Remains Strong

3
Customer Initiatives and ESG Leadership

4
Financial Outlook & 2022 Rate Case



Bringing the Residential Customer into the Advanced Economy

Initiatives

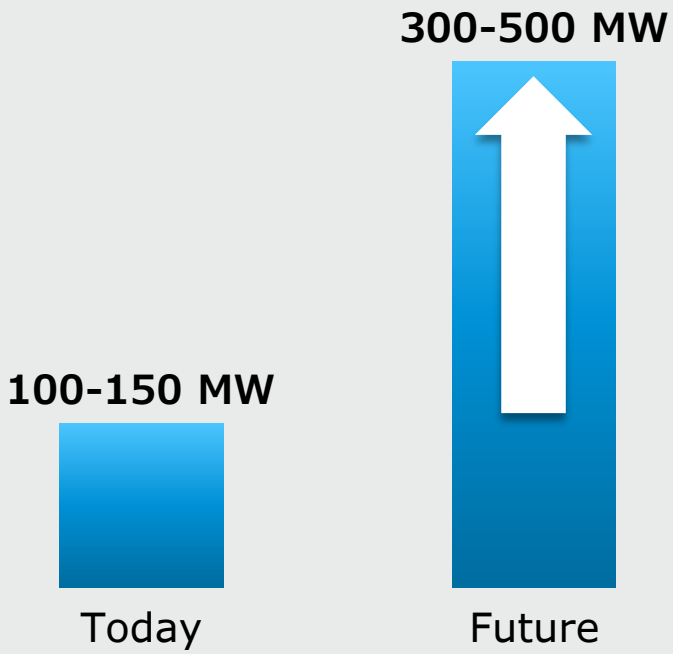
- Award-winning program to promote installation of advanced smart thermostats
  - reduces demand during peak load window
- Super off-peak electric vehicle charging rate equivalent to ~25¢ per gallon gasoline





Potential Impact

Demand Savings During Peak Afternoon Window



PINNACLE WEST CAPITAL CORPORATION

Customer Driven Initiatives Underway – A Few Examples

Take Charge AZ



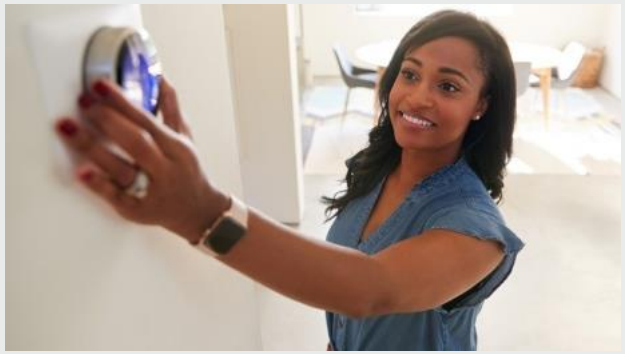
- Pilot program to encourage electric vehicle adoption by installing charging stations
- As of September 2023, installed 734 L2 charging ports

Customer Advisory Board



- Gathers direct insight from residential customers
- Identifies customer concerns to shape solutions

Energy Management



- Demand response programs reward customers who shift energy use to low-cost times
  - smart thermostats
  - residential battery systems
  - connected water heaters

Leading ESG Practices Guide Our Approach – Snapshot

Environmental



- Achieved a CDP Leadership score in Water Security four years in a row[1]
- MSCI ESG "AA" rating[2]
- Reduced carbon by 24% since 2005 and retired over 1,000 MW of coal

Social



- Diversity, equity and inclusion strategy
- 44% of new hires ethnically or racially diverse
- Commitment to support Coal Community Transition Plan

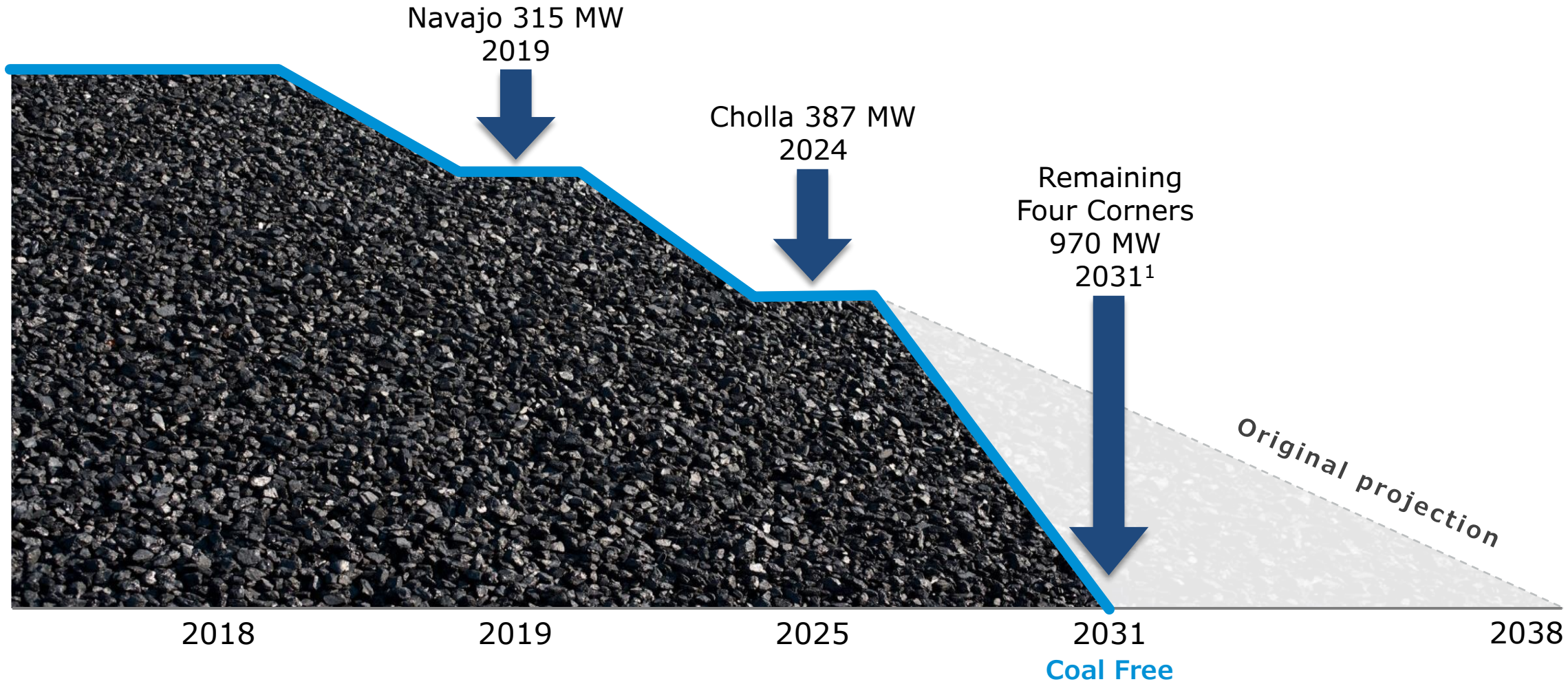
Governance



- 45% of independent directors gender or ethnically diverse
- ESG Executive Council
- Board oversight of strategy, risk, and ESG trends

