

APS SALES AND REVENUE ANALYSIS

YEAR ENDED DECEMBER 31,

	2000		1999		1998		1997		1996		1995	
ELECTRIC SALES (MWh)												
RETAIL SALES												
Residential	9,780,680	22.2%	8,774,822	23.9%	8,310,689	27.0%	7,970,309	27.4%	7,541,440	33.7%	6,848,905	33.5%
Commercial	10,057,707	22.9	9,543,853	25.9	8,697,397	28.3	8,524,882	29.3	8,233,762	36.8	7,768,289	37.9
Industrial	2,511,292	5.7	2,561,349	7.0	3,279,430	10.6	3,123,283	10.8	3,039,357	13.6	2,933,459	14.3
Irrigation	87,073	0.2	99,669	0.3	84,640	0.3	112,363	0.4	121,775	0.5	119,580	0.6
Other	97,772	0.2	94,877	0.2	90,927	0.3	86,090	0.3	84,362	0.4	78,478	0.4
Total retail	22,534,524	51.2	21,074,570	57.3	20,463,083	66.5	19,816,927	68.2	19,020,696	85.0	17,748,711	86.7
SALES FOR RESALE												
Firm sales	1,610,032	3.6	1,421,522	3.9	1,410,392	4.6	1,486,439	5.1	1,490,270	6.6	1,433,469	7.0
Interchange sales	19,910,737	45.2	14,272,312	38.8	8,906,999	28.9	7,747,134	26.7	1,876,964	8.4	1,287,235	6.3
Total sales for resale	21,520,769	48.8	15,693,834	42.7	10,317,391	33.5	9,233,573	31.8	3,367,234	15.0	2,720,704	13.3
Total sales	44,055,293	100.0%	36,768,404	100.0%	30,780,474	100.0%	29,050,500	100.0%	22,387,930	100.0%	20,469,415	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR												
Retail sales	6.9%		3.0%		3.3%		4.2%		7.2%		1.6%	
Sales for resale	37.1%		52.1%		11.7%		174.2%		23.8%		(1.6)%	
Total sales	19.8%		19.5%		6.0%		29.8%		9.4%		1.2%	
ANNUAL USE PER AVERAGE CUSTOMER (kWh)												
Residential	13,144		12,244		12,056		12,013		11,853		11,218	
Commercial and industrial	137,227		137,222		139,025		140,493		141,436		139,036	
ELECTRIC REVENUES (THOUSANDS OF DOLLARS)												
RETAIL												
Residential	\$ 880,468	25.3%	\$ 805,173	35.1%	\$ 766,378	38.2%	\$ 746,937	39.8%	\$ 721,877	42.0%	\$ 669,762	41.5%
Commercial	771,909	22.2	733,038	32.0	699,016	34.8	687,988	36.6	678,130	39.5	653,425	40.4
Industrial	146,088	4.2	159,329	7.0	172,296	8.6	164,696	8.8	162,324	9.4	156,501	9.7
Irrigation	6,498	0.2	7,374	0.3	7,288	0.4	8,706	0.5	9,448	0.6	9,596	0.6
Other	10,719	0.3	11,322	0.5	10,644	0.5	11,842	0.6	13,078	0.8	12,631	0.8
Total retail	1,815,682	52.2	1,716,236	74.9	1,655,622	82.5	1,620,169	86.3	1,584,857	92.3	1,501,915	93.0
SALES FOR RESALE												
Firm sales	120,618	3.5	60,486	2.6	58,184	2.9	63,027	3.4	64,110	3.7	60,569	3.8
Interchange sales	1,422,324	40.8	446,391	19.5	242,514	12.1	163,801	8.7	34,450	2.0	25,941	1.6
Total sales for resale	1,542,942	44.3	506,877	22.1	300,698	15.0	226,828	12.1	98,560	5.7	86,510	5.4
Miscellaneous services	106,861	3.1	58,337	2.5	39,020	1.9	21,261	1.1	24,615	1.4	17,137	1.0
Transmission for others	14,765	0.4	11,348	0.5	11,058	0.6	10,295	0.5	10,240	0.6	9,390	0.6
Total operating revenues	\$ 3,480,250	100.0%	\$ 2,292,798	100.0%	\$ 2,006,398	100.0%	\$ 1,878,553	100.0%	\$ 1,718,272	100.0%	\$ 1,614,952	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR												
Retail revenues	5.8%		3.7%		2.2%		2.2%		5.5%		0.4%	
Sales for resale	204.4%		68.6%		32.6%		130.1%		13.9%		(9.1)%	
Total operating revenues	51.8%		14.3%		6.8%		9.3%		6.4%		(0.7)%	
AVERAGE REVENUE PER kWh												
RETAIL												
Residential	9.00c		9.18c		9.22c		9.37c		9.57c		9.78c	
Commercial	7.67c		7.68c		8.04c		8.07c		8.24c		8.41c	
Industrial	5.82c		6.22c		5.25c		5.27c		5.34c		5.34c	
Irrigation	7.46c		7.40c		8.61c		7.75c		7.76c		8.02c	
SALES FOR RESALE												
Firm sales	7.49c		4.26c		4.13c		4.24c		4.30c		4.23c	
Interchange sales	7.23c		3.13c		2.72c		2.11c		1.84c		2.02c	
REVENUE PER AVERAGE CUSTOMER (DOLLARS)												
Residential	\$ 1,183		\$ 1,124		\$ 1,112		\$ 1,126		\$ 1,135		\$ 1,097	
Commercial and industrial	\$ 10,023		\$ 10,116		\$ 10,114		\$ 10,285		\$ 10,545		\$ 10,522	

