

APS SELECTED FINANCIAL DATA

YEAR ENDED DECEMBER 31,

	2000	1999	1998	1997	1996	1995
OPERATING STATISTICS						
Electric revenues (thousands)	\$ 3,480,252	\$ 2,292,798	\$ 2,006,398	\$ 1,878,553	\$ 1,718,272	\$ 1,614,952
Sales (MWh)	44,531,881	36,768,404	30,780,474	29,050,500	22,387,930	20,469,415
Customers (year-end)	857,536	827,008	796,477	766,581	737,552	705,032
Employees (year-end) (a)	6,354	6,234	6,075	5,981	6,365	6,484
Average annual use per residential customer (kWh)	13,144	12,244	12,056	12,013	11,853	11,218
FINANCIAL STATISTICS (b)						
Return on average common equity (c)	15.2%	13.7%	13.2%	13.7%	13.7%	14.0%
Cash interest coverage	5.31x	5.04x	4.79x	4.41x	4.04x	3.80x
Non-cash income as percent of earnings	11.9%	15.3%	15.3%	15.7%	15.9%	15.9%
Net cash flow excluding non-cash income as percent of capital expenditures	101.7%	132.9%	124.6%	115.6%	123.7%	101.7%
CAPITALIZATION RATIOS - YEAR-END						
Long-term debt excluding current maturities	42.4%	48.3%	43.7%	46.4%	48.9%	50.7%
Current maturities of long-term debt	5.9	2.8	3.8	2.5	3.7	0.1
Short-term debt	1.9	0.9	4.2	3.1	0.4	4.2
Total debt	50.2	52.0	51.7	52.0	53.0	55.0
Preferred stock	—	—	2.2	4.0	5.3	6.4
Common stock equity	49.8	48.0	46.1	44.0	41.7	38.6
Total capitalization	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Debt adjusted for Palo Verde Unit 2 sale and leaseback	54.9%	56.8%	55.6%	55.2%	56.2%	58.1%

(a) For 1996, includes employees who accepted a late 1996 voluntary severance program.

(b) Non-cash income includes capitalized interest, AFUDC and other significant items resulting from regulatory orders.

(c) For 1999, before extraordinary charge for regulatory disallowance.

APS HISTORICAL GROWTH RATES

YEAR ENDED DECEMBER 31,

	2000	1999	1998	1997	1996	1995	Annual Compound Growth Rates	
							5 Years 1995-2000	10 Years 1990-2000
Electric revenues								
Total	51.8%	14.3%	6.8%	9.3%	6.4%	(0.7)%	16.9%	9.4%
Retail	5.8%	3.7%	2.2%	2.2%	5.5%	0.4%	3.9%	3.7%
Peak load								
Actual	11.0%	(2.7)%	10.1%	0.7%	3.5%	4.9%	4.4%	4.1%
Weather-adjusted	10.1%	4.3%	4.1%	7.0%	4.0%	3.2%	5.9%	4.7%
Electric sales								
Total	21.1%	19.5%	6.0%	29.8%	9.4%	1.2%	16.8%	9.4%
Retail sales	6.9%	3.0%	3.3%	4.2%	7.2%	1.6%	4.9%	4.0%
Customers (year-end)	3.7%	3.8%	3.9%	3.9%	4.6%	3.5%	4.0%	3.5%
Employees (year-end) (a)	1.9%	2.6%	1.6%	3.0%	(10.4)%	(0.8)%	(0.4)%	(1.0)%

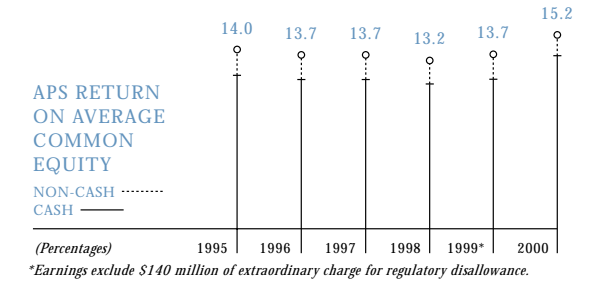
(a) Decrease for 1996 determined after deducting all employees who accepted a late 1996 voluntary severance program.