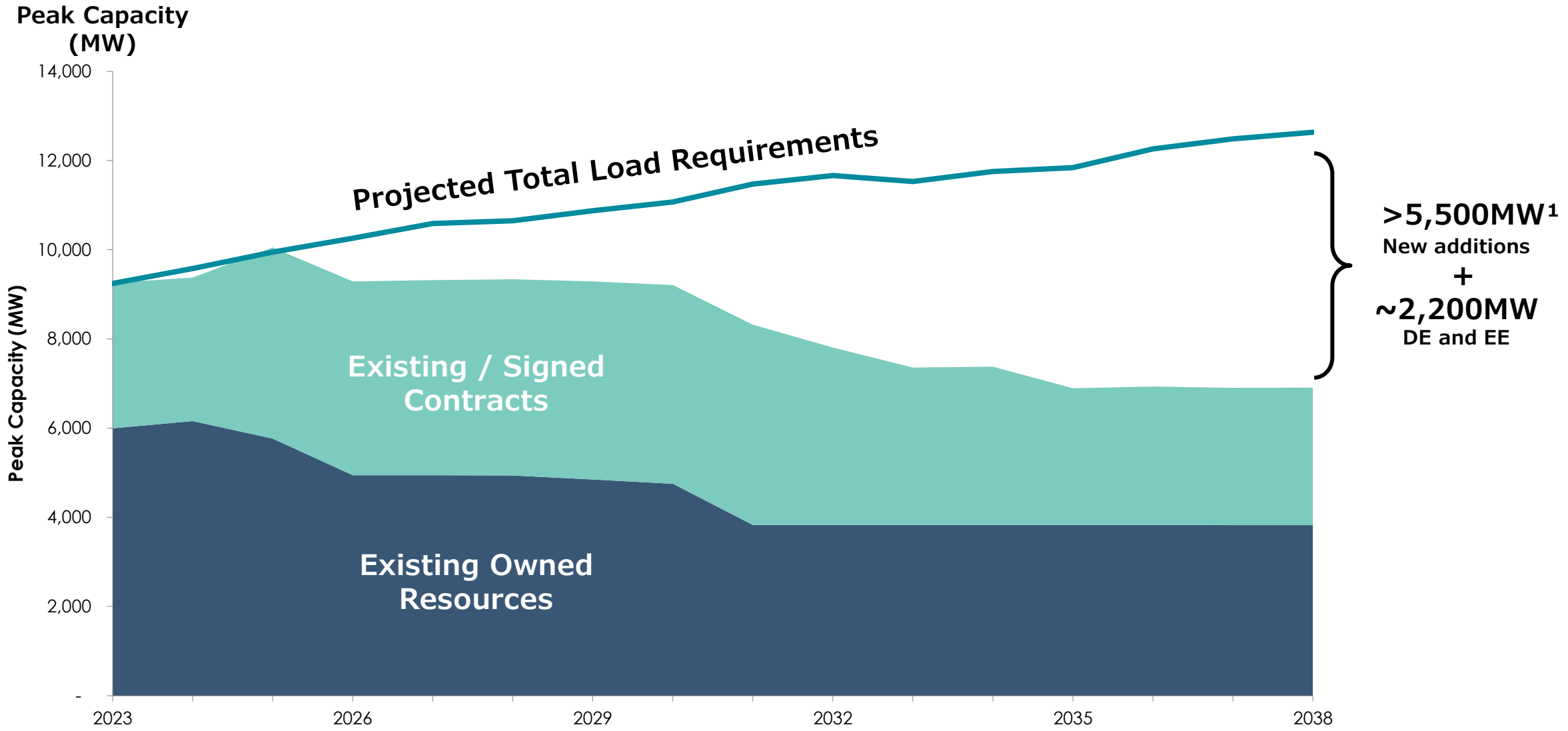
[1] CDP scores 2019-2022.
[2] Report dated February 14, 2023.

Coal Exit Strategy – 7 Years Earlier than Originally Projected



[1]As of Fall 2023, Four Corners has the option to begin seasonal operation if deemed to be in the best interest of APS customers, and subject to the necessary approvals. Seasonal operation could reduce annual carbon emissions at Four Corners by an estimated 20-25%.

Coal Exit and Expiring Purchase Contracts Will Create a >8,000 MW Supply-Demand Gap by 2038



[1] Source of data: 2023 IRP. It is important to note that more than 5,500 MW of additions will be required, due to new resources being paired to meet reliability requirements (i.e., solar with storage requires 100 MW solar plus 100 MW of storage). Additionally, about 1,400MW of Energy Efficiency and about 750MW of Distributed Energy resources are included in the 8,000MW total to be covered.

