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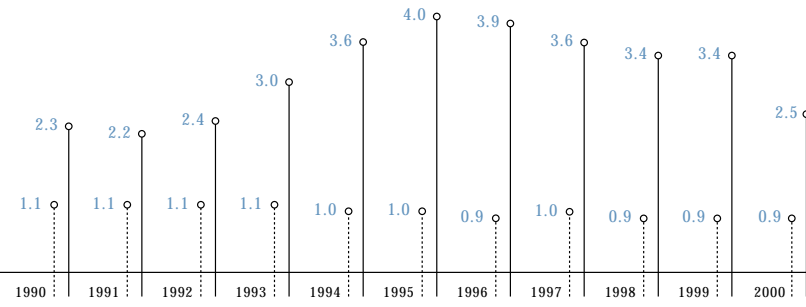
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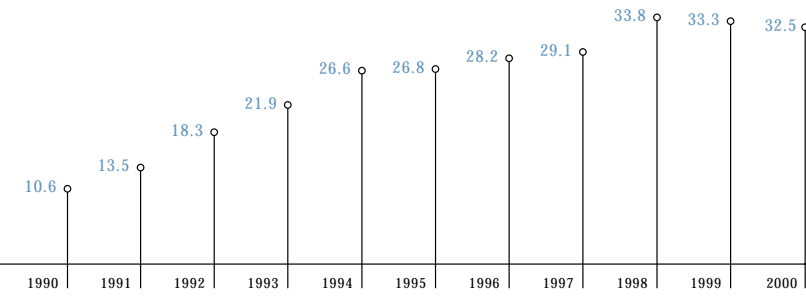
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## ARIZONA ECONOMIC OVERVIEW

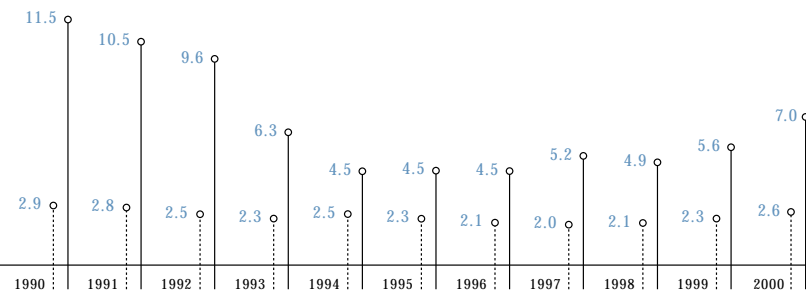
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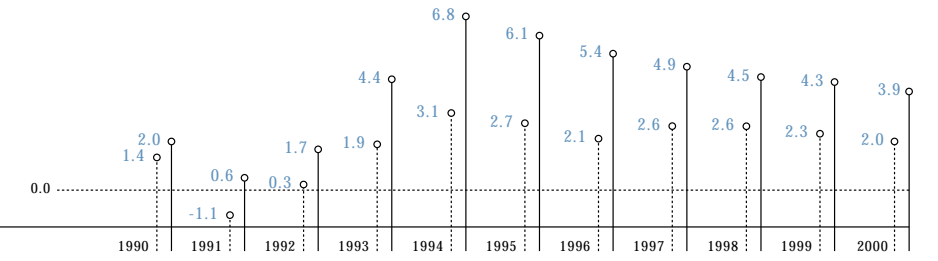
**PHOENIX SINGLE-FAMILY BUILDING PERMITS**  
(Thousands)



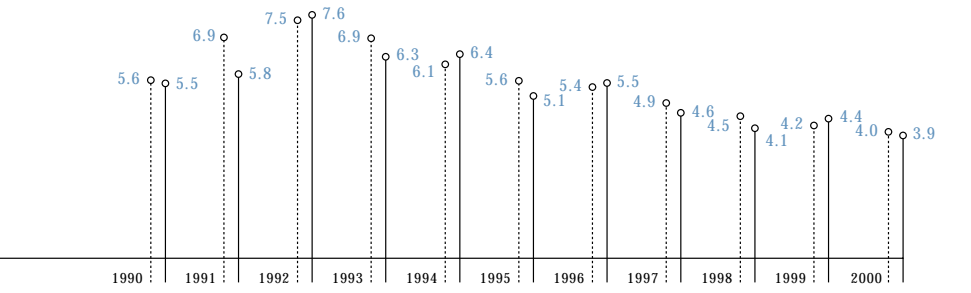
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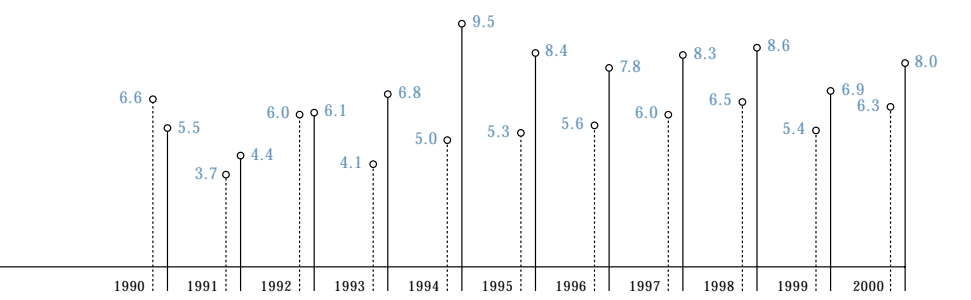
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**CONSOLIDATED STATEMENTS OF INCOME**

YEAR ENDED DECEMBER 31,

(in thousands, except per share amounts)