APS STATEMENTS OF INCOME

YEAR ENDED DECEMBER 31,

(dollars in thousands)

	2000	1999	1998	1997	1996	1995
ELECTRIC OPERATING REVENUES	\$ 3,480,252	\$ 2,292,798	\$ 2,006,398	\$ 1,878,553	\$ 1,718,272	\$ 1,614,952
FUEL EXPENSES						
Fuel for electric generation	333,265	243,849	231,967	201,341	230,393	208,928
Purchased power	1,547,464	551,645	313,330	242,230	99,096	66,559
Total	1,880,729	795,494	545,297	443,571	329,489	275,487
OPERATING REVENUES LESS FUEL EXPENSES	1,599,523	1,497,304	1,461,101	1,434,982	1,388,783	1,339,465
OTHER OPERATING EXPENSES						
Operations and maintenance excluding fuel expenses	430,696	437,729	419,433	406,025	441,626	408,514
Depreciation and amortization	388,660	382,057	376,574	365,671	297,210	242,098
Income taxes	229,542	192,015	192,207	184,737	178,513	178,865
Other taxes	99,730	96,579	102,076	106,724	106,226	128,234
Total	1,148,628	1,108,380	1,090,290	1,063,157	1,023,575	957,711
OPERATING INCOME	450,895	388,924	370,811	371,825	365,208	381,754
OTHER INCOME (DEDUCTIONS)						
Income taxes	4,225	32,527	32,751	31,413	45,552	37,598
Allowance for equity funds used during construction	—	—	—	—	5,209	4,982
Other – net	(10,637)	(11,537)	(12,303)	(9,827)	(15,544)	(17,032)
Total	(6,412)	20,990	20,448	21,586	35,217	25,548
INCOME BEFORE INTEREST DEDUCTIONS	444,483	409,914	391,259	393,411	400,425	407,302
INTEREST DEDUCTIONS						
Interest on long-term debt	134,431	132,676	137,214	140,931	147,666	160,032
Interest on short-term borrowings	7,455	8,272	7,481	9,404	10,621	8,143
Debt discount, premium and expense	6,897	7,323	7,580	7,791	8,176	8,622
Capitalized interest	(10,894)	(6,679)	(16,263)	(16,208)	(9,509)	(9,065)
Total	137,889	141,592	136,012	141,918	156,954	167,732
INCOME FROM CONTINUING OPERATIONS	306,594	268,322	255,247	251,493	243,471	239,570
Extraordinary charge (less income tax expense of \$94,115)	—	139,885	—	—	—	—
NET INCOME	306,594	128,437	255,247	251,493	243,471	239,570
Preferred stock dividend requirements	—	1,016	9,703	12,803	17,092	19,134
EARNINGS FOR COMMON STOCK	\$ 306,594	\$ 127,421	\$ 245,544	\$ 238,690	\$ 226,379	\$ 220,436



APS BALANCE SHEETS

YEAR ENDED DECEMBER 31,

(dollars in thousands)

