

PHOENIX BUILDING PERMITS (In thousands)

Multi-family ● Single-family ●



DIFFERENTIATING FACTOR:

The areas we serve continue to grow. In 2001, the Greater Phoenix area ranked second among the ten largest metropolitan areas in the United States in building permits per 1,000 people.





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In 2001, APS experienced 3.7 percent customer growth – approximately three times the national average. Retail electricity sales increased 3.8 percent to 23.4 million megawatt-hours.

To keep pace with this growth, capital expenditures for our electricity delivery business rose to \$365 million in 2001.

In 2001, our Delivery group set records in construction activity. In just over a year, this group built eight distribution substations and three transmission substations. Before 1999, this group averaged two substations per year. In metropolitan Phoenix, Delivery installed 70 substation feeders. In a typical year, it adds 12 to 15.

This growing customer base also has increased energy demand. Pinnacle West Energy – our unregulated generation subsidiary – has built (and is currently building) new generation resources. In summer 2001, Pinnacle West

Energy completed work on West Phoenix Unit 4, adding 120 megawatts to our capacity. The project came in ahead of schedule and under budget. We also broke ground on West Phoenix Unit 5 – a 530-megawatt addition – and Redhawk Units 1 and 2, which will add more than 1,000 megawatts when completed in mid-2002.

In 2001, SunCor, our real estate development subsidiary, broke ground on Hayden Ferry Lakeside, a mixed-use commercial project and the cornerstone of a high-profile development in Tempe, Ariz. When completed, the project will include business offices, restaurants, housing, entertainment and a hotel.

Moving forward, SunCor will continue efforts to geographically diversify itself by increasing home sales at its existing projects in Arizona, New Mexico and Utah, while initiating home sales at its new StoneRidge community in northern Arizona.