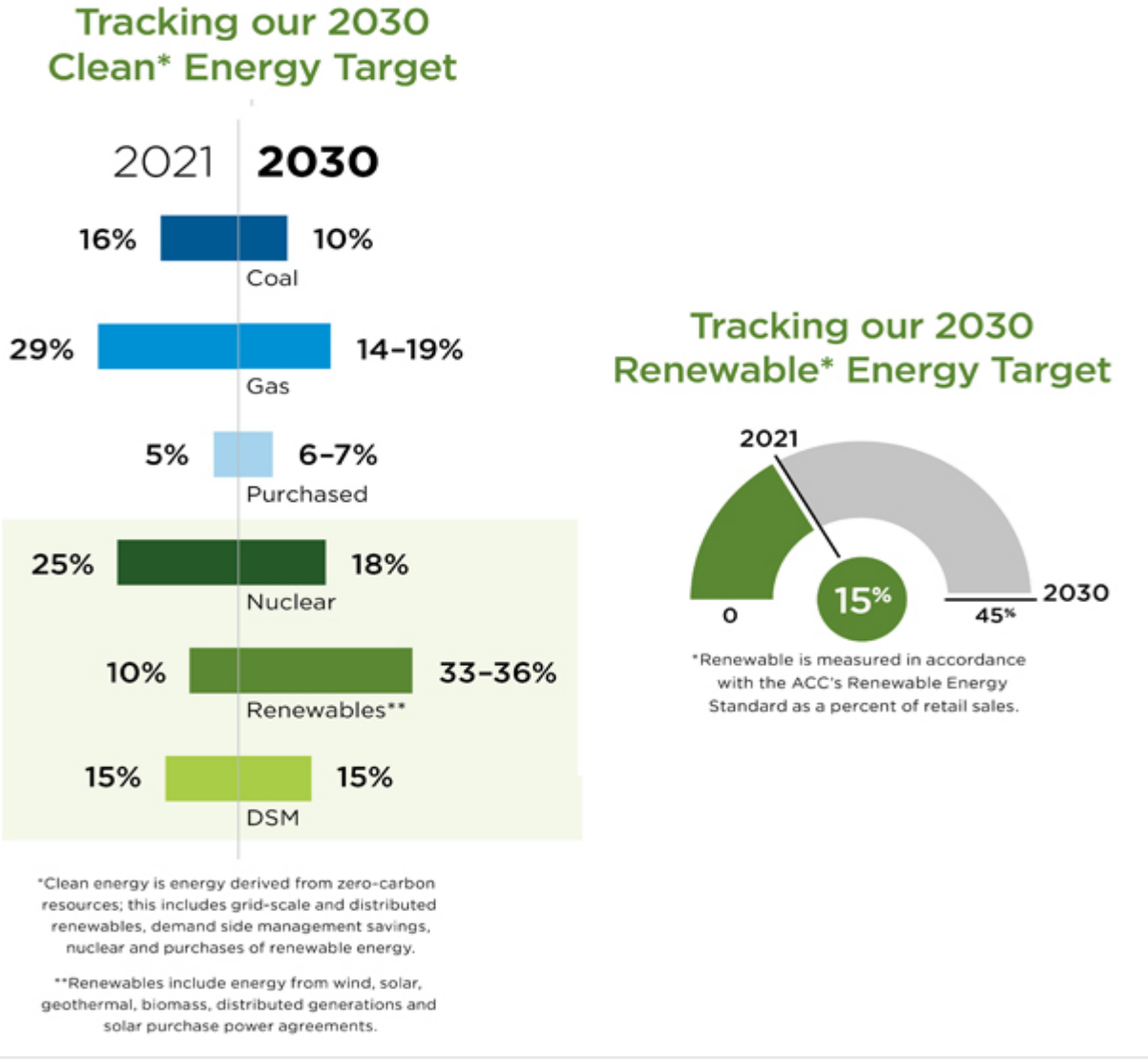
PINNACLE WEST CAPITAL CORPORATION

Key New Energy Sources Keeping us Tracking to our Goals

Initiatives

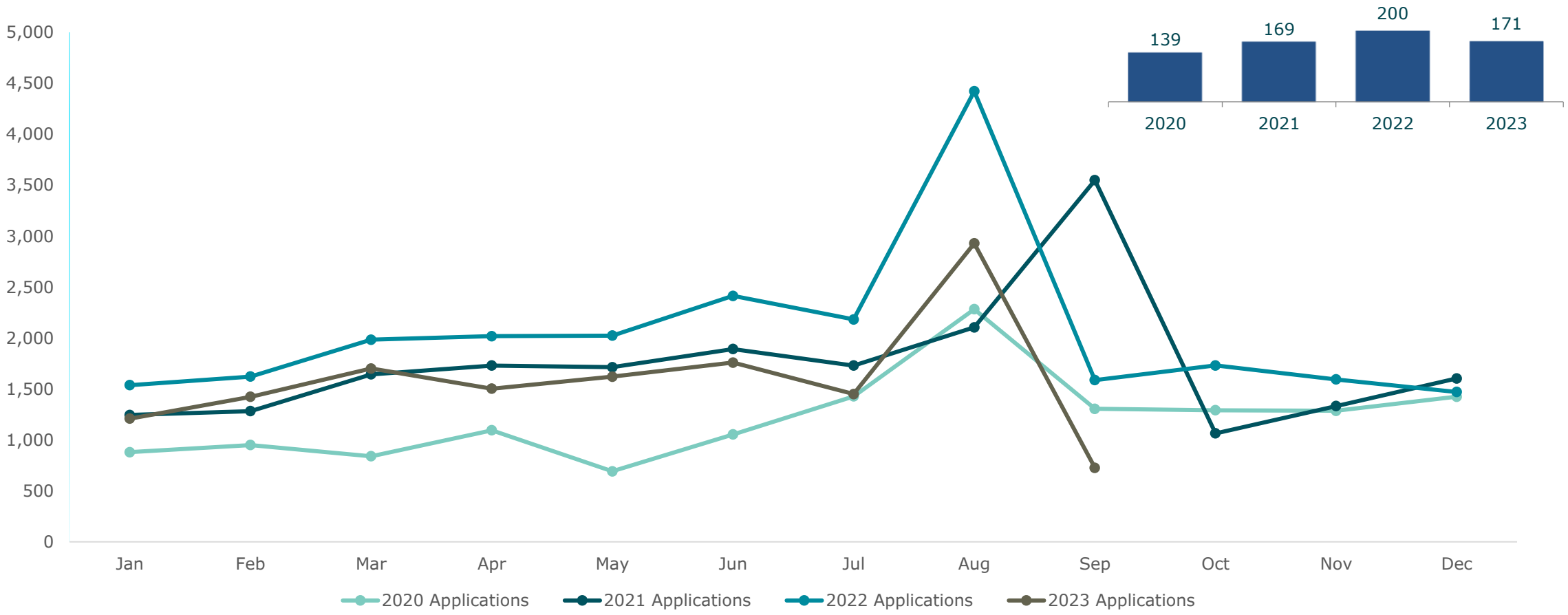
- Solar generation
- Wind generation
- Gas as a bridge fuel
- Demand-side management
- Energy storage solutions
- Innovation