	2000	1999	1998	1997	1996	1995
<b>OPERATING REVENUES</b>						
Electric	\$ 3,531,810	\$ 2,293,184	\$ 2,006,398	\$ 1,878,553	\$ 1,718,272	\$ 1,614,952
Real estate	158,365	130,169	124,188	116,473	99,488	54,846
Total	3,690,175	2,423,353	2,130,586	1,995,026	1,817,760	1,669,798
<b>OPERATING EXPENSES</b>						
Fuel and purchased power	1,934,783	796,109	545,297	443,571	329,489	275,487
Utility operations and maintenance	450,809	446,777	419,433	406,025	441,626	408,514
Real estate operations	134,422	119,516	115,331	111,628	96,080	50,344
Depreciation and amortization	394,410	385,568	379,679	368,285	299,507	243,989
Taxes other than income taxes	99,780	96,606	103,718	108,011	107,199	129,040
Total	3,014,204	1,844,576	1,563,458	1,437,520	1,273,901	1,107,374
<b>OPERATING INCOME</b>	675,971	578,777	567,128	557,506	543,859	562,424
<b>OTHER INCOME (EXPENSE)</b>						
Allowance for equity funds used during construction	—	—	—	—	5,209	4,982
Preferred stock dividend requirements of APS	—	(1,016)	(9,703)	(12,803)	(17,092)	(19,134)
Net other income and expense	(186)	10,793	609	4,569	(6,748)	(3,496)
Total	(186)	9,777	(9,094)	(8,234)	(18,631)	(17,648)
<b>INCOME BEFORE INTEREST AND INCOME TAXES</b>	675,785	588,554	558,034	549,272	525,228	544,776
<b>INTEREST EXPENSE</b>						
Interest charges	171,239	162,381	169,145	182,838	198,569	228,752
Capitalized interest	(21,638)	(11,664)	(18,596)	(19,703)	(12,856)	(11,549)
Total	149,601	150,717	150,549	163,135	185,713	217,203
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	526,184	437,837	407,485	386,137	339,515	327,573
<b>INCOME TAXES</b>						
Income tax expense	223,852	168,065	164,593	150,281	128,456	127,965
Non-recurring income tax benefit	—	—	—	—	—	—
Total	223,852	168,065	164,593	150,281	128,456	127,965
<b>INCOME FROM CONTINUING OPERATIONS</b>	302,332	269,772	242,892	235,856	211,059	199,608
Income tax benefit from discontinued operations	—	38,000	—	—	—	—
Loss from discontinued operations – net of income taxes	—	—	—	—	(9,539)	—
Extraordinary charge for regulatory disallowance – net of income taxes	—	(139,885)	—	—	—	—
Extraordinary charge for early retirement of debt – net of income taxes	—	—	—	—	(20,340)	(11,571)
<b>NET INCOME</b>	\$ 302,332	\$ 167,887	\$ 242,892	\$ 235,856	\$ 181,180	\$ 188,037
<b>AVERAGE COMMON SHARES OUTSTANDING – BASIC</b>	84,733	84,717	84,774	85,503	87,442	87,419
<b>AVERAGE COMMON SHARES OUTSTANDING – DILUTED</b>	84,935	85,009	85,346	86,023	88,022	87,884
<b>EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING</b>						
Continuing operations – basic	\$ 3.57	\$ 3.18	\$ 2.87	\$ 2.76	\$ 2.41	\$ 2.28
Net income – basic	3.57	1.98	2.87	2.76	2.07	2.15
Continuing operations – diluted	3.56	3.17	2.85	2.74	2.40	2.27
Net income – diluted	3.56	1.97	2.85	2.74	2.06	2.14
<b>DIVIDENDS DECLARED PER SHARE</b>	\$ 1.425	\$ 1.325	\$ 1.225	\$ 1.125	\$ 1.025	\$ 0.925

**CONSOLIDATED BALANCE SHEETS**

YEAR ENDED DECEMBER 31,

(dollars in thousands)

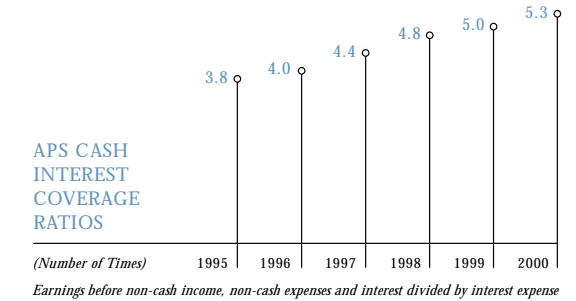
	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>	<i>1995</i>
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 10,363	\$ 20,705	\$ 20,538	\$ 27,484	\$ 26,686	\$ 79,539
Customer and other receivables – net	513,822	244,599	233,876	183,507	169,237	131,393
Accrued utility 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	57,887	69,688	46,355
Other current assets	97,998	60,562	47,594	41,408	41,140	19,671
Total current assets	793,913	498,794	456,799	449,100	450,269	430,470
<b>INVESTMENTS AND OTHER ASSETS</b>						
Real estate investments – net	371,323	344,293	331,021	365,921	398,527	411,693
Other assets	318,249	267,458	236,562	215,027	173,109	151,127
Total investments and other assets	689,572	611,751	567,583	580,948	571,636	562,820
<b>UTILITY PLANT</b>						
Electric plant in service and held for future use	7,809,566	7,546,314	7,265,604	7,009,059	6,803,211	6,544,860
Less accumulated depreciation and amortization	3,188,302	3,026,194	2,814,762	2,620,607	2,426,143	2,231,614
Total	4,621,264	4,520,120	4,450,842	4,388,452	4,377,068	4,313,246
Construction work in progress	464,540	209,281	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	5,133,193	4,778,515	4,730,563	4,677,568	4,655,140	4,647,087
<b>DEFERRED DEBITS</b>						
Regulatory assets	469,867	613,729	980,084	1,080,799	1,221,878	1,290,268
Other deferred debits	62,606	105,717	89,517	62,002	90,366	66,407
Total deferred debits	532,473	719,446	1,069,601	1,142,801	1,312,244	1,356,675
<b>TOTAL ASSETS</b>	<b>\$ 7,149,151</b>	<b>\$ 6,608,506</b>	<b>\$ 6,824,546</b>	<b>\$ 6,850,417</b>	<b>\$ 6,989,289</b>	<b>\$ 6,997,052</b>