APS CUSTOMER DATA

YEAR ENDED DECEMBER 31,

(dollars in thousands)	2000	1999	1998	1997	1996	1995
CUSTOMERS - END OF YEAR						
Residential	762,574	735,359	708,215	680,478	654,602	625,352
Commercial	90,273	86,707	83,506	81,246	78,178	75,105
Industrial	3,286	3,183	3,084	3,192	3,055	2,913
Irrigation	371	754	710	764	841	837
Other	965	932	895	851	828	786
Total retail	857,469	826,935	796,410	766,531	737,504	704,993
Sales for resale	67	73	67	50	48	39
Total customers	857,536	827,008	796,477	766,581	737,552	705,032
Increase Over Prior Year	3.7%	3.8%	3.9%	3.9%	4.6%	3.5%

APS RATE REGULATION

ARIZONA REGULATION

The Arizona Corporation Commission (ACC) has jurisdiction to establish retail rates and to regulate securities issues of Arizona electric, gas, water and telephone utilities and transport companies. The functions of the ACC combine legislative, executive and judicial powers.

ACC ORGANIZATION

The ACC currently consists of three elected commissioners with staggered terms. As approved in the 2000 general election, two additional commission members will be elected in the 2002 general election, each for an initial two-year term that begins in January 2003. Thereafter, all terms will be for four-year terms with a limit of two consecutive terms in office. Mid-term vacancies (due to resignation, etc.) are filled by appointment of the Governor for a term expiring at the next general election.

Commissioner	Commissioner Since	Current Term Expires
William Mundell (Rep.) (Chairman)	June 1999	January 2005
James Irvin (Rep.)	January 1997	January 2003
Marc Spitzer (Rep.)	January 2001	January 2007

TEST PERIOD

A historical test period has been used in past rate cases; however, the ACC has discretion to consider matters subsequent to the historic year.

FUEL ADJUSTMENT CLAUSE

APS does not have a fuel adjustment clause. Changes in fuel and purchased power costs are reflected in current earnings and are addressed in general rate proceedings.

RETAIL ELECTRIC COMPETITION

The electric utility industry is continuing a transition to a market-based, competitive structure. In September 1999, the ACC approved rules that provide a framework for introduction of retail electric competition in Arizona. The rules provide a phase-in of retail competition, with all customers to be eligible for retail choice on January 1, 2001.