PINNACLE WEST CAPITAL CORPORATION

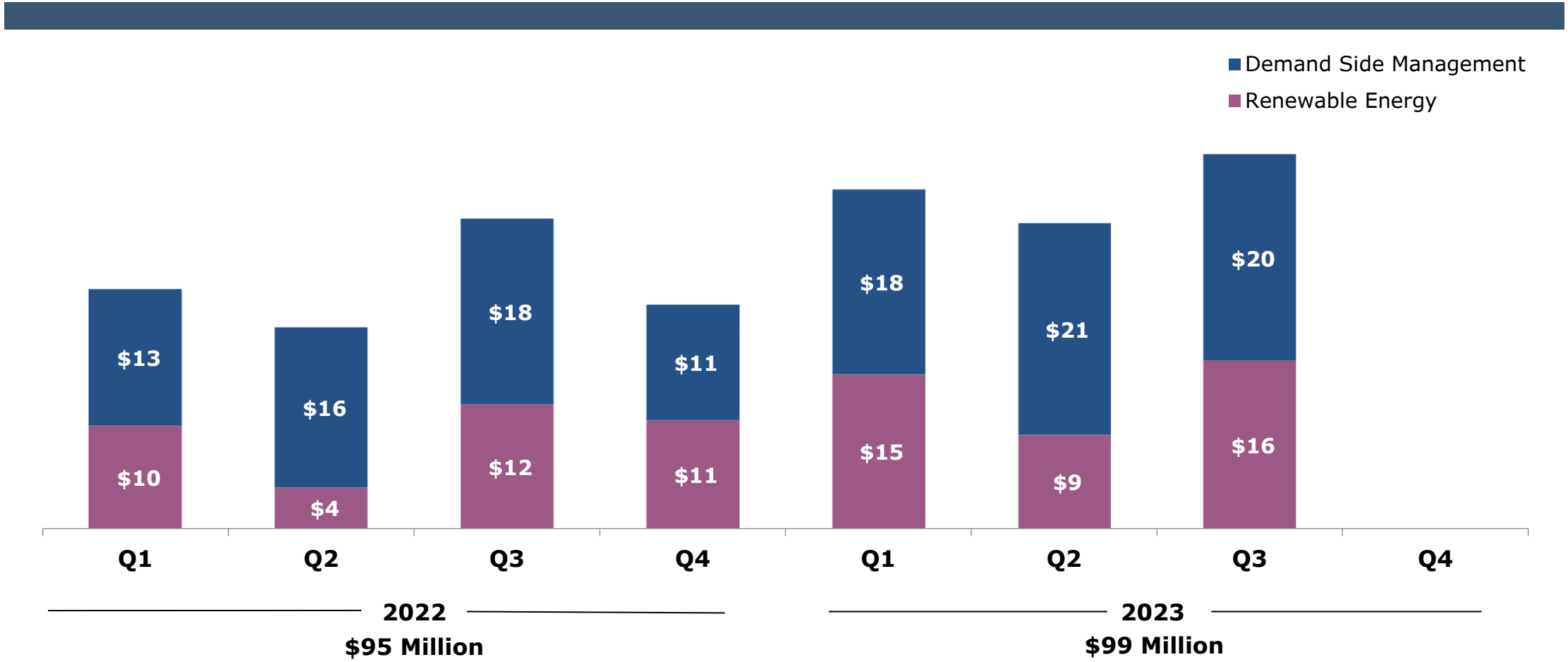
Residential PV applications[1]



[1]Monthly data equals applications received minus cancelled applications. As of September 30, 2023 approximately 171,276 residential grid-tied solar photovoltaic (PV) systems have been installed in APS's service territory, totaling approximately 1,508 MWdc of installed capacity. Excludes APS Solar Partner Program, APS Solar Communities, and Flagstaff Community Partnership Program.

Note: www.arizonagoessolar.org logs total residential application volume, including cancellations.

Renewable Energy & Demand Side Management expenses[1]



[1]Renewable Energy and Demand Side Management expenses are substantially offset by adjustment mechanisms.

Numbers may not foot due to rounding.

Navigating Short-Term Challenges. Longer-Term, A Powerful Growth Story

1
Company Profile - Solid Foundation

2
Growth Outlook Remains Strong

3
Customer Initiatives and ESG Leadership

4
Financial Outlook & 2022 Rate Case

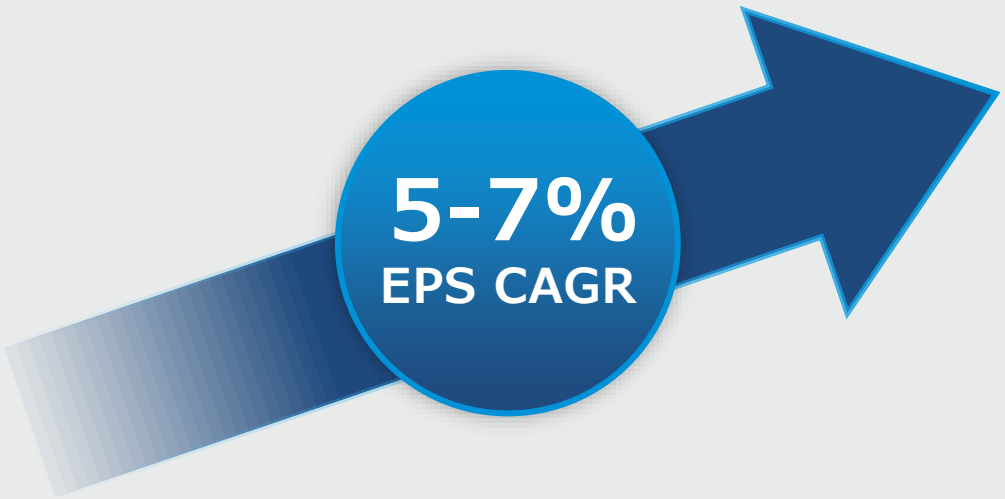


What Investors Can Expect From Us Moving Forward

1	**Strong EPS growth off 2022**
2	**Managing capital plan to support customer growth, reliability and clean transition**
3	**Steady rate base growth**
4	**Limiting equity dilution**
5	**Declining O&M per MWh**
6	**Attractive dividend yield**
7	**Optimize our balance sheet in support of investment**

Projected 5-7% EPS Growth Off 2022[1]