**CONSOLIDATED BALANCE SHEETS**

YEAR ENDED DECEMBER 31,

(dollars in thousands)

	2000	1999	1998	1997	1996	1995
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 375,805	\$ 186,524	\$ 155,800	\$ 117,429	\$ 184,095	\$ 114,963
Accrued taxes	89,246	70,510	62,520	84,610	82,413	95,962
Accrued interest	42,954	33,253	31,866	32,974	39,652	48,958
Short-term borrowings	82,775	38,300	178,830	130,750	16,900	177,800
Current maturities of long-term debt	463,469	114,798	168,045	108,695	156,277	8,780
Customer deposits	26,189	26,098	28,510	30,672	34,222	32,746
Other current liabilities	110,860	26,007	14,632	18,534	37,056	25,284
Total current liabilities	1,191,298	495,490	640,203	523,664	550,615	504,493
<b>LONG-TERM DEBT LESS CURRENT MATURITIES</b>	1,955,083	2,206,052	2,048,961	2,244,248	2,372,113	2,510,709
<b>DEFERRED CREDITS AND OTHER</b>						
Deferred income taxes	1,143,040	1,183,855	1,343,536	1,363,461	1,359,312	1,327,881
Unamortized gain – sale of utility plant	68,636	73,212	77,787	82,363	86,939	91,514
Other	408,380	444,164	455,467	438,084	431,314	412,807
Total deferred credits and other	1,620,056	1,701,231	1,876,790	1,883,908	1,877,565	1,832,202
<b>COMMITMENTS AND CONTINGENCIES</b>						
<b>MINORITY INTERESTS</b>						
Non-redeemable preferred stock of APS	—	—	85,840	142,051	165,673	193,561
Redeemable preferred stock of APS	—	—	9,401	29,110	53,000	75,000
<b>COMMON STOCK EQUITY</b>						
Common stock, no par value	1,532,831	1,537,449	1,550,643	1,553,771	1,636,354	1,638,684
Retained earnings	849,883	668,284	612,708	473,665	333,969	242,403
Total common stock equity	2,382,714	2,205,733	2,163,351	2,027,436	1,970,323	1,881,087
<b>TOTAL LIABILITIES AND EQUITY</b>	\$ 7,149,151	\$ 6,608,506	\$ 6,824,546	\$ 6,850,417	\$ 6,989,289	\$ 6,997,052



**CONSOLIDATED STATEMENTS OF CASH FLOWS**

YEAR ENDED DECEMBER 31,

(dollars in thousands)

	2000	1999	1998	1997	1996	1995
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Income from continuing operations	\$ 302,332	\$ 269,772	\$ 242,892	\$ 235,856	\$ 211,059	\$ 199,608
Items not requiring cash						
Depreciation and amortization	394,410	385,568	379,679	368,285	299,507	243,989
Nuclear fuel amortization	30,083	31,371	32,856	32,702	33,566	31,587
Deferred income taxes – net	(8,973)	(17,413)	41,262	24,809	13,392	61,076
Deferred investment tax credit	740	(23,514)	(23,516)	(23,518)	(23,518)	(23,529)
Allowance for equity funds used during construction	—	—	—	—	(5,209)	(4,982)
Other – net	478	(12,476)	1,190	(3,854)	1,370	16,811
Changes in current assets and liabilities						
Customers and other receivables – net	(269,223)	(10,723)	(50,369)	(14,270)	(38,106)	4,653
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	(37,436)	(12,968)	(6,186)	(109)	(8,949)	(4,249)
Accounts payable	193,502	28,193	34,386	(54,882)	65,586	(2,093)
Accrued taxes	18,736	12,591	(22,090)	2,197	(7,088)	6,818
Accrued interest	9,701	1,387	(1,108)	(6,678)	(9,306)	(7,100)
Other current liabilities	89,714	15,047	(5,235)	(23,087)	1,515	3,714
Decrease (increase) in land held	(25,937)	(12,542)	33,405	33,010	19,894	(2,176)
Other – net	2,605	(4,720)	(39,350)	48,254	2,576	(900)
Net Cash Flow Provided By Operating Activities	699,560	635,600	605,838	623,419	566,283	550,746
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Capital expenditures	(658,608)	(343,448)	(319,142)	(307,876)	(258,598)	(295,772)
Capitalized interest	(21,638)	(11,664)	(18,596)	(19,703)	(12,856)	(11,549)
Other – net	(41,761)	(16,143)	(2,144)	(3,124)	(6,345)	8,022
Net Cash Flow Used For Investing Activities	(722,007)	(371,255)	(339,882)	(330,703)	(277,799)	(299,299)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Issuance of long-term debt	651,000	607,791	148,229	146,013	557,067	225,128
Short-term borrowings – net	44,475	(140,530)	48,080	113,850	(160,900)	46,300
Dividends paid on common stock	(120,733)	(112,311)	(103,849)	(96,160)	(89,614)	(80,855)
Repurchase and retirement of common stock	—	—	—	(79,997)	—	—
Repayment of long-term debt	(558,019)	(510,693)	(286,314)	(325,526)	(575,332)	(383,117)
Redemption of preferred stock	—	(96,499)	(75,517)	(47,201)	(50,360)	—
Extraordinary charge for early retirement of debt	—	—	—	—	(20,340)	(11,571)
Other – net	(4,618)	(11,936)	(3,531)	(2,897)	(1,858)	(2,512)
Net Cash Flow Used For Financing Activities	12,105	(264,178)	(272,902)	(291,918)	(341,337)	(206,627)
<b>NET CASH FLOW</b>	(10,342)	167	(6,946)	798	(52,853)	44,820
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	20,705	20,538	27,484	26,686	79,539	34,719
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 10,363	\$ 20,705	\$ 20,538	\$ 27,484	\$ 26,686	\$ 79,539

