

2002 Statistical Supplement

Contents

76 Arizona Economic Overview

78 Pinnacle West Capital Corporation

- 78 Consolidated Historical Growth Rates
- 80 Consolidating Financial Statements
- 86 Comparative Consolidated Financial Statements
- 94 Book Value Per Share at Year-End
- 94 Earnings Per Share from Continuing Operations – Diluted
- 94 Stock Price History
- 95 Non-Utility Long-Term Debt Schedule
- 96 Consolidated Electric Revenue Analysis
- 98 Consolidated Electric Sales Analysis
- 100 Consolidated Marketing and Trading Gross Margin Summary
- 102 Source and Disposition of Electric Energy and Fuel Mix

104 Arizona Public Service Company

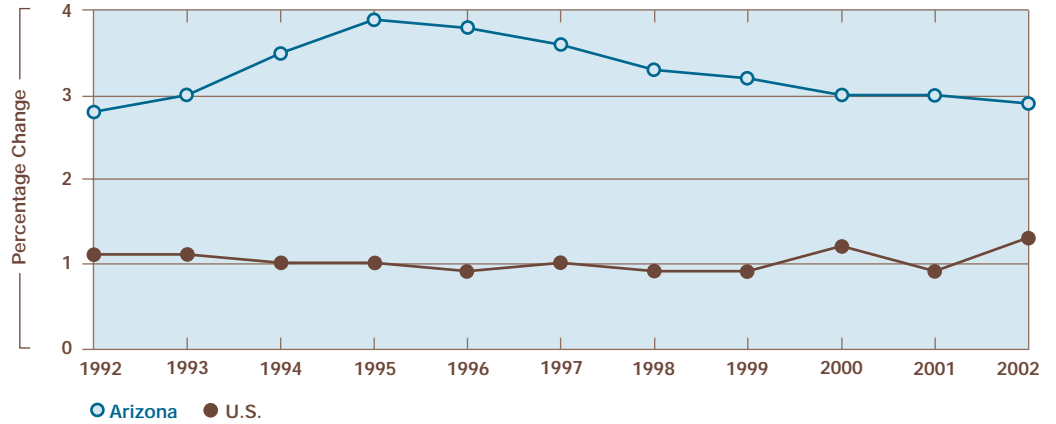
- 104 Selected Financial Data
- 104 Historical Growth Rates
- 106 Comparative Financial Statements
- 114 Long-Term Debt Schedule
- 116 Electric Revenue Analysis
- 118 Electric Sales Analysis
- 120 Customer Data
- 120 Rate Regulation
- 122 Source and Disposition of Electric Energy and Fuel Mix
- 123 Loads and Resources at Peak
- 124 Generation Resources