1999 SETTLEMENT AGREEMENT

In September 1999, the ACC approved a settlement agreement related to implementation of retail electric competition by APS. The 1999 settlement agreement provisions include, but are not limited to, the phase-in of retail competition in APS' service territory, substantial recovery of stranded costs and regulatory assets; a series of electricity price decreases in 1999 through 2003, unbundled tariffs, and parameters for transferring APS' existing generation assets to an unregulated affiliate no later than the end of 2002. APS' service territory was opened for the first phase of customer choice as of October 1, 1999 and was opened for 100 percent choice on January 1, 2001. Under the terms of the 1999 settlement agreement, if any of the ACC's electric competition rules conflict with the settlement agreement, the terms of the settlement agreement govern.

APS RATE REGULATION (CONT.)

1996 REGULATORY AGREEMENT

In April 1996, the ACC approved a retail regulatory agreement which provided for an annual price reduction of approximately \$48.5 million (\$29 million after income taxes), or 3.4%, for all customers except for certain contract customers, effective July 1, 1996; recovery of substantially all of APS' present regulatory assets through accelerated amortization beginning July 1, 1996; a price reduction formula for sharing future cost savings between customers and shareholders referencing an APS return on equity (as defined) of 11.25%; a moratorium on filing for permanent price changes prior to July 2, 1999, with specified exceptions; and equity infusions into APS by the parent company.

In accordance with the terms of the 1996 regulatory agreement, the ACC approved annual retail price reductions of approximately \$17 million (\$10 million after income taxes), or 1.1%, and \$17.6 million (\$10.5 million after income taxes), or 1.2%, which became effective July 1, 1998, and July 1, 1997, respectively. The rate reduction initially intended to be effective July 1, 1999, under this Agreement, has been incorporated within the 1.5% rate reduction under the 1999 Settlement Agreement.

1994 RATE SETTLEMENT

In May 1994, the ACC issued an order approving a retail rate settlement agreement which provided for a net annual rate reduction of approximately 2.2% effective June 1, 1994. As part of the settlement, APS accelerated amortization of substantially all deferred investment tax credits (ITCs) over a five-year period that ended on December 31, 1999. The amortization of ITCs decreased annual consolidated income tax expense by approximately \$24 million. Beginning in 2000, no further benefits will be reflected in income tax expense. See Note 4 of Notes to Consolidated Financial Statements on pages 40-41.

FEDERAL REGULATION

APS is also subject to regulation by the Federal Energy Regulatory Commission (FERC) in certain matters which include wholesale electric rates and transmission charges. In 2000, approximately 45% of APS' electric operating revenue was derived from sales and charges regulated by FERC. There have been no wholesale power FERC rate case decisions since December 1990.

As a result of FERC's Order No. 888, which requires transmission-owning public utilities to file open access transmission tariffs and prospectively to unbundle their charges for transmission service along with charges for related ancillary services, APS filed its Open Access Transmission Tariff in July 1996. Proceedings and settlement negotiations with all active intervenors concluded in October 1997. APS received FERC's decision regarding acceptance of all settlement issues in June 1999.

DETAILED DISCUSSIONS OF REGULATORY DEVELOPMENTS

Developments to date are discussed in a number of sections of the Annual Report. See "Regulatory and Industry Issues," pages 7-8, and "Competition and Industry Restructuring" in the Financial Review, page 25-26, for further information on introduction of retail electric competition in Arizona. See Note 3 of Notes to Consolidated Financial Statements on pages 38-40 for details of the retail competition rules, the 1999 settlement agreement and the 1996 settlement agreement, as well as court appeals of the rules and the 1999 settlement.