**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**

YEAR ENDED DECEMBER 31,

(dollars in thousands)	2000	1999	1998	1997	1996	1995
Retained Earnings at Beginning of Year	\$ 668,284	\$ 612,708	\$ 473,665	\$ 333,969	\$ 242,403	\$ 135,221
Net Income	302,332	167,887	242,892	235,856	181,180	188,037
Common Stock Dividends	(120,733)	(112,311)	(103,849)	(96,160)	(89,614)	(80,855)
Retained Earnings at End of Year	\$ 849,883	\$ 668,284	\$ 612,708	\$ 473,665	\$ 333,969	\$ 242,403

**SELECTED CONSOLIDATED FINANCIAL DATA**

(dollars per share)	2000	1999	1998	1997	1996	1995
<b>BOOK VALUE PER SHARE AT YEAR-END</b>						
APS	\$ 24.99	\$ 23.38	\$ 23.29	\$ 21.80	\$ 19.76	\$ 18.53
SunCor	3.57	3.67	3.59	3.42	3.69	3.95
El Dorado	0.19	0.33	0.32	0.41	0.44	0.42
APS Energy Services	0.08	0.03	—	—	—	—
Pinnacle West Energy	0.16	—	—	—	—	—
Parent company	(0.90)	(1.41)	(1.70)	(1.73)	(1.38)	(1.41)
Total	\$ 28.09	\$ 26.00	\$ 25.50	\$ 23.90	\$ 22.51	\$ 21.49
Common Shares Outstanding at Year-End	84,824,947	84,824,947	84,824,947	84,824,947	87,515,847	87,515,847
<b>EARNINGS PER SHARE FROM CONTINUING OPERATIONS - DILUTED</b>						
APS	\$ 3.61	\$ 3.14	\$ 2.88	\$ 2.77	\$ 2.57	\$ 2.51
SunCor	0.14	0.07	0.52(a)	0.06	0.05	0.05
El Dorado	0.02	0.14	0.05	0.10	—	0.10
APS Energy Services	(0.16)	(0.11)	—	—	—	—
Pinnacle West Energy	(0.03)	—	—	—	—	—
Parent company	(0.02)	(0.07)	(0.60)(a)	(0.19)	(0.22)	(0.39)
Total	\$ 3.56	\$ 3.17	\$ 2.85	\$ 2.74	\$ 2.40	\$ 2.27
<b>STOCK PRICE HISTORY</b>						
High	52 2/9	43 3/8	49 1/4	42 3/4	32 1/4	28 7/8
Low	26 1/4	30 3/16	39 3/8	27 5/8	26 1/4	19 5/8
Close	47 5/8	30 9/16	42 3/8	42 3/8	31 3/4	28 3/4

(a) SunCor includes \$37.2 million from recognition of a deferred tax asset related to net operating losses and book/tax basis differences. SunCor is expected to realize these benefits in subsequent periods pursuant to an intercompany tax allocation agreement. On a consolidated basis, the parent company had already recognized the income tax benefits; therefore, there was no impact on consolidated net income in 1998.

**NON-UTILITY LONG-TERM DEBT SCHEDULE**

YEAR ENDED DECEMBER 31,

(dollars in thousands)	2000	1999	1998	1997	1996	1995
<b>PARENT COMPANY REVOLVING CREDIT</b>						
Variable-rate loan due 2000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 100,000
Variable-rate loan due 2001	188,000	56,000	42,000	155,000	200,000	—
	188,000	56,000	42,000	155,000	200,000	100,000
<b>NOTES PAYABLE</b>						
6.62% senior notes due 2001	25,000	25,000	25,000	25,000	25,000	—
6.87% senior notes due 2003	25,000	25,000	25,000	25,000	25,000	—
	50,000	50,000	50,000	50,000	50,000	—
<b>DEBENTURES</b>						
11.61% senior secured debentures due 2000	—	—	—	—	—	210,411
	—	—	—	—	—	210,411
<b>Total Parent Company</b>	<b>238,000</b>	<b>106,000</b>	<b>92,000</b>	<b>205,000</b>	<b>250,000</b>	<b>310,411</b>
<b>SUNCOR MORTGAGE BONDS</b>						
Variable-rate bonds due 1996-2002	—	—	—	—	—	30,000
<b>REVOLVING CREDIT</b>						
Variable-rate facility due 1998	—	—	—	—	—	25,000
Variable-rate facility due 2000	—	—	—	40,600	42,432	—
Variable-rate facility due 2001	—	—	38,139	—	—	15,000
Variable-rate facility due 2003	110,000	94,000	—	—	—	—
	110,000	94,000	38,139	40,600	42,432	40,000
<b>BANK LOAN</b>						
Variable-rate loan due 2001	—	—	42,061	45,000	45,000	—
<b>NOTES PAYABLE</b>						
Variable-rate notes due 1994-1998	—	—	—	—	937	3,545
5.39% note due 1998-1999	—	—	399	1,563	3,044	—
9.25% note due 1999	—	—	—	—	234	—
Variable-rate note due 2006	8,163	3,404	3,489	3,550	3,481	—
	8,163	3,404	3,888	5,113	7,696	3,545
<b>BONDS PAYABLE</b>						
5.85% bonds due 2039	5,215	5,335	—	—	—	—
<b>Total SunCor</b>	<b>123,378</b>	<b>102,739</b>	<b>84,088</b>	<b>90,713</b>	<b>95,128</b>	<b>73,545</b>
<b>TOTAL NON-UTILITY LONG-TERM DEBT INCLUDING CURRENT MATURITIES</b>	<b>\$ 361,378</b>	<b>\$ 208,739</b>	<b>\$ 176,088</b>	<b>\$ 295,713</b>	<b>\$ 345,128</b>	<b>\$ 383,956</b>

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

**APS SELECTED FINANCIAL DATA**

YEAR ENDED DECEMBER 31,

	2000	1999	1998	1997	1996	1995
<b>OPERATING STATISTICS</b>						
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
<b>FINANCIAL STATISTICS (b)</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%
<b>CAPITALIZATION RATIOS - YEAR-END</b>						
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)%

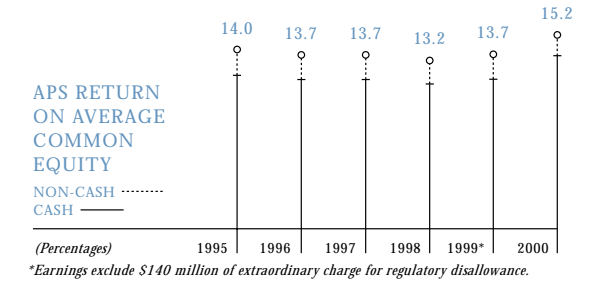
(a) Decrease for 1996 determined after deducting all employees who accepted a late 1996 voluntary severance program.