125 El Dorado Investment Company

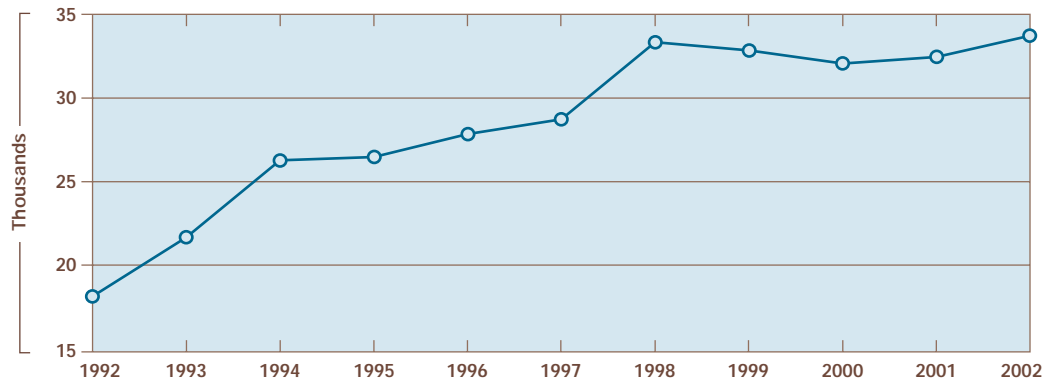
126 SunCor Development Company

ARIZONA ECONOMIC OVERVIEW

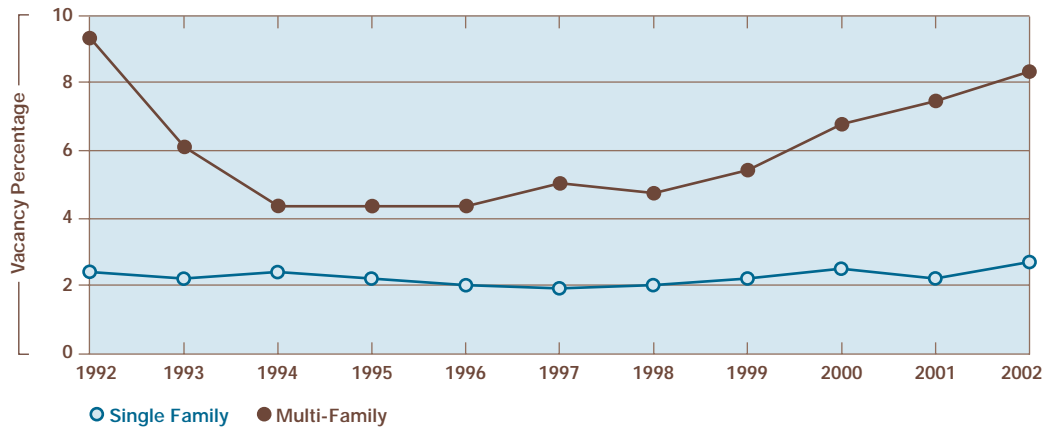
ARIZONA VS. U.S. POPULATION GROWTH



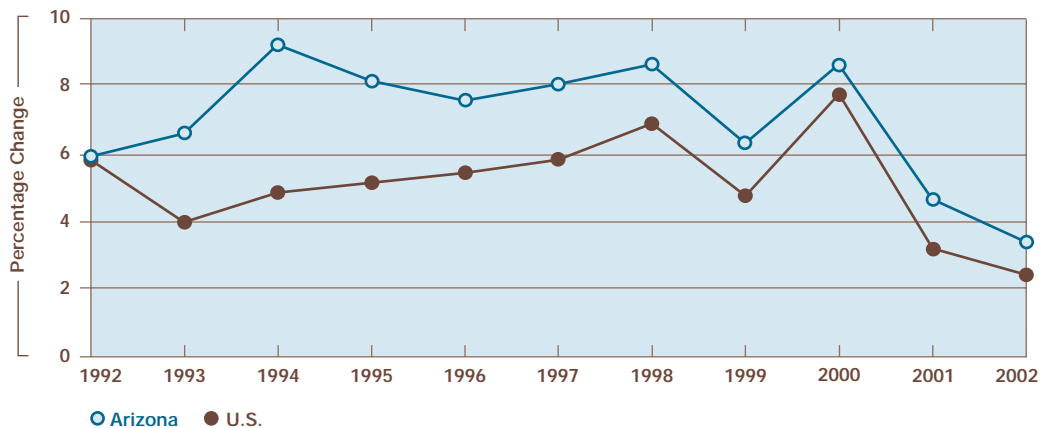
PHOENIX SINGLE-FAMILY BUILDING PERMITS



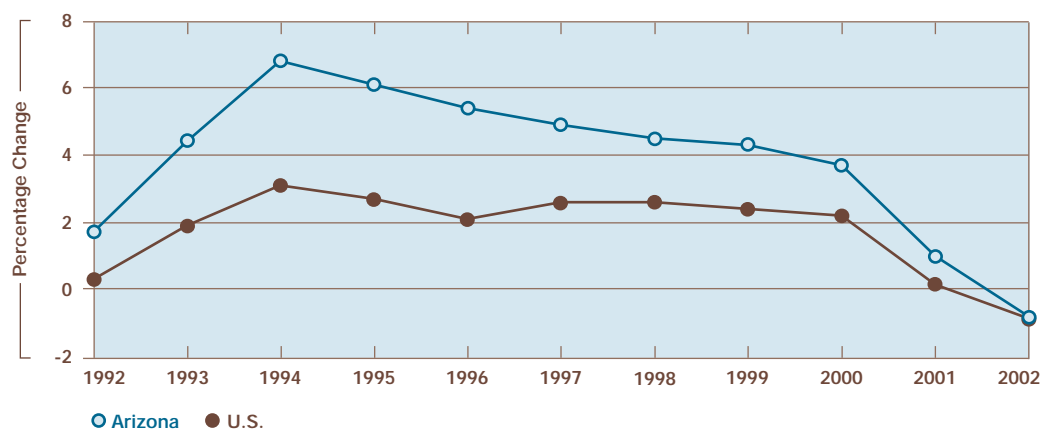
PHOENIX RESIDENTIAL VACANCY RATES



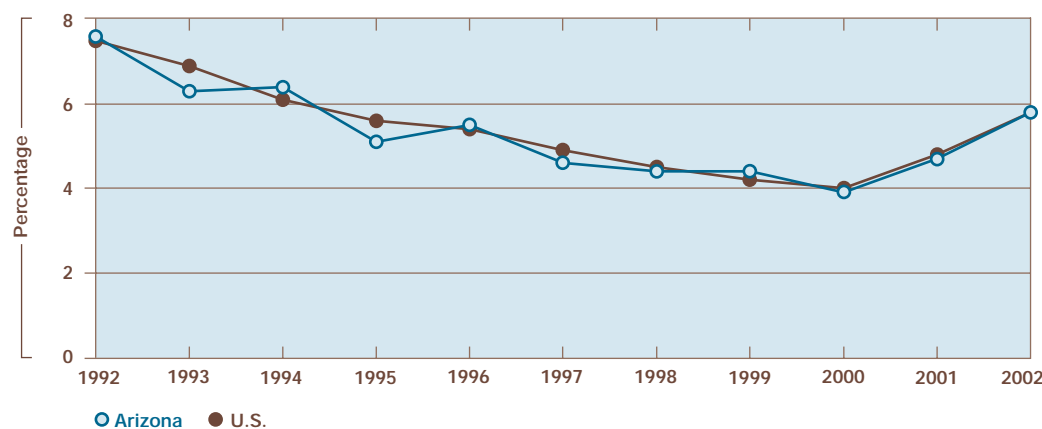
ARIZONA VS. U.S.
PERSONAL INCOME GROWTH



ARIZONA VS. U.S.
WAGE AND SALARY
EMPLOYMENT GROWTH



ARIZONA VS. U.S.
UNEMPLOYMENT RATE

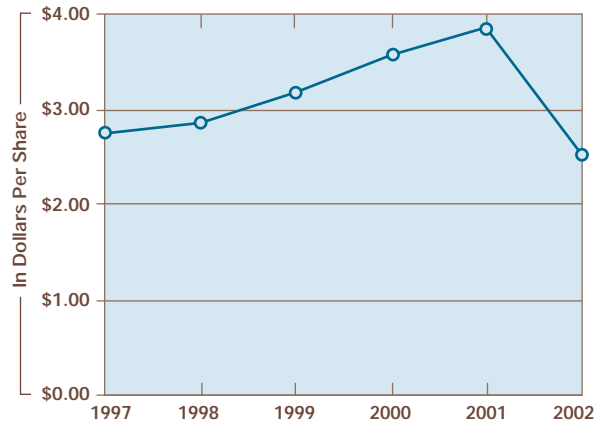


CONSOLIDATED HISTORICAL GROWTH RATES

year ended December 31,	2002	2001	2000
Income from continuing operations	(34.3)%	8.3%	12.1%
Earnings per share from continuing operations – diluted	(34.3)%	8.1%	12.3%
Indicated annual dividend rate (year-end) (a)	6.3%	6.7%	7.1%
Electric revenues			
Total	(27.2)%	8.7%	42.9%
Regulated electricity segment	(21.4)%	0.9%	32.6%
Marketing and trading segment	(50.0)%	55.6%	171.6%
Electric sales			
Total	13.0%	(2.0)%	21.1%
Regulated electricity segment	(4.3)%	(10.3)%	33.3%
Marketing and trading segment	42.8%	16.7%	0.5%