Long-Term Outlook



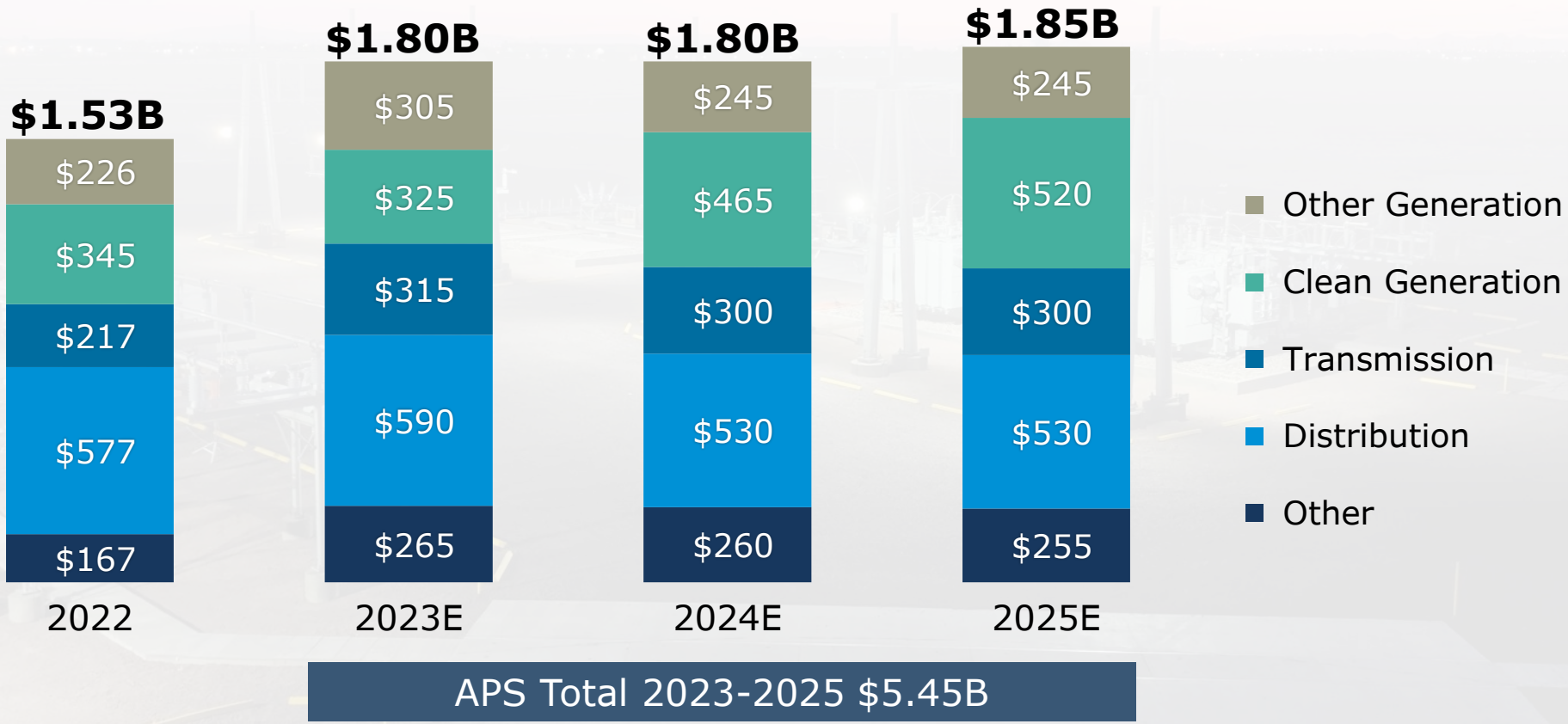
Long-Term Upside Potential

- Remainder of SCRs in rates
- Acceleration of clean energy transition
- Economic Development driving sales and customer growth
- Continued cost management
- Reduction of regulatory lag

[1] Amounts provided are the Company's current 5-year weather-normalized compound annual growth rate projections from 2022-2026.

PINNACLE WEST CAPITAL CORPORATION

Managed capital plan to support customer growth, reliability, and clean transition



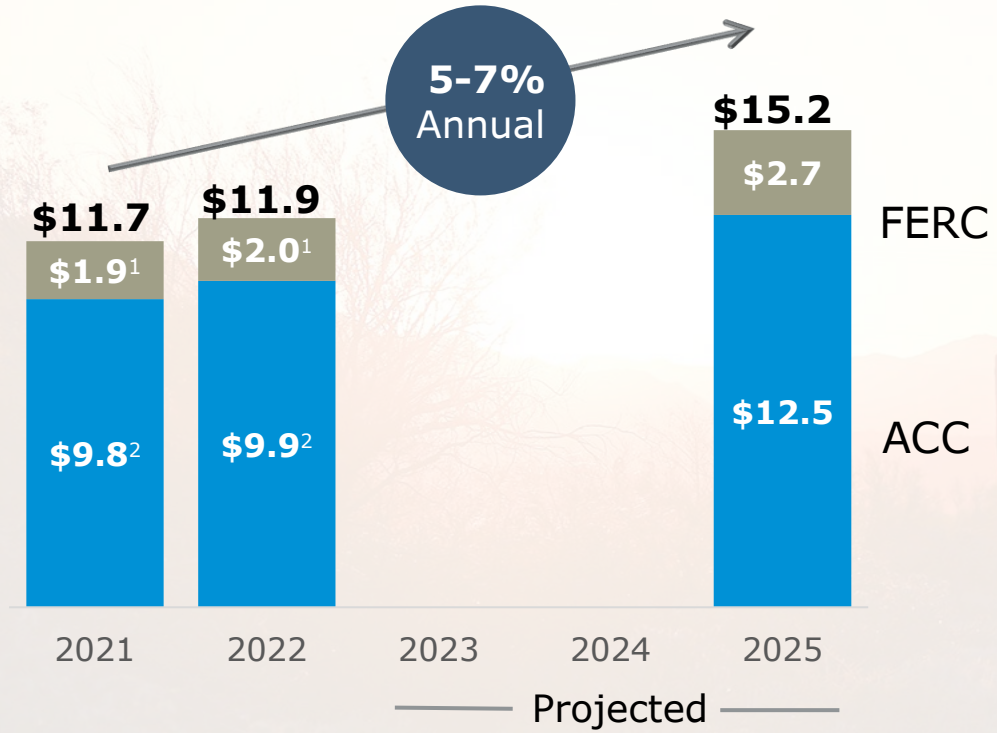
2023–2025 as disclosed in the Third Quarter 2023 Form 10-Q.

PINNACLE WEST CAPITAL CORPORATION

Steady rate base growth

Total APS Rate Base Growth Guidance

Year-End



Rate base $ in billions, rounded

[1] Derived from APS annual update of formula transmission service rates.
[2] Represents unadjusted ACC jurisdictional rate base consistent with regulatory filings.