**APS STATEMENTS OF INCOME**

YEAR ENDED DECEMBER 31,

(dollars in thousands)

	2000	1999	1998	1997	1996	1995
<b>ELECTRIC OPERATING REVENUES</b>	\$ 3,480,252	\$ 2,292,798	\$ 2,006,398	\$ 1,878,553	\$ 1,718,272	\$ 1,614,952
<b>FUEL EXPENSES</b>						
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
<b>OPERATING REVENUES LESS FUEL EXPENSES</b>	1,599,523	1,497,304	1,461,101	1,434,982	1,388,783	1,339,465
<b>OTHER OPERATING EXPENSES</b>						
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
<b>OPERATING INCOME</b>	450,895	388,924	370,811	371,825	365,208	381,754
<b>OTHER INCOME (DEDUCTIONS)</b>						
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
<b>INCOME BEFORE INTEREST DEDUCTIONS</b>	444,483	409,914	391,259	393,411	400,425	407,302
<b>INTEREST DEDUCTIONS</b>						
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
<b>INCOME FROM CONTINUING OPERATIONS</b>	306,594	268,322	255,247	251,493	243,471	239,570
Extraordinary charge (less income tax expense of \$94,115)	—	139,885	—	—	—	—
<b>NET INCOME</b>	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
<b>EARNINGS FOR COMMON STOCK</b>	\$ 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
<b>ASSETS</b>						
<b>UTILITY PLANT</b>						
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
<b>INVESTMENTS AND OTHER ASSETS</b>						
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
<b>CURRENT ASSETS</b>						
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
<b>DEFERRED DEBITS</b>						
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
<b>TOTAL ASSETS</b>	<b>\$ 6,399,715</b>	<b>\$ 6,117,624</b>	<b>\$ 6,393,299</b>	<b>\$ 6,331,142</b>	<b>\$ 6,423,222</b>	<b>\$ 6,418,262</b>

**APS BALANCE SHEETS**

YEAR ENDED DECEMBER 31,

(dollars in thousands)

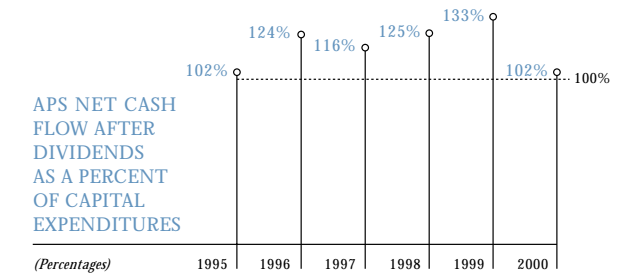
	2000	1999	1998	1997	1996	1995
<b>LIABILITIES</b>						
<b>CAPITALIZATION</b>						
Common stock	\$ 178,162	\$ 178,162	\$ 178,162	\$ 178,162	\$ 178,162	\$ 178,162
Additional paid-in capital	1,246,804	1,246,804	1,195,625	1,142,364	1,091,122	1,039,550
Retained earnings	694,802	558,208	601,968	528,798	460,106	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
<b>CURRENT LIABILITIES</b>						
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
<b>DEFERRED CREDITS AND OTHER</b>						
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
<b>TOTAL LIABILITIES</b>	\$ 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
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)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
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)
<b>NET CASH FLOW</b>	(4,868)	1,919	(6,994)	31	(5,868)	11,857
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	7,477	5,558	12,552	12,521	18,389	6,532
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 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
<b>FIRST MORTGAGE BONDS</b>						
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)
<b>Total first mortgage bonds</b>	<b>720,910</b>	<b>935,593</b>	<b>1,102,446</b>	<b>1,216,595</b>	<b>1,448,848</b>	<b>1,604,317</b>
<b>POLLUTION CONTROL BONDS</b>						
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)	—	—	—	—
<b>Total pollution control bonds</b>	<b>476,860</b>	<b>475,624</b>	<b>456,860</b>	<b>439,990</b>	<b>439,990</b>	<b>433,280</b>

YEAR ENDED DECEMBER 31,

(dollars in thousands)

	2000	1999	1998	1997	1996	1995
<b>OTHER LONG-TERM DEBT</b>						
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
<b>Total other long-term debt</b>	<b>609,138</b>	<b>700,894</b>	<b>481,612</b>	<b>400,645</b>	<b>294,424</b>	<b>97,936</b>
<b>Total Long-Term Debt</b>	<b>1,806,908</b>	<b>2,112,111</b>	<b>2,040,918</b>	<b>2,057,230</b>	<b>2,183,262</b>	<b>2,135,533</b>
<b>LESS CURRENT MATURITIES</b>						
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)
<b>Total Current Maturities</b>	<b>250,266</b>	<b>(114,711)</b>	<b>(164,378)</b>	<b>(104,068)</b>	<b>(153,780)</b>	<b>(3,512)</b>
<b>LONG-TERM DEBT LESS CURRENT MATURITIES</b>	<b>\$2,057,174</b>	<b>\$1,997,400</b>	<b>\$1,876,540</b>	<b>\$1,953,162</b>	<b>\$2,029,482</b>	<b>\$2,132,021</b>
<b>WEIGHTED-AVERAGE INTEREST RATE ON LONG-TERM DEBT AT YEAR-END</b>						
	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
<b>SERIES</b>									
<b>NON-REDEEMABLE PREFERRED STOCK</b>									
\$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
<b>REDEEMABLE PREFERRED STOCK</b>									
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.