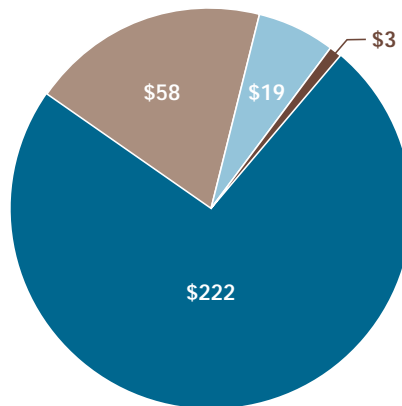
(a) The Company reinstated dividend payments in 1993.

PNW EARNINGS PER SHARE FROM CONTINUING OPERATIONS – DILUTED



1999	1998	1997	Compound Annual Growth Rates	
			5 Years 1997-2002	10 Years 1992-2002
11.1%	3.0%	11.7%	(1.8)%	3.6%
11.2%	4.0%	14.2%	(1.6)%	3.9%
7.7%	8.3%	9.1%	7.2%	-
7.7%	2.3%	9.3%	4.5%	4.0%
10.0%	1.8%	(0.4)%	3.3%	2.4%
(14.4)%	7.6%	-	14.3%	18.5%
19.5%	6.0%	29.8%	11.2%	9.1%
5.7%	2.7%	3.9%	4.4%	4.1%
53.2%	15.0%	312.7%	24.2%	23.5%

2002 EARNINGS BY BUSINESS SEGMENT*
(\$ Millions)



- Regulated Electricity
- Marketing & Trading
- Real Estate
- Other

*Excluding certain non-recurring items

CONSOLIDATING INCOME STATEMENT (dollars in thousands)

year ended December 31, 2002	Pinnacle West Parent Company	Marketing and Trading*	APS	Pinnacle West Energy
OPERATING REVENUES				
Regulated electricity segment	\$ -	\$ 99,953	\$ 2,059,339	\$ 89,043
Marketing and trading segment	-	208,669	34,054	21,448
Real estate segment	-	-	-	-
Other revenues	-	-	-	-
Total	-	308,622	2,093,393	110,491
OPERATING EXPENSES				
Regulated electricity segment purchased power and fuel	-	89,430	595,368	49,245
Marketing and trading segment purchased power and fuel	-	118,218	32,662	17,259
Operations and maintenance	(3,480)	22,304	495,845	59,405
Real estate operations segment	-	-	-	-
Depreciation and amortization	2,840	655	399,640	13,874
Taxes other than income taxes	-	-	107,925	-
Other expenses	-	-	-	-
Total	(640)	230,607	1,631,440	139,783
OPERATING INCOME	640	78,015	461,953	(29,292)
OTHER				
Other income	180,744	-	5,149	204
Other expenses	(5,307)	-	(19,338)	(77)
Total	175,437	-	(14,189)	127
INTEREST EXPENSE				
Interest charges	43,538	251	136,766	26,083
Capitalized interest	(104)	(207)	(15,150)	(23,152)
Total	43,434	44	121,616	2,931
INCOME BEFORE INCOME TAXES	132,643	77,971	326,148	(32,096)
INCOME TAXES	(16,765)	30,884	126,805	(12,785)
INCOME BEFORE ACCOUNTING CHANGE	149,408	47,087	199,343	(19,311)
Cumulative effect of a change in accounting for trading activities—net of income taxes of \$43,123	-	(65,745)	-	-
NET INCOME (LOSS)	\$ 149,408	\$ (18,658)	\$ 199,343	\$ (19,311)

*Marketing and Trading was a division of the Parent Company in 2002.