	2000	1999	1998	1997	1996	1995
ASSETS						
UTILITY PLANT						
Electric plant in service	\$ 7,772,330	\$ 7,513,206	\$ 7,233,578	\$ 6,976,964	\$ 6,771,116	\$ 6,511,141
Plant held for future use	32,695	32,369	32,026	32,095	32,095	33,719
Subtotal	7,805,025	7,545,575	7,265,604	7,009,059	6,803,211	6,544,860
Less accumulated depreciation and amortization	3,187,328	3,026,041	2,814,762	2,620,607	2,426,143	2,231,614
Subtotal	4,617,697	4,519,534	4,450,842	4,388,452	4,377,068	4,313,246
Construction work in progress	245,749	184,764	228,643	237,492	226,935	281,757
Nuclear fuel, net of amortization	47,389	49,114	51,078	51,624	51,137	52,084
Net utility plant	4,910,835	4,753,412	4,730,563	4,677,568	4,655,140	4,647,087
INVESTMENTS AND OTHER ASSETS						
Investments in and receivables from affiliates	134	2,115	945	2,012	1,283	9
Decommissioning trust accounts	204,716	175,733	145,552	124,603	95,504	74,457
Other investments and notes receivable	64,828	30,609	37,052	38,291	16,879	23,276
Total investments and other assets	269,678	208,457	183,549	164,906	113,666	97,742
CURRENT ASSETS						
Cash and cash equivalents	2,609	7,477	5,558	12,552	12,521	18,389
Accounts receivable						
Service customers	422,012	201,704	205,999	141,022	111,715	100,433
Other	48,711	35,684	23,213	31,313	49,898	28,107
Allowance for doubtful accounts	(2,380)	(1,538)	(1,725)	(1,338)	(1,685)	(1,656)
Accrued utility revenues	74,566	72,919	67,740	58,559	55,470	53,519
Materials and supplies (at average cost)	71,966	69,977	69,074	70,634	74,120	78,271
Fossil fuel (at average cost)	19,405	21,869	13,978	9,621	13,928	21,722
Deferred income taxes	5,793	8,163	3,999	3,496	8,424	5,653
Other	55,920	30,885	26,695	24,529	22,767	17,839
Total current assets	698,602	447,140	414,531	350,388	347,158	322,277
DEFERRED DEBITS						
Regulatory assets	469,867	613,729	980,084	1,080,799	1,221,878	1,290,268
Unamortized debt issue costs	12,805	15,172	14,916	15,303	16,692	17,772
Other	37,928	79,714	69,656	42,178	68,688	43,116
Total deferred debits	520,600	708,615	1,064,656	1,138,280	1,307,258	1,351,156
TOTAL ASSETS	\$ 6,399,715	\$ 6,117,624	\$ 6,393,299	\$ 6,331,142	\$ 6,423,222	\$ 6,418,262

APS BALANCE SHEETS

YEAR ENDED DECEMBER 31,

(dollars in thousands)

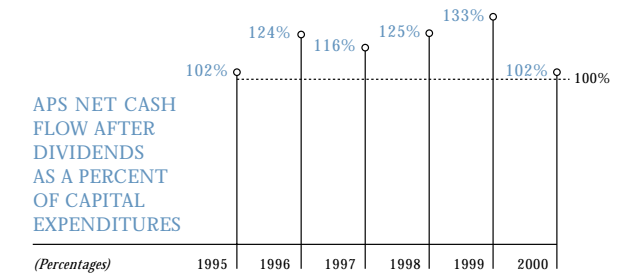
	2000	1999	1998	1997	1996	1995
LIABILITIES						
CAPITALIZATION						
Common stock	\$ 178,162	\$ 178,162	\$ 178,162	\$ 178,162	\$ 178,162	\$ 178,162
Additional paid-in capital	1,246,804	1,246,804	1,195,625	1,142,364	1,091,122	1,039,550
Retained earnings	694,802	558,208	601,968	528,798	460,106	403,843
Common stock equity	2,119,768	1,983,174	1,975,755	1,849,324	1,729,390	1,621,555
Non-redeemable preferred stock	—	—	85,840	142,051	165,673	193,561
Redeemable preferred stock	—	—	9,401	29,110	53,000	75,000
Long-term debt less current maturities	1,806,908	1,997,400	1,876,540	1,953,162	2,029,482	2,132,021
Total capitalization	3,926,676	3,980,574	3,947,536	3,973,647	3,977,545	4,022,137
CURRENT LIABILITIES						
Commercial paper	82,100	38,300	178,830	130,750	16,900	177,800
Current maturities of long-term debt	250,266	114,711	164,378	104,068	153,780	3,512
Accounts payable	267,999	170,662	145,139	107,423	174,394	106,583
Accrued taxes	106,515	62,858	59,827	85,886	86,327	82,827
Accrued interest	39,488	32,299	31,218	31,660	39,115	41,549
Customer deposits	24,498	24,682	26,815	29,116	32,137	32,746
Other	142,126	26,248	16,755	19,588	21,150	21,134
Total current liabilities	912,992	469,760	622,962	508,491	523,803	466,151
DEFERRED CREDITS AND OTHER						
Deferred income taxes	1,110,437	1,178,085	1,312,007	1,345,177	1,414,242	1,429,482
Deferred investment tax credit	4,570	4,839	32,465	60,093	87,723	115,353
Unamortized gain – sale of utility plant	68,636	73,212	77,787	82,363	86,939	91,514
Customer advances for construction	40,694	38,150	31,451	29,294	24,044	19,846
Other	335,710	373,004	369,091	332,077	308,926	273,779
Total deferred credits and other	1,560,047	1,667,290	1,822,801	1,849,004	1,921,874	1,929,974
TOTAL LIABILITIES	\$ 6,399,715	\$ 6,117,624	\$ 6,393,299	\$ 6,331,142	\$ 6,423,222	\$ 6,418,262