APS LOADS AND RESOURCES AT PEAK

	2000	1999	1998	1997	1996	1995
PEAK LOAD (kW)						
Actual	5,478,500	4,934,700	5,072,000	4,608,600	4,574,700	4,420,400
Weather-adjusted (a)	5,597,900	5,082,400	4,874,800	4,685,000	4,377,800	4,208,000
Increase (decrease) vs. Prior Year						
Actual	11.0%	(2.7)%	10.1%	0.7%	3.5%	4.9%
Weather-adjusted	10.1%	4.3%	4.1%	7.0%	4.0%	3.2%
Firm Power Sales (kW)	50,000	—	—	50,000	50,000	50,000
RESOURCES AVAILABLE AT PEAK (kW)						
Generating capacity	3,501,600	3,587,100	3,972,600	3,972,600	4,025,300	4,025,200
Purchased power contracts (b)	1,933,000	1,643,000	1,167,000	572,000	652,000	583,700
Total resources	5,434,600	5,230,100	5,139,600	4,544,600	4,677,300	4,608,900
RESERVE MARGIN						
Annual Load Factor - Net	6.4%	9.1%	3.1%	(1.5)%	2.7%	6.4%
	53.4%	54.1%	52.5%	56.0%	54.4%	52.7%

(a) Prior years have been restated to reflect average weather statistics for the ten-year period ended December 31, 2000.

(b) Including firm seasonal purchases.

APS POWER PLANT OPERATING PERFORMANCE

	2000	1999	1998	1997	1996	1995
NUCLEAR (NET CAPACITY FACTORS)						
Palo Verde Unit 1	100.4%	88.7%	87.9%	98.9%	80.8%	79.3%
Palo Verde Unit 2	87.3%	90.0%	101.8%	85.9%	86.7%	84.4%
Palo Verde Unit 3	90.3%	100.3%	87.9%	86.8%	99.9%	87.1%
Palo Verde site average	92.7%	93.0%	92.5%	90.6%	89.1%	83.6%
COAL (NET CAPACITY FACTORS)						
Four Corners	83.0%	82.1%	81.7%	80.8%	73.5%	76.8%
Cholla	82.8%	77.2%	74.4%	71.4%	67.6%	62.9%
Navajo	84.4%	76.0%	71.0%	66.5%	62.0%	76.7%
Total coal average	83.2%	79.2%	77.1%	74.8%	69.3%	71.8%

APS GENERATION RESOURCES

IN SERVICE AS OF DECEMBER 31, 2000

Plant Type and Name	Location	Ownership or Interest (a)	Number of Units	APS Share (kW)
NUCLEAR-FUELED STEAM PLANT				
Palo Verde	Wintersburg, Arizona	29.1%	3	1,086,300
COAL-FUELED STEAM PLANTS				
Four Corners	Farmington, New Mexico	100	3	560,000
Four Corners	Farmington, New Mexico	15	2	222,000
Cholla	Joseph City, Arizona	100	3	615,000
Navajo	Page, Arizona	14	3	315,000
			11	1,712,000
GAS- OR OIL-FUELED STEAM PLANTS (b)				
Ocotillo	Tempe, Arizona	100	2	226,000
Saguaro	Red Rock, Arizona	100	2	209,000
			4	435,000
GAS- OR OIL-FUELED COMBUSTION TURBINES				
Yucca	Yuma, Arizona	100	4	147,000
West Phoenix	Phoenix, Arizona	100	2	110,000
Ocotillo	Tempe, Arizona	100	2	110,000
Saguaro	Red Rock, Arizona	100	2	110,000
Douglas	Douglas, Arizona	100	1	16,000
			11	493,000
GAS- OR OIL-FUELED COMBINED CYCLE PLANT				
West Phoenix	Phoenix, Arizona	100	3	255,000
HYDRO AND SOLAR GENERATION				
		100	9	6,000
TOTAL GENERATION RESOURCES (ACCREDITED CAPABILITY)				
			41	3,987,300

(a) Includes leased generating plants.

(b) Excludes deactivated units (108,300 kW) at the West Phoenix steam plant (Phoenix, Arizona).