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- Elimination of inter-company sales of electricity.
- Reclassification of certain expenses.
- Elimination of inter-company interest expense and income.
- Elimination of Parent Company equity in earnings of subsidiaries.

SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	TOTAL
\$ -	\$ -	\$ -	\$ (235,312) (a)	\$ 2,013,023
-	-	128,621	(66,861) (a)	325,931
236,388	-	-	-	236,388
-	35,038	26,899	-	61,937
236,388	35,038	155,520	(302,173)	2,637,279
-	-	-	(234,500) (a)	499,543
-	-	92,761	(66,861) (a)	194,039
-	-	11,276	(812) (b)	584,538
205,066	-	-	249 (b)	205,315
4,784	1,783	1,310	-	424,886
-	-	-	27 (b)	107,952
-	83,064	21,895	-	104,959
209,850	84,847	127,242	(301,897)	2,121,232
26,538	(49,809)	28,278	(276)	516,047
7,606	1,479	-	(180,078) (c,d)	15,104
-	(8,960)	-	27 (c)	(33,655)
7,606	(7,481)	-	180,051	(18,551)
7,686	607	177	(26,755) (c)	188,353
(5,081)	-	(167)	(249) (c)	(44,110)
2,605	607	10	(27,004)	144,243
31,539	(57,897)	28,268	(153,323)	353,253
12,685	(2,724)	-	-	138,100
18,854	(55,173)	28,268	(153,323)	215,153
-	-	-	-	(65,745)
\$ 18,854	\$ (55,173)	\$ 28,268	\$ (153,323)	\$ 149,408

CONSOLIDATING BALANCE SHEETS (dollars in thousands)

December 31, 2002	Pinnacle West Parent Company	Marketing and Trading*	APS	Pinnacle West Energy
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 946	\$ (1,395)	\$ 42,549	\$ 5,326
Customer and other receivables – net	542,809	330,650	338,201	27,743
Accrued utility revenues	–	–	72,915	–
Materials and supplies (at average cost)	–	–	79,985	11,667
Fossil fuel (at average cost)	–	–	28,185	–
Deferred income taxes	–	–	4,094	–
Assets from risk management and trading activities	–	19,546	39,616	–
Other current assets	4,684	–	45,361	461
Total current assets	548,439	348,801	650,906	45,197
INVESTMENTS AND OTHER ASSETS				
Real estate investments – net	–	–	–	–
Assets from risk management and trading activities – long-term	–	90,714	31,622	–
Other assets	3,215,297	–	214,404	–
Total investments and other	3,215,297	90,714	246,026	–
PROPERTY, PLANT AND EQUIPMENT				
Plant in service and held for future use	7,770	–	8,299,131	703,071
Less accumulated depreciation and amortization	–	–	3,442,571	15,935
Total	7,770	–	4,856,560	687,136
Construction work in progress	18,867	9,584	329,089	414,384
Intangible assets, net of accumulated amortization	8,503	6,005	93,259	–
Nuclear fuel, net of accumulated amortization	–	–	7,466	–
Net property, plant and equipment	35,140	15,589	5,286,374	1,101,520
DEFERRED DEBITS				
Regulatory assets	–	–	241,045	–
Other deferred debits	–	2,747	97,456	7,190
Total deferred debits	–	2,747	338,501	7,190
TOTAL ASSETS	\$ 3,798,876	\$ 457,851	\$ 6,521,807	\$ 1,153,907

*Marketing and Trading was a division of the Parent Company in 2002.

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- (a) Elimination of inter-company receivables and payables.
- (b) Miscellaneous reclassifications.
- (c) Elimination of minority interests of SunCor joint venture partners.
- (d) Elimination of Parent Company investment in subsidiaries.
- (e) Reclassification of accrued taxes receivable.

SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	TOTAL
\$ 25,235	\$ 2,480	\$ 2,566	\$ -	\$ 77,707
14,481	19,993	51,879	(950,761) (a)	374,995
-	-	-	-	72,915
-	-	-	-	91,652
-	-	-	-	28,185
14,946	-	-	(14,946) (b)	4,094
-	-	-	-	59,162
38,247	689	4,117	10,419 (e)	103,978
92,909	23,162	58,562	(955,288)	812,688
435,752	-	-	(10,421) (b,c)	425,331
-	-	-	-	122,336
-	2,804	373	(3,202,987) (b,d)	229,891
435,752	2,804	373	(3,213,408)	777,558
-	24,718	24,210	-	9,058,900
-	14,592	1,227	-	3,474,325
-	10,126	22,983	-	5,584,575
-	-	5,618	-	777,542
-	-	2,048	-	109,815
-	-	-	-	7,466
-	10,126	30,649	-	6,479,398
-	-	-	-	241,045
5,046	-	-	2,678 (b)	115,117
5,046	-	-	2,678	356,162
\$ 533,707	\$ 36,092	\$ 89,584	\$(4,166,018)	\$ 8,425,806

CONSOLIDATING BALANCE SHEETS (dollars in thousands)

December 31, 2002	Pinnacle West Parent Company	Marketing and Trading*	APS	Pinnacle West Energy
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$ 32,908	\$ 77,691	\$ 118,133	\$ 56,654
Accrued taxes	(10,913)	615	82,557	(15,941)
Accrued interest	10,036	-	42,608	-
Short-term borrowings	96,200	-	-	-
Current maturities of long-term debt	275,822	-	3,503	-
Customer deposits	-	-	39,865	-
Liabilities from risk management and trading activities	-	10,894	59,773	-
Other current liabilities	104,376	300,972	51,820	505,103
Total current liabilities	508,429	390,172	398,259	545,816
LONG-TERM DEBT LESS CURRENT MATURITIES	515,647	-	2,217,340	-
DEFERRED CREDITS AND OTHER				
Liabilities from risk management and trading activities – long-term	-	38,964	36,678	-
Deferred income taxes	(17,270)	12,004	1,225,552	3,734
Unamortized gain-sale of utility plant	-	-	59,484	-
Pension liability	23,592	(1,089)	156,442	(533)
Other	818	(63)	268,740	(43)
Total deferred credits	7,140	49,816	1,746,896	3,158
COMMITMENTS AND CONTINGENCIES				
MINORITY INTERESTS				
Joint ventures of SunCor	-	-	-	-
COMMON STOCK EQUITY				
Common stock	2,206,001	-	1,424,966	608,709
Accumulated other comprehensive income (loss)				
Minimum pension liability adjustment	(9,777)	-	(61,487)	-
Derivative instruments	-	3,779	(23,799)	-
Total accumulated other comprehensive income (loss)	(9,777)	3,779	(85,286)	-
Retained earnings	571,436	14,084	819,632	(3,776)
Total common stock equity	2,767,660	17,863	2,159,312	604,933
TOTAL LIABILITIES AND EQUITY	\$ 3,798,876	\$ 457,851	\$ 6,521,807	\$ 1,153,907

*Marketing and Trading was a division of the Parent Company in 2002.

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- (a) Elimination of inter-company receivables and payables.
- (b) Miscellaneous reclassifications.
- (c) Elimination of minority interests of SunCor joint venture partners.
- (d) Elimination of Parent Company equity interest in subsidiaries.
- (e) Reclassification of accrued taxes receivable.

SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	TOTAL
\$ 21,019	\$ 37,842	\$ 12,058	\$ -	\$ 356,305
2,798	1,316	258	10,419 (e)	71,109
374	-	-	-	53,018
5,983	23,456	3,882	(27,338) (a)	102,183
435	1,263	-	-	281,023
15,973	-	-	-	55,838
-	-	-	-	70,667
8,154	8,706	14,605	(928,764) (a,b)	64,972
54,736	72,583	30,803	(945,683)	1,055,115
146,600	2,108	-	-	2,881,695
-	-	-	-	75,642
-	-	-	(14,946) (b)	1,209,074
-	-	-	-	59,484
6,037	-	(569)	-	183,880
-	-	(30)	5,341 (b)	274,763
6,037	-	(599)	(9,605)	1,802,843
14,925	-	-	(14,925) (c)	-
343,053	14,046	63,440	(2,927,315) (d)	1,732,900
-	-	-	-	(71,264)
-	-	-	-	(20,020)
-	-	-	-	(91,284)
(31,644)	(52,645)	(4,060)	(268,490) (d)	1,044,537
311,409	(38,599)	59,380	(3,195,805)	2,686,153
\$ 533,707	\$ 36,092	\$ 89,584	\$(4,166,018)	\$ 8,425,806

CONSOLIDATED STATEMENTS OF INCOME (dollars and shares in thousands, except per share amounts)

year ended December 31,	2002	2001	2000
OPERATING REVENUES			
Regulated electricity segment	\$ 2,013,023	\$ 2,562,089	\$ 2,538,752
Marketing and trading segment	325,931	651,230	418,532
Real estate segment	236,388	168,908	158,365
Other revenues	61,937	11,771	3,873
Total	2,637,279	3,393,998	3,119,522
OPERATING EXPENSES			
Regulated electricity segment purchased power and fuel	499,543	1,160,863	1,065,597
Marketing and trading segment purchased power and fuel	194,039	334,209	292,669
Operations and maintenance	584,538	530,095	450,205
Real estate operations segment	205,315	153,462	134,422
Depreciation and amortization	424,886	427,903	431,229
Taxes other than income taxes	107,952	101,068	99,780
Other expenses	104,959	10,375	782
Total	2,121,232	2,717,975	2,474,684
OPERATING INCOME	516,047	676,023	644,838
OTHER			
Preferred stock dividend of APS	-	-	-
Other income	15,104	26,416	21,832
Other expenses	(33,655)	(33,577)	(25,329)
Total	(18,551)	(7,161)	(3,497)
INTEREST EXPENSE			
Interest charges	188,353	175,822	166,447
Capitalized interest	(44,110)	(47,862)	(21,638)
Total	144,243	127,960	144,809
INCOME BEFORE INCOME TAXES	353,253	540,902	496,532
INCOME TAXES	138,100	213,535	194,200
INCOME FROM CONTINUING OPERATIONS	215,153	327,367	302,332
Income tax benefit from discontinued operations	-	-	-
Extraordinary charge for regulatory disallowance – net of income taxes of \$94,115	-	-	-
Cumulative effect of change in accounting for derivatives – net of income taxes of \$9,892	-	(15,201)	-
Cumulative effect of a change in accounting for trading activities – net of income taxes of \$43,123	(65,745)	-	-
NET INCOME	\$ 149,408	\$ 312,166	\$ 302,332
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – BASIC	84,903	84,718	84,733
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – DILUTED	84,964	84,930	84,935
EARNINGS PER WEIGHTED-AVERAGE COMMON SHARE OUTSTANDING			
Continuing operations – basic	\$ 2.53	\$ 3.86	\$ 3.57
Net income – basic	1.76	3.68	3.57
Continuing operations – diluted	2.53	3.85	3.56
Net income – diluted	1.76	3.68	3.56
DIVIDENDS DECLARED PER SHARE	\$ 1.625	\$ 1.525	\$ 1.425