Approved Rate Base

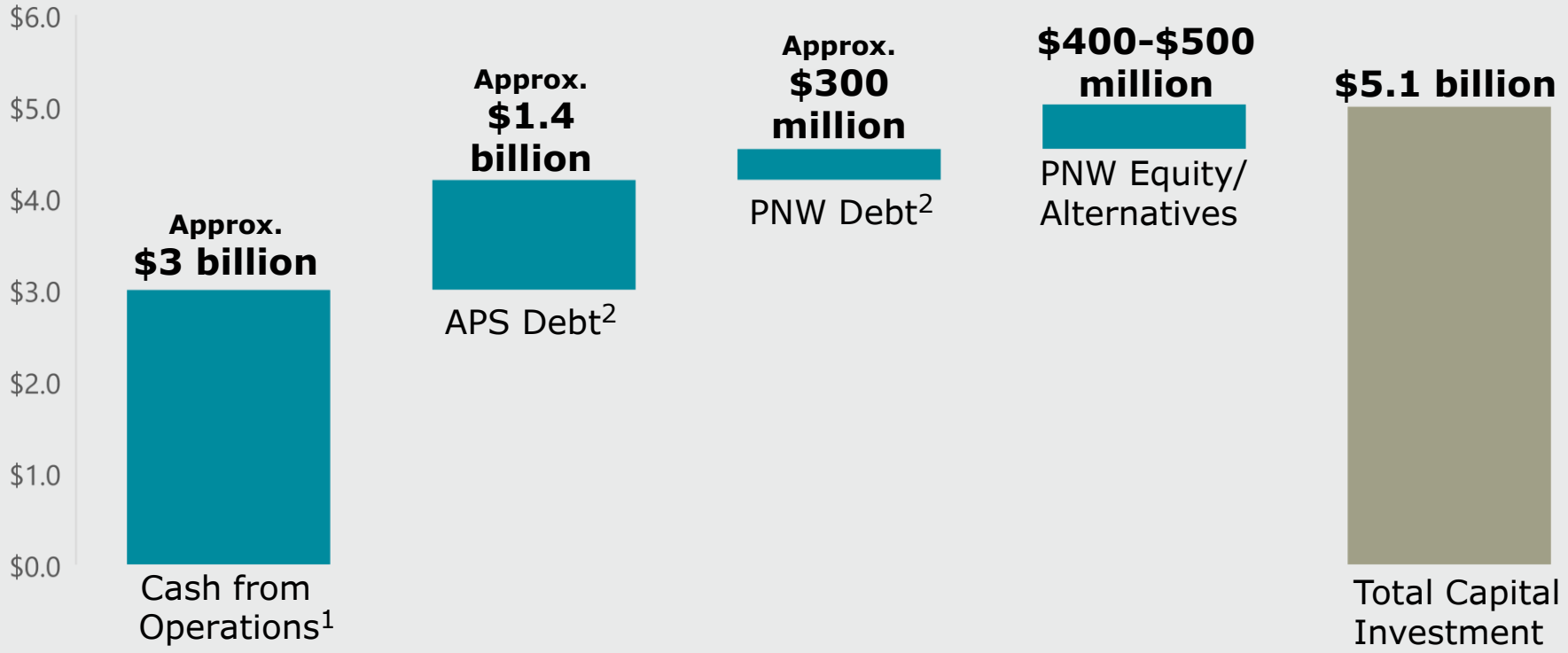
	ACC	FERC
Rate Effective Date	12/01/2021	6/1/2023
Test Year Ended	06/30/2019[1]	12/31/2022
Rate Base	$8.6B[2]	$2.0B
Equity Layer	54.7%	50.3%
Allowed ROE	8.9%[3]	10.75%

[1] Adjusted to include post test-year plant in service through 06/30/2020
[2] Rate Base excludes $215M approved through Joint Resolution in Case No. E-01345A-19-0236.
[3] ROE adjusted to reflect ROE approved through Joint Resolution in Case No. E-01345A-19-0236.

PINNACLE WEST CAPITAL CORPORATION

No plans to issue equity before end of next rate case

Forecasted sources of capital to fund investments from 2022-2024



[1] Cash from operations is net of shareholder dividends.
[2] APS and PNW debt issuance is net of maturities.

PINNACLE WEST CAPITAL CORPORATION

Our goal continues to be declining O&M (as adjusted) per MWh

O&M (as adjusted) per MWh

~$30/MWh

Total O&M (as adjusted)[1]
2022: $892M
2023: $915M-$935M

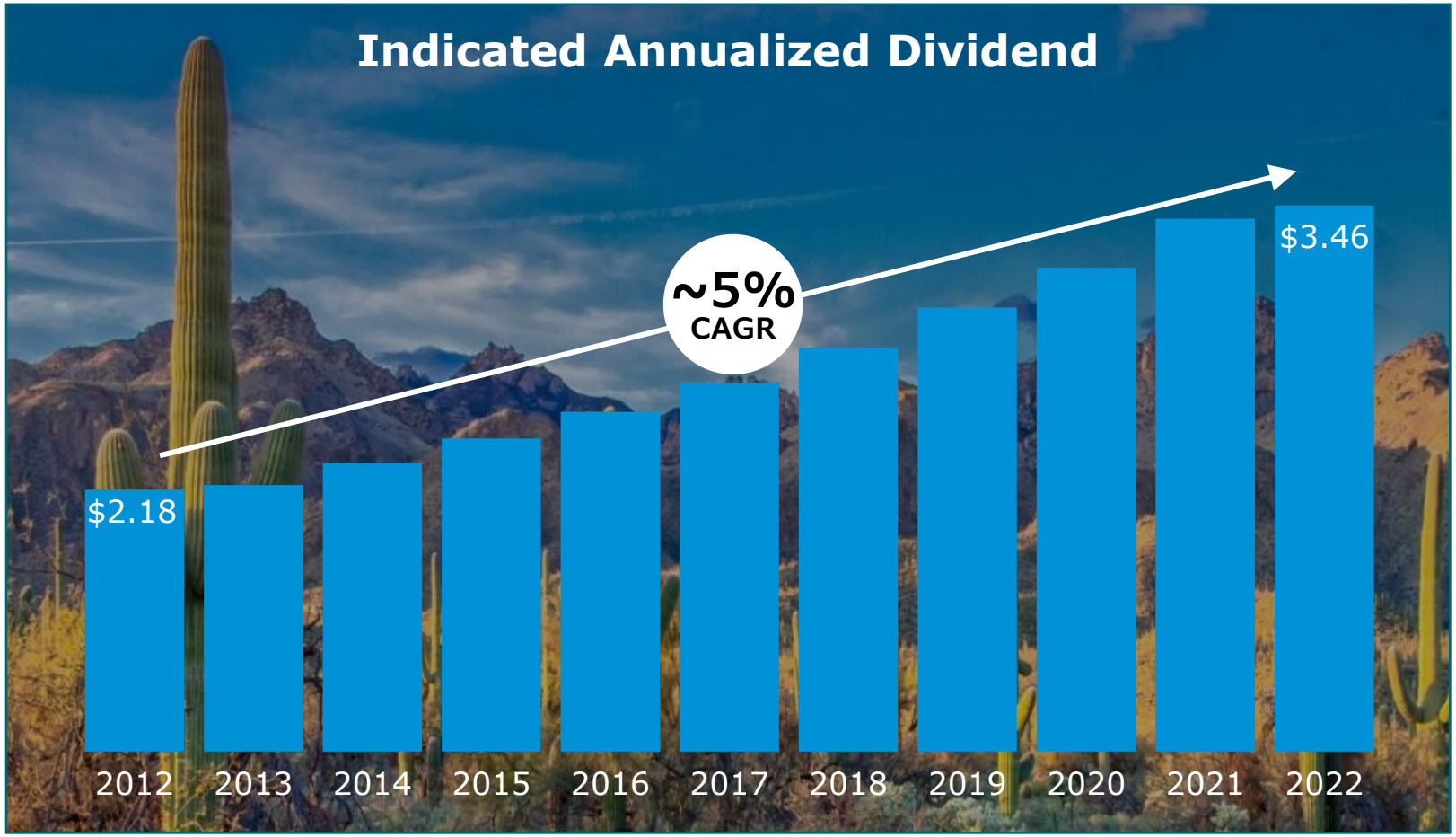


2022

[1] O&M amounts, as adjusted, exclude RES/DSM amounts of $95M in 2022 and $120M-$130M in 2023. Planned outage amounts included in O&M are $43M in 2022 and a projected $45M-$55M in 2023. For reconciliation, see slide 44.