APS STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31.

(dollars in thousands)

	2000	1999	1998	1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income	\$ 306,594	\$ 128,437	\$ 255,247	\$ 251,493	\$ 243,471	\$ 239,570
Items not requiring cash						
Depreciation and amortization	388,660	382,057	376,574	365,671	297,210	242,098
Nuclear fuel amortization	30,083	31,371	32,856	32,702	33,566	31,587
Allowance for equity funds used during construction	—	—	—	—	(5,209)	(4,982)
Deferred income taxes – net	(35,805)	(29,654)	(26,374)	(55,278)	(12,717)	15,344
Deferred investment tax credit – net	(269)	(27,626)	(27,628)	(27,630)	(27,630)	(27,641)
Extraordinary charge net of income tax	—	139,885	—	—	—	—
Changes in certain current assets and liabilities						
Accounts receivable – net	(232,493)	(8,363)	(56,490)	(11,069)	(33,044)	1,659
Accrued utility revenues	(1,647)	(5,179)	(9,181)	(3,089)	(1,951)	1,913
Materials, supplies and fossil fuel	475	(8,794)	(2,797)	7,793	11,945	25,606
Other current assets	(25,035)	(4,190)	(2,166)	(1,762)	(4,928)	(3,677)
Accounts payable	101,558	22,992	33,731	(56,710)	68,788	6,333
Accrued taxes	43,657	3,031	(26,059)	(441)	3,500	(6,585)
Accrued interest	7,189	1,081	(442)	(7,455)	(2,565)	(3,621)
Other current liabilities	115,694	7,833	(4,654)	(3,997)	(522)	3,393
Other – net	11,176	(4,922)	(29,641)	46,625	7,616	13,728
Net Cash Flow Provided by Operating Activities	709,837	627,959	512,976	536,853	577,530	534,725
CASH FLOWS FROM INVESTING ACTIVITIES						
Capital expenditures	(464,368)	(322,547)	(319,142)	(307,876)	(258,598)	(295,772)
Capitalized interest	(10,894)	(6,679)	(16,263)	(16,208)	(9,509)	(9,065)
Other	(58,355)	(8,173)	(8,593)	(15,982)	(102)	(15,045)
Net Cash Flow Used For Investing Activities	(533,617)	(337,399)	(343,998)	(340,066)	(268,209)	(319,882)
CASH FLOWS FROM FINANCING ACTIVITIES						
Issuance of long-term debt	300,000	392,952	126,245	109,906	205,830	87,130
Common equity infusion from Pinnacle West	—	50,000	50,000	50,000	50,000	—
Short-term borrowings – net	43,800	(140,530)	48,080	113,850	(160,900)	46,300
Dividends paid on common stock	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)	(170,000)
Dividends paid on preferred stock	—	(1,393)	(10,279)	(13,307)	(17,416)	(19,134)
Repayment of preferred stock	—	(96,499)	(75,517)	(47,201)	(50,360)	—
Repayment and reacquisition of long-term debt	(354,888)	(323,171)	(144,501)	(240,004)	(172,343)	(147,282)
Net Cash Flow Used For Financing Activities	(181,088)	(288,641)	(175,972)	(196,756)	(315,189)	(202,986)
NET CASH FLOW	(4,868)	1,919	(6,994)	31	(5,868)	11,857
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,477	5,558	12,552	12,521	18,389	6,532
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,609	\$ 7,477	\$ 5,558	\$ 12,552	\$ 12,521	\$ 18,389