**APS SALES AND REVENUE ANALYSIS**

YEAR ENDED DECEMBER 31,

	2000		1999		1998		1997		1996		1995	
<b>ELECTRIC SALES (MWh)</b>												
<b>RETAIL SALES</b>												
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
<b>SALES FOR RESALE</b>												
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%
<b>INCREASE (DECREASE) VS. PRIOR YEAR</b>												
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%	
<b>ANNUAL USE PER AVERAGE CUSTOMER (kWh)</b>												
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	
<b>ELECTRIC REVENUES (THOUSANDS OF DOLLARS)</b>												
<b>RETAIL</b>												
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
<b>SALES FOR RESALE</b>												
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%
<b>INCREASE (DECREASE) VS. PRIOR YEAR</b>												
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)%	
<b>AVERAGE REVENUE PER kWh</b>												
<b>RETAIL</b>												
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	
<b>SALES FOR RESALE</b>												
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	
<b>REVENUE PER AVERAGE CUSTOMER (DOLLARS)</b>												
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
<b>CUSTOMERS - END OF YEAR</b>						
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
<b>PEAK LOAD (kW)</b>						
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
<b>RESOURCES AVAILABLE AT PEAK (kW)</b>						
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
<b>RESERVE MARGIN</b>						
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
<b>NUCLEAR (NET CAPACITY FACTORS)</b>						
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%
<b>COAL (NET CAPACITY FACTORS)</b>						
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)
<b>NUCLEAR-FUELED STEAM PLANT</b>				
Palo Verde	Wintersburg, Arizona	29.1%	3	1,086,300
<b>COAL-FUELED STEAM PLANTS</b>				
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
<b>GAS- OR OIL-FUELED STEAM PLANTS (b)</b>				
Ocotillo	Tempe, Arizona	100	2	226,000
Saguaro	Red Rock, Arizona	100	2	209,000
			4	435,000
<b>GAS- OR OIL-FUELED COMBUSTION TURBINES</b>				
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
<b>GAS- OR OIL-FUELED COMBINED CYCLE PLANT</b>				
West Phoenix	Phoenix, Arizona	100	3	255,000
<b>HYDRO AND SOLAR GENERATION</b>				
		100	9	6,000
<b>TOTAL GENERATION RESOURCES (ACCREDITED CAPABILITY)</b>				
			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
<b>SOURCE OF ENERGY (MWh)</b>						
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
<b>Total generation</b>	<b>24,134,023</b>	<b>22,484,534</b>	<b>21,639,302</b>	<b>20,663,958</b>	<b>19,658,046</b>	<b>19,602,493</b>
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
<b>Total source of energy</b>	<b>44,661,596</b>	<b>39,558,859</b>	<b>32,037,808</b>	<b>30,457,763</b>	<b>23,721,401</b>	<b>21,703,314</b>
<b>DISPOSITION OF ENERGY (MWh)</b>						
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
<b>Total disposition of energy</b>	<b>44,661,596</b>	<b>39,558,859</b>	<b>32,037,808</b>	<b>30,457,763</b>	<b>23,721,401</b>	<b>21,703,314</b>
<b>ENERGY FUEL MIX (%)</b>						
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
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(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
<b>NET INCOME (LOSS)</b>	\$ 1,983	\$ 11,483	\$ 4,528	\$ 8,190	\$ 371	\$ 8,507
<b>DIVIDENDS PAID TO PARENT</b>	14,000	10,000	12,000	12,500	—	16,000
<b>ASSETS</b>						
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
<b>Total assets</b>	<b>\$ 21,428</b>	<b>\$ 36,615</b>	<b>\$ 27,143</b>	<b>\$ 34,516</b>	<b>\$ 38,807</b>	<b>\$ 38,439</b>
<b>LIABILITIES AND EQUITY</b>						
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
<b>Total liabilities and equity</b>	<b>\$ 21,428</b>	<b>\$ 36,615</b>	<b>\$ 27,143</b>	<b>\$ 34,516</b>	<b>\$ 38,807</b>	<b>\$ 38,439</b>

### 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.

**SUNCOR FINANCIAL HIGHLIGHTS**

YEAR ENDED DECEMBER 31,

(dollars in thousands)	2000	1999	1998	1997	1996	1995
Operating revenues	\$ 158,365	\$ 130,169	\$ 124,188	\$ 116,473	\$ 99,488	\$ 54,846
<b>NET INCOME</b>	11,538	6,064	44,719(a)	5,334	4,154	4,078
<b>DIVIDENDS DECLARED TO PARENT</b>	—	20,000	30,000	38,000	27,000	21,300

(dollars in thousands)	2000	1999	1998	1997	1996	1995
<b>ASSETS</b>						
Land and improvements	\$ 222,850	\$ 228,045	\$ 220,434	\$ 251,109	\$ 284,457	\$ 306,220
Investment in and advances to real estate partnership	8,510	7,940	9,546	11,662	11,222	15,354
Investment in real estate joint ventures	38,010	37,390	42,836	46,670	48,576	43,213
Commercial properties	97,104	61,668	52,044	49,588	45,604	36,016
Home inventory	33,954	29,803	20,994	16,744	17,939	1,612
Deferred tax asset	26,920	33,257	37,200	—	—	—
Notes receivable - other	4,384	9,571	8,605	6,478	9,891	3,395
Cash and other assets	24,545	29,567	15,378	14,534	14,739	22,619
<b>Total assets</b>	<b>\$ 456,277</b>	<b>\$ 437,241</b>	<b>\$ 407,037</b>	<b>\$ 396,785</b>	<b>\$ 432,428</b>	<b>\$ 428,429</b>
<b>LIABILITIES AND EQUITY</b>						
Long-term debt	\$ 123,378	\$ 102,739	\$ 84,088	\$ 90,713	\$ 95,128	\$ 73,545
Other liabilities	30,343	23,486	17,997	15,840	14,402	9,141
Stockholder's equity	302,556	311,016	304,952	290,232	322,898	345,743
<b>Total liabilities and equity</b>	<b>\$ 456,277</b>	<b>\$ 437,241</b>	<b>\$ 407,037</b>	<b>\$ 396,785</b>	<b>\$ 432,428</b>	<b>\$ 428,429</b>

(a) Includes \$37.2 million from recognition of a deferred tax asset related to net operating losses and book/tax basis differences. SunCor is recognizing these benefits in subsequent periods pursuant to an intercompany tax allocation agreement. On a consolidated basis, the parent company had already recognized the income tax benefits; therefore, there was no impact on consolidated net income in 1998.