PINNACLE WEST CAPITAL CORPORATION

Continue Our Track Record of Consistent Dividend Growth[1]



Dividend Targets

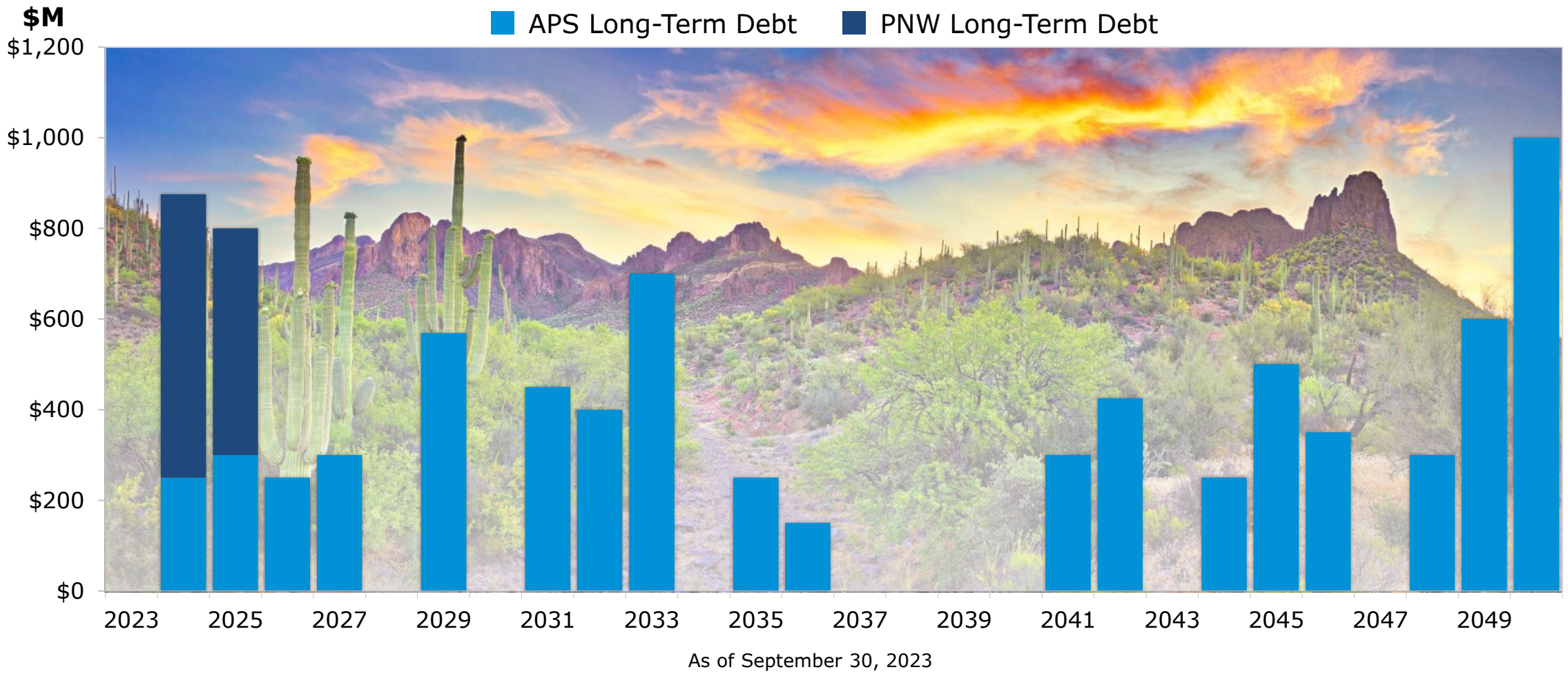
- Long-term dividend growth
- Attractive dividend yield
- Managing long term dividend payout ratio to 65-75%



[1] Future dividends are subject to declaration at Board of Directors' discretion.

PINNACLE WEST CAPITAL CORPORATION

Strong balance sheet with manageable long-term debt maturity profile



As of September 30, 2023

PINNACLE WEST CAPITAL CORPORATION

Credit Ratings Summary

	Corporate Ratings	Senior Unsecured Ratings	Short-Term Ratings	Outlook
APS[1]				
Moody's	A3	A3	P-2	Negative
S&P	BBB+	BBB+	A-2	Negative
Fitch	BBB+	A-	F2	Negative
Pinnacle West[1]				
Moody's	Baa1	Baa1	P-2	Negative
S&P	BBB+	BBB	A-2	Negative
Fitch	BBB+	BBB+	F2	Negative

Balance Sheet Targets

- Strong investment grade credit ratings
- APS equity layer >50%
- FFO/Debt range of 16%-18%



[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. Ratings are as of October 27, 2023.

2022 APS Rate Case – Final Positions

Key Financials	
Test year ended June 30, 2022	
ACC Rate Base - Adjusted	**$10.4 Billion**
Embedded Long-Term Cost of Debt	**3.85%**
Allowed Return on Equity	**10.25%**
Capital Structure	
Long-term debt	48.07%
Common equity	51.93%
Base Fuel Rate (¢/kWh)	**3.8321**
Post-test year plant period	**12 months**

2022 APS Rate Case – Final Positions

Adjustment Mechanisms Overview

- Eliminate the Environmental Improvement Surcharge and collect costs through base rates
- Maintain the Lost Fixed Cost Recovery Mechanism and Demand Side Management Adjustor Charge as separate mechanisms
- Adopt a System Reliability Benefit recovery mechanism and maintain REAC in its current state
- Modify the performance incentive in the Demand Side Management Adjustor Charge
- Increase the Power Supply Adjustor Annual Cap from $0.004/kWh to $0.006/kWh to ensure timely recovery of fuel and purchase power costs
- Maintain as inactive the Tax Expense Adjustor Mechanism
- Maintain the Transmission Cost Adjustment Mechanism

New Customer Program Proposals

- Enhance the current limited income program to include a second tier to provide an additional discount for customers with a greater need

2022 APS Rate Case – Final Positions

Overview of Rate Increase Rebuttal Request ($ in Millions) Key Components[1]	
Rate Base Growth	$130
Revenue Impact of 12 Months Post Test Year Plant and Four Corners ELG	113
Weighted Average Cost of Capital of 7.17%	78
0.5% Fair Value Increment	34
New Customer Programs, Coal Community Transition and Other	21
Total Revenue Request	**$376**
Customer Net Base Rate Impact on Day 1	**11.1%**

Additional Details

- Initial Application Filed October 28, 2022; Rebuttal Filed July 12, 2023; Rejoinder filed August 4, 2023
- APS expects rates to become effective in Q1 2024
- Docket Number: E-01345A-22-0144
- Additional details, including filing, can be found at http://www.pinnaclewest.com/ratecase

[1]Numbers may not foot due to rounding.