APS LONG-TERM DEBT SCHEDULE

YEAR ENDED DECEMBER 31,

(dollars in thousands)

	2000	1999	1998	1997	1996	1995
FIRST MORTGAGE BONDS						
7.125% series due Jan. 15, 1997	\$ —	\$ —	\$ —	\$ —	\$ 150,000	\$ 150,000
7.625% series due March 15, 1998	—	—	—	100,000	100,000	100,000
7.625% series due June 15, 1999	—	—	100,000	100,000	100,000	100,000
5.75% series due Sept. 15, 2000	—	100,000	100,000	100,000	100,000	100,000
8.125% series due March 15, 2002	125,000	125,000	125,000	125,000	125,000	125,000
6.625% series due March 1, 2004	80,000	80,000	85,000	85,000	100,000	100,000
10.25% series due May 15, 2020	—	100,550	100,550	109,550	114,550	123,550
9.5% series due April 15, 2021	45,140	45,140	45,140	45,140	50,810	80,700
9% series due Dec. 15, 2021	72,370	72,370	72,370	72,370	72,500	145,000
7.25% series due Aug. 1, 2023	70,650	70,650	91,900	97,150	100,000	100,000
8.75% series due Jan. 15, 2024	121,668	121,668	121,668	121,918	148,500	175,000
8% series due Feb. 1, 2025	33,075	47,075	88,300	88,500	116,900	136,200
5.5% series due Aug. 15, 2028	25,000	25,000	25,000	25,000	25,000	25,000
5.875% series due Aug. 15, 2028	154,000	154,000	154,000	154,000	154,000	154,000
Unamortized discount and premium	(5,993)	(5,860)	(6,482)	(7,033)	(8,412)	(10,133)
Total first mortgage bonds	720,910	935,593	1,102,446	1,216,595	1,448,848	1,604,317
POLLUTION CONTROL BONDS						
Due May 1, 2024	49,400	49,400	49,400	49,400	49,400	49,400
Due Sept. 1, 2024	65,750	65,750	65,750	65,750	65,750	65,750
Due Sept. 1, 2024	31,500	31,500	31,500	31,500	31,500	31,500
Due May 1, 2029	106,980	106,980	106,980	106,980	106,980	106,980
Due May 1, 2029	90,000	90,000	90,000	90,000	90,000	90,000
Due May 1, 2029	57,000	57,000	57,000	57,000	57,000	57,000
Due Oct. 1, 2029	32,650	32,650	32,650	32,650	32,650	32,650
Due Dec. 1, 2031	6,710	6,710	6,710	6,710	6,710	—
Due Nov. 1, 2033	16,870	16,870	16,870	—	—	—
Due April 1, 2034	20,000	20,000	—	—	—	—
Less securities held by trustee related to certain pollution control indebtedness	—	(1,236)	—	—	—	—
Total pollution control bonds	476,860	475,624	456,860	439,990	439,990	433,280

YEAR ENDED DECEMBER 31,

(dollars in thousands)