APS SOURCE AND DISPOSITION OF ELECTRIC ENERGY AND FUEL MIX

	2000	1999	1998	1997	1996	1995
SOURCE OF ENERGY (MWh)						
Steam generation						
Nuclear	8,840,745	8,848,660	8,805,876	8,588,632	8,392,319	7,852,492
Coal	12,470,732	11,837,782	11,466,081	11,128,183	10,415,420	10,767,947
Gas	1,195,084	857,282	589,037	412,355	269,390	279,146
Oil	28,371	5,913	6,829	6,600	2,657	1,964
Combustion turbines						
Gas	445,796	141,193	129,052	72,848	39,647	30,272
Oil	51,907	2,347	7,802	2,175	1,080	71
Combined cycle						
Gas	1,048,237	756,967	599,925	418,861	505,497	636,891
Oil	19,404	482	2,665	1,150	1,170	156
Hydro and solar	33,746	33,908	32,035	33,154	30,866	33,554
Total generation	24,134,023	22,484,534	21,639,302	20,663,958	19,658,046	19,602,493
Purchased power (a)	20,389,009	16,955,046	10,169,053	9,676,100	4,047,403	2,086,731
Interchange - net	138,564	119,279	229,453	117,705	15,952	14,090
Total source of energy	44,661,596	39,558,859	32,037,808	30,457,763	23,721,401	21,703,314
DISPOSITION OF ENERGY (MWh)						
Sales to ultimate customers	22,534,524	21,074,570	20,463,083	19,816,927	19,020,696	17,748,711
Sales for resale (a)	21,520,769	15,693,834	10,317,391	9,233,573	3,367,234	2,720,704
Losses and company use	606,303	2,790,455	1,257,334	1,407,263	1,333,471	1,233,899
Total disposition of energy	44,661,596	39,558,859	32,037,808	30,457,763	23,721,401	21,703,314
ENERGY FUEL MIX (%)						
Nuclear	19.8%	22.4%	27.5%	28.2%	35.4%	36.2%
Coal	27.9	29.9	36.2	36.5	43.9	49.6
Gas	6.0	4.4	3.9	3.0	3.4	4.4
Other (b)	0.3	0.1	0.1	0.1	0.2	0.1
Purchased power and interchange - net	46.0	43.2	32.3	32.2	17.1	9.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(a) Purchased power and sales for resale include interchange purchases and sales, respectively.

(b) "Other" includes oil, hydro and solar generation.

EL DORADO FINANCIAL HIGHLIGHTS

YEAR ENDED DECEMBER 31,

(dollars in thousands)	2000	1999	1998	1997	1996	1995
NET INCOME (LOSS)	\$ 1,983	\$ 11,483	\$ 4,528	\$ 8,190	\$ 371	\$ 8,507
DIVIDENDS PAID TO PARENT	14,000	10,000	12,000	12,500	—	16,000
ASSETS						
Investments	\$ 13,945	\$ 9,586	\$ 17,310	\$ 23,836	\$ 27,819	\$ 25,060
Investments in funds managed by others	6,911	21,344	6,985	7,388	7,533	7,262
Cash and other assets	572	5,685	2,848	3,292	3,455	6,117
Total assets	\$ 21,428	\$ 36,615	\$ 27,143	\$ 34,516	\$ 38,807	\$ 38,439
LIABILITIES AND EQUITY						
Deferred taxes	1,546	7,774	—	—	—	—
Other liabilities	3,514	457	237	137	118	121
Stockholder's equity	16,368	28,384	26,906	34,379	38,689	38,318
Total liabilities and equity	\$ 21,428	\$ 36,615	\$ 27,143	\$ 34,516	\$ 38,807	\$ 38,439

INVESTMENT SUMMARY

YEAR ENDED DECEMBER 31, 2000

INVESTMENTS

Book value, \$13.9 million

El Dorado has a 53% interest in a privately held company, limited partnership interests in two professional sports teams, and stock in a technology company.

INVESTMENTS IN FUNDS MANAGED BY OTHERS

Book value, \$6.9 million

At December 31, 2000, El Dorado had an investment in a venture capital partnership at a carrying value of \$6.9 million. This partnership is primarily invested in high-tech companies.