2022 APS Rate Case – Final Positions Summary[1]

	ACC Staff Brief	RUCO Brief	APS Brief
Return on Equity	9.68%	8.2%[2]	10.25%
Fair Value Increment	0.50%	0.0%	0.50%
Post Test-Year Plant	12 months + Four Corners ELG	6 months	12 months + Four Corners ELG
New Capital Tracking Mechanism	Supports SRB with increased stakeholder outreach	Opposes SRB	All-Source Capital Recovery Mechanism (System Reliability Benefit or SRB)
Existing Adjustors	• Maintain LFCR and DSM as separate adjustors	• Eliminate LFCR; increase DSM recovery through base rates	• Keep current suite of adjustors with minor changes • Maintain LFCR and DSM as separate adjustors
Additional items	• Opposed Pension update • 50% D&O • 50% Incentive Comp	• 50% D&O • 25% Incentive Comp	• Updated Pension expense • 50% D&O • 50% Incentive Comp
Total Revenue Requirement Increase	$282.7M	$84.9M	$376.2M
Customer Net Base Rate Impact on Day 1	8.3%	2.5%	11.1%

[1]As of November 21, 2023. Numbers may not foot due to rounding.
[2]Alternatively, RUCO recommends a ROE of 8.7% if the Commission imputes a hypothetical capital structure with 46% equity layer.

2022 APS Rate Case Procedural Schedule

Arizona Public Service Company Docket # E-01345A-22-0144	
Application Filed	**October 28, 2022**
Staff/Intervenor Direct Testimony Due	**June 5, 2023**
Staff/Intervenor Direct Testimony (Rate Design) Due	**June 15, 2023**
APS Rebuttal Testimony Due	**July 12, 2023**
Staff/Intervenor Surrebuttal Testimony Due	**July 26, 2023**
APS Rejoinder Testimony Due	**August 4, 2023**
Pre-Hearing Conference	**August 7, 2023**
Hearing Commenced	**August 10, 2023**
Hearing Concluded	**October 3, 2023**
Briefs Filed	**November 6 & 21, 2023**

Regulatory 2023 key dates

ACC Key Dates / Docket #	Q1	Q2	Q3	Q4
2022 Rate Case: **E-01345A-22-0144**			Hearing commenced August 10	Hearing concluded October 3 Briefs filed November 6 and November 21
Power Supply Adjustor (PSA) **E-01345A-19-0236**:	Effective March 1			No change to PSA rate will be proposed for 2024
Transmission Cost Adjustor **E-01345A-19-0236**:		Filed May 15; effective June 1		
Environmental Improvement Surcharge **E-01345A-19-0236**:	Filed Feb. 1	Effective April 1		
Lost Fixed Cost Recovery **E-01345A-23-0228**:			Filed July 31	
Resource Planning and Procurement: **E-99999A-22-0046**				2023 IRP filed November 1
2023 DSM/EE Implementation Plan **E-01345A-22-0066**:				2024 Plan filed November 30
2023 RES Implementation Plan **E-01345A-22-0181**:			2024 Plan filed June 30	
Resource Comparison Proxy **E-01345A-23-0110**:		Filed May 1 Approved August 25	Effective Sep 1	
Battery Storage PPAs through the PSA (New dockets):		4 Applications approved	5 Applications approved	

IN SUMMARY

We are Optimistic for the Future: The Growth Story Remains Intact

- Building on proven long-term performance track record
- Working to improve regulatory environment over time
- Service territory is among the fastest growing in the U.S.
- Executing on clear growth strategy including transition to clean energy
- Attractive financial profile building from 2022

PINNACLE WEST
CAPITAL CORPORATION

APPENDIX



2023 Planned Outage schedule

Coal, Nuclear and Large Gas Planned Outages

Q2

Plant	Unit	Duration in Days
Palo Verde	2	34

Q4

Plant	Unit	Duration in Days
Palo Verde	1	36



2024 Planned Outage schedule

Coal, Nuclear and Large Gas Planned Outages

Q1

Plant	Unit	Estimated Duration in Days
Redhawk	CC1	66
West Phoenix	CC5	71

Q2

Plant	Unit	Estimated Duration in Days
West Phoenix	CC5	18
Palo Verde	3	35

Q4

Plant	Unit	Estimated Duration in Days
Palo Verde	2	35
Four Corners	5	66



ESG Leadership – Recognitions

2022 A- Score for Water Security

Pinnacle West's ESG Rating AA[1]

Training Magazine

2023 Ranked as a Top Employee and Development Organization

Forbes Best Employer in Arizona

Named to the annual ranking of the world's **2022 Top 100 Green Utilities** by Energy Intelligence

2021 US Women in Nuclear Leadership Award

[1] As of February 14, 2023

Non-GAAP Measure Reconciliation

	2022 Actuals[4]	2023 Guidance[4]
Operating revenues[1]	$4.32 billion	$4.71 - $4.79 billion
Fuel and purchased power expenses[1]	**$1.63 billion**	**$1.86 - $1.91 billion**
Gross Margin	**$2.69 billion**	**$2.84 - $2.89 billion**
Adjustments:		
Renewable energy and demand side management programs[2]	$100 million	$120 - $130 million
Adjusted gross margin	**$2.59 billion**	**$2.72 - $2.77 billion**
Operations and maintenance[1,3]	**$987 million**	**$1.04 - $1.06 billion**
Adjustments:		
Renewable energy and demand side management programs[2]	$95 million	$120 - $130 million
Adjusted operations and maintenance	**$892 million**	**$915 - $935 million**

[1]Line items from Consolidated Statements of Income.
[2]Includes $5M for CCT (Coal Community Transition) in 2022 and $3M in 2023 which is recovered through REAC (Renewable Energy Adjustment Charge)
[3]O&M per MWh was $33/MWh in 2022.
[4]Numbers may not foot due to rounding.