	2000	1999	1998	1997	1996	1995
OTHER LONG-TERM DEBT						
6.125% collateralized loan due 1999	\$ —	\$ —	\$ —	\$ 10,000	\$ —	\$ —
5.875% collateralized loan due 1999	—	—	10,000	—	—	—
5.375% collateralized loan due 2000	—	10,000	10,000	—	—	—
6.25% unsecured note due Jan.15, 2005	100,000	100,000	100,000	—	—	—
5.875% unsecured note due Feb. 15, 2004	125,000	125,000	—	—	—	—
7.625% unsecured note due Aug. 1, 2005	300,000	—	—	—	—	—
6.72% senior notes due April 1, 1999	—	—	50,000	50,000	—	—
Term loans due June 18, 2003	—	50,000	125,000	150,000	100,000	—
6.75% senior notes due Nov. 15, 2006	83,695	83,695	100,000	100,000	100,000	—
10% debentures due Jan. 31, 2025	—	75,000	75,000	75,000	75,000	75,000
Floating rate note due Nov. 15, 2001	—	250,000	—	—	—	—
Capitalized lease obligation	443	7,199	11,612	15,645	19,424	22,936
Total other long-term debt	609,138	700,894	481,612	400,645	294,424	97,936
Total Long-Term Debt	1,806,908	2,112,111	2,040,918	2,057,230	2,183,262	2,135,533
LESS CURRENT MATURITIES						
First mortgage bonds	—	(100,000)	(100,000)	(100,000)	(150,000)	—
Senior notes	—	—	(50,000)	—	—	—
Collateralized loan	—	(10,000)	(10,000)	—	—	—
Floating rate note	250,000	—	—	—	—	—
Capitalized lease obligation	266	(4,711)	(4,378)	(4,068)	(3,780)	(3,512)
Total Current Maturities	250,266	(114,711)	(164,378)	(104,068)	(153,780)	(3,512)
LONG-TERM DEBT LESS CURRENT MATURITIES	\$2,057,174	\$1,997,400	\$1,876,540	\$1,953,162	\$2,029,482	\$2,132,021
WEIGHTED-AVERAGE INTEREST RATE ON LONG-TERM DEBT AT YEAR-END	6.50%	6.37%	6.54%	6.63%	6.65%	7.06%

See Note 6 of Notes to Consolidated Financial Statements on pages 42-43.

APS PREFERRED STOCK SCHEDULE
YEAR ENDED DECEMBER 31,

(dollars in thousands, except per share amounts)	Par Value Per Share	Shares Outstanding Dec 31, 2000	Call Price Per Share	2000	1999	1998	1997	1996	1995
SERIES									
NON-REDEEMABLE PREFERRED STOCK									
\$1.10 preferred	\$ 25.00	—	\$ 27.50	\$ —	\$ —	\$ 3,476	\$ 3,639	\$ 3,818	\$ 3,898
\$2.50 preferred	50.00	—	51.00	—	—	4,322	4,863	5,127	5,163
\$2.36 preferred	50.00	—	51.00	—	—	1,626	1,925	2,000	2,000
\$4.35 preferred	100.00	—	102.00	—	—	6,299	6,839	7,500	7,500
Serial preferred:									
\$2.40 Series A	50.00	—	50.50	—	—	10,029	11,742	11,995	12,000
\$2.625 Series C	50.00	—	51.00	—	—	10,745	11,579	12,000	12,000
\$2.275 Series D	50.00	—	50.50	—	—	4,534	8,205	9,983	10,000
\$3.25 Series E	50.00	—	51.00	—	—	15,224	15,649	16,000	16,000
Adjustable-Rate Series Q	100.00	—	100.00	—	—	29,585	35,285	37,285	50,000
\$1.8125 Series W	25.00	—	—	—	—	—	42,325	59,965	75,000
Total non-redeemable preferred stock						85,840	142,051	165,673	193,561
REDEEMABLE PREFERRED STOCK									
Serial preferred:									
\$10.00 Series U	100.00	—	—	—	—	9,401	29,110	41,000	50,000
\$7.875 Series V	—	—	—	—	—	—	—	12,000	25,000
Total redeemable preferred stock						9,401	29,110	53,000	75,000
Total Cumulative Preferred Stock						\$ 95,241	\$ 171,161	\$ 218,673	\$ 268,561
Weighted-Average Dividend Rate on Preferred Stock at Year-End						6.08%	6.84%	7.59%	7.64%

All outstanding preferred stock was redeemed on March 1, 1999.
See Note 7 of Notes to Consolidated Financial Statements on page 43.