**SUNCOR MAJOR PROPERTY LOCATIONS**

**METROPOLITAN PHOENIX AREA**

**Palm Valley**  
8,000-acre master-planned, golf course community west of Phoenix

**Scottsdale Mountain**  
1,400-acre master-planned community northeast of Phoenix

**SunRidge Canyon**  
950-acre master-planned, golf course community northeast of Phoenix (joint venture with landowner)

**MarketPlace/Autoplex**  
420-acre mixed-use commercial and industrial development southeast of Phoenix

**Hidden Hills**  
420-acre master-planned community northeast of Phoenix (joint venture with landowner)

**Talavi**  
140-acre commercial and industrial park northwest of Phoenix

**Hayden Ferry Lakeside**  
17-acre mixed-use commercial and residential development east of Phoenix (joint venture)

**PRESCOTT VALLEY AREA**

**StoneRidge**  
1,840-acre master-planned community with an 18-hole championship golf course

**SEDONA AREA**

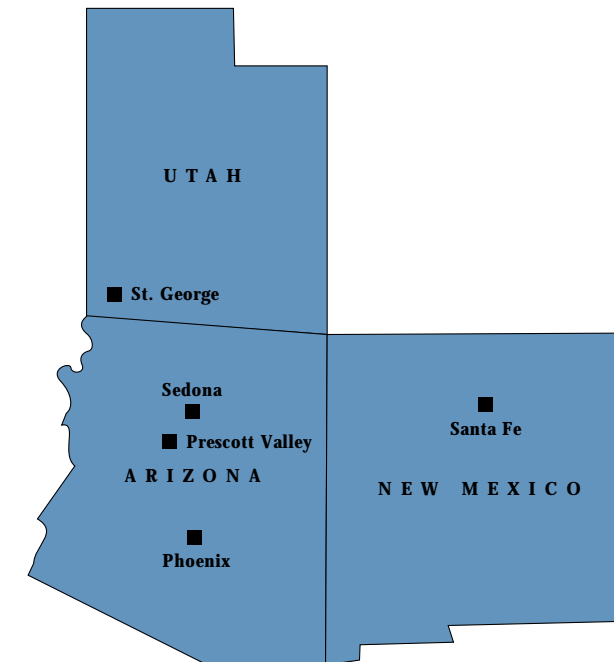
**Sedona Golf Resort**  
300-acre residential golf community

**SANTA FE AREA**

**Rancho Viejo**  
11,000-acre master-planned community (joint venture with landowners), 2,500-acre first phase

**ST. GEORGE AREA**

**Coral Canyon**  
2,300-acre master-planned community with an 18-hole championship golf course



**BOARD OF DIRECTORS**



**PAMELA GRANT**  
(62) 1980\*  
Civic Leader  
Committees:  
Human Resources, Chairman  
Audit



**HUMBERTO S. LOPEZ**  
(55) 1995  
President, HSL Properties, Inc.  
Committee:  
Audit



**MARTHA O. HESSE**  
(58) 1991  
President, Hesse Gas Company  
Committees:  
Audit, Chairman  
Finance and Operating



**MICHAEL L. GALLAGHER**  
(56) 1997  
Chairman Emeritus  
Gallagher & Kennedy, P.A.  
Committee:  
Human Resources



**THE REV. BILL JAMIESON, JR.**  
(57) 1991  
President, Institute for Servant  
Leadership of Asheville,  
North Carolina  
Committee:  
Human Resources



**BRUCE J. NORDSTROM**  
(51) 1997  
Certified Public Accountant,  
Nordstrom and Associates, P.C.  
Committee:  
Audit



**ROY A. HERBERGER, JR.**  
(58) 1992  
President, Thunderbird, The  
American Graduate School of  
International Management  
Committees:  
Finance and Operating, Chairman  
Human Resources



**JACK E. DAVIS**  
(54) 1998  
President



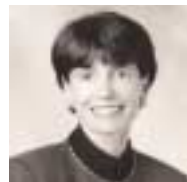
**ROBERT G. MATLOCK**  
(67) 1993  
Management Consultant  
R.G. Matlock & Associates, Inc.  
Committee:  
Human Resources



**EDDIE BASHA**  
(63) 1999  
Chairman of the Board, Basha's  
Committee:  
Audit



**WILLIAM J. POST**  
(50) 1994  
Chairman of the Board &  
Chief Executive Officer  
Committee:  
Finance and Operating



**KATHRYN L. MUNRO**  
(52) 1999  
Chairman, BridgeWest L.L.C.  
Committee:  
Finance and Operating

\* The year in which the individual first joined the Board of a Pinnacle West company.

**OFFICERS**

**PINNACLE WEST**

**William J. Post**  
(50) 1973\*  
Chairman of the Board &  
Chief Executive Officer

**Jack E. Davis**  
(54) 1973  
President

**Armando B. Flores**  
(57) 1991  
Executive Vice President,  
Corporate Business Services

**Robert S. Aiken**  
(44) 1986  
Vice President, Federal Affairs

**John G. Bohon**  
(55) 1971  
Vice President, Corporate Services &  
Human Resources

**Edward Z. Fox**  
(47) 1995  
Vice President, Communications,  
Environment & Safety

**Chris N. Froggatt**  
(43) 1986  
Vice President & Controller

**Nancy C. Loftin**  
(47) 1985  
Vice President & General Counsel

**Michael V. Palmeri**  
(42) 1982  
Vice President, Finance

**Martin L. Shultz**  
(56) 1979  
Vice President, Government Affairs

**Faye Widenmann**  
(52) 1978  
Vice President & Secretary

**Barbara M. Gomez**  
(46) 1978  
Treasurer

**ARIZONA PUBLIC SERVICE**

**William J. Post**  
Chairman of the Board &  
Chief Executive Officer

**Michael V. Palmeri**  
Vice President, Finance

**Faye Widenmann**  
Vice President & Secretary

**Nancy C. Loftin**  
Vice President & General Counsel

**Barbara M. Gomez**  
Treasurer

**Jack E. Davis**  
President,  
Energy Delivery & Sales

**Jan H. Bennett**  
(53) 1967  
Vice President, Customer Service

**William L. Stewart**  
(57) 1994  
President, Generation

**James M. Levine**  
(51) 1989  
Executive Vice President,  
Generation

**Gregg R. Overbeck**  
(54) 1990  
Senior Vice President,  
Nuclear Generation

**John R. Denman**  
(58) 1964  
Vice President, Fossil Generation

**William E. Ide**  
(54) 1977  
Vice President,  
Nuclear Production

**David Mauldin**  
(51) 1990  
Vice President, Nuclear  
Engineering & Support

**PINNACLE WEST ENERGY**

**William L. Stewart**  
President

**Ajoy K. Banerjee**  
(55) 1999  
Vice President, Generation Expansion

**Ajit P. Bhatti**  
(55) 1973  
Vice President, Generation Planning

**APS ENERGY SERVICES**

**Vicki G. Sandler**  
(44) 1982  
President, Energy Services

**SUNCOR DEVELOPMENT**

**William J. Post**  
Chairman of the Board

**John C. Ogden**  
(55) 1972  
President & Chief Executive Officer

**Geoffrey L. Appleyard**  
(47) 1987  
Vice President & Chief Financial Officer

**Duane S. Black**  
(48) 1989  
Vice President & Chief Operating Officer

**Jay T. Ellingson**  
(51) 1992  
Vice President, Development –  
Palm Valley

**Steven Gervais**  
(45) 1987  
Vice President & General Counsel

**Margaret E. Kirch**  
(51) 1988  
Vice President,  
Commercial Development

**Thomas A. Patrick**  
(47) 1995  
Vice President, Golf Operations

**EL DORADO INVESTMENT**

**William J. Post**  
Chairman of the Board,  
President and CEO

\* The year in which the individual was first employed within the Pinnacle West group of companies.

## SHAREHOLDER INFORMATION

### CORPORATE HEADQUARTERS

Street address:  
400 East Van Buren Street, Suite 700  
Phoenix, Arizona 85004

Mailing address:  
P.O. Box 52133  
Phoenix, Arizona 85072-2133

Main telephone number: (602) 250-1000

### ANNUAL MEETING OF SHAREHOLDERS

Wednesday, May 23, 2001  
10:30 a.m.  
The Orpheum Theatre  
203 West Adams Street  
Phoenix, Arizona 85003

### STOCK LISTING

Ticker symbol: PNW on New York Stock Exchange and  
Pacific Stock Exchange  
Newspaper financial listings: PinWst

### FORM 10-K

**Pinnacle West's Annual Report to the Securities and  
Exchange Commission on Form 10-K will be available  
to shareholders upon written request, without charge.  
Write: Office of the Secretary.**

### INVESTORS ADVANTAGE PLAN

Pinnacle West offers a direct stock purchase plan. Any interested investor may purchase Pinnacle West common stock through the Investors Advantage Plan. Features of the Plan include a variety of options for reinvesting dividends, direct deposit of cash dividends, automatic monthly investment, certificate safekeeping, reduced brokerage commissions and more. An Investors Advantage Plan prospectus and enrollment materials may be obtained by calling the Company at the toll-free number listed on this page, at the corporate Web site, or by writing to:

Pinnacle West Capital Corporation  
Shareholder Department  
P.O. Box 52133  
Phoenix, AZ 85072-2133

### CORPORATE WEB SITE

[www.pinnaclewest.com](http://www.pinnaclewest.com)

### TRANSFER AGENTS AND REGISTRAR

Common Stock  
Pinnacle West Capital Corporation  
Stock Transfer Department  
P.O. Box 52134  
Phoenix, Arizona 85072-2134  
Or:  
400 East Van Buren Street, Suite 700  
Phoenix, Arizona 85004  
Telephone: (602) 379-2519

### SHAREHOLDER ACCOUNT AND ADMINISTRATIVE INFORMATION

Shareholder Department  
Toll-free: (800) 457-2983

### INVESTOR RELATIONS CONTACT


Rebecca L. Hickman  
Director, Investor Relations  
P.O. Box 53999 Station 9998  
Phoenix, Arizona 85072-3999  
Telephone: (602) 250-5668  
Fax: (602) 250-2789

### STATEWIDE ASSOCIATION FOR UTILITY INVESTORS

The Arizona Utility Investors Association represents the interests of investors in Arizona utilities. If interested, send your name and address to:

Arizona Utility Investors Association  
P.O. Box 34805  
Phoenix, Arizona 85067  
(602) 257-9200  
[www.auia.org](http://www.auia.org)

**IMPORTANT NOTICE FOR SHAREHOLDERS:**  
**Pinnacle West now posts quarterly results and other important information on its Web site ([www.pinnaclewest.com](http://www.pinnaclewest.com)). If you would like to receive news by regular mail, fax or e-mail, let us know by mail or phone at the addresses and numbers listed on this page. Also, let us know if you would like to be kept abreast of legislative and regulatory activities at the state and federal levels which could impact investor-owned utilities.**

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