	1999	1998	1997
	\$ 1,915,108	\$ 1,741,148	\$ 1,711,134
	154,125	180,145	167,419
	130,169	124,188	116,473
	439	-	-
	2,199,841	2,045,481	1,995,026
	433,459	306,884	284,153
	136,521	151,164	157,380
	446,173	418,829	405,421
	119,516	115,331	111,628
	419,842	413,381	399,500
	96,606	103,718	108,011
	200	-	-
	1,652,317	1,509,307	1,466,093
	547,524	536,174	528,933
	(1,016)	(9,703)	(12,803)
	38,303	26,633	21,577
	(27,969)	(26,244)	(17,228)
	9,318	(9,314)	(8,454)
	157,142	163,975	177,383
	(11,664)	(18,596)	(19,703)
	145,478	145,379	157,680
	411,364	381,481	362,799
	141,592	138,589	126,943
	269,772	242,892	235,856
	38,000	-	-
	(139,885)	-	-
	-	-	-
	-	-	-
	\$ 167,887	\$ 242,892	\$ 235,856
	84,717	84,774	85,503
	85,009	85,346	86,023
	\$ 3.18	\$ 2.87	\$ 2.76
	1.98	2.87	2.76
	3.17	2.85	2.74
	1.97	2.85	2.74
	\$ 1.325	\$ 1.225	\$ 1.125

CONSOLIDATED BALANCE SHEETS (dollars in thousands)

December 31,	2002	2001	2000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 77,707	\$ 28,619	\$ 10,363
Customer and other receivables – net	374,995	367,241	513,822
Accrued utility revenues	72,915	76,131	74,566
Materials and supplies (at average cost)	91,652	81,215	71,966
Fossil fuel (at average cost)	28,185	27,023	19,405
Deferred income taxes	4,094	–	5,793
Assets from risk management and trading activities	59,162	66,973	17,506
Other current assets	103,978	80,203	80,492
Total current assets	812,688	727,405	793,913
INVESTMENTS AND OTHER ASSETS			
Real estate investments – net	425,331	418,673	371,323
Assets from risk management and trading activities – long-term	122,336	200,351	32,955
Other assets	229,891	304,453	297,258
Total investments and other assets	777,558	923,477	701,536
PROPERTY, PLANT AND EQUIPMENT			
Plant in service and held for future use	9,058,900	8,030,847	7,644,018
Less accumulated depreciation and amortization	3,474,325	3,290,097	3,116,357
Total	5,584,575	4,740,750	4,527,661
Construction work in progress	777,542	1,047,072	465,620
Intangible assets, net of accumulated amortization	109,815	86,782	94,393
Nuclear fuel, net of accumulated amortization	7,466	6,933	7,071
Net property, plant and equipment	6,479,398	5,881,537	5,094,745
DEFERRED DEBITS			
Regulatory assets	241,045	342,383	469,867
Other deferred debits	115,117	64,597	62,606
Total deferred debits	356,162	406,980	532,473
TOTAL ASSETS	\$ 8,425,806	\$ 7,939,399	\$ 7,122,667

	1999	1998	1997
\$	20,705	\$ 20,538	\$ 27,484
	244,599	233,876	183,507
	72,919	67,740	58,559
	69,977	69,074	70,634
	21,869	13,978	9,621
	8,163	3,999	57,887
	-	-	-
	60,562	47,594	41,408
	498,794	456,799	449,100
	344,293	331,021	365,921
	-	-	-
	246,170	235,536	213,989
	590,463	566,557	579,910
	7,412,937	7,119,296	6,941,688
	2,985,186	2,800,746	2,611,368
	4,427,751	4,318,550	4,330,320
	229,554	228,643	237,492
	93,384	133,318	59,170
	11,631	16,507	51,624
	4,762,320	4,697,018	4,678,606
	613,729	980,084	1,080,799
	105,717	89,517	62,002
	719,446	1,069,601	1,142,801
\$	6,571,023	\$ 6,789,975	\$ 6,850,417

CONSOLIDATED BALANCE SHEETS (dollars in thousands)

December 31,	2002	2001	2000
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 356,305	\$ 269,124	\$ 375,805
Accrued taxes	71,109	96,729	89,246
Accrued interest	53,018	48,806	42,954
Short-term borrowings	102,183	405,762	82,775
Current maturities of long-term debt	281,023	126,140	463,469
Customer deposits	55,838	30,232	26,189
Deferred income taxes	-	3,244	-
Liabilities from risk management and trading activities	70,667	35,994	37,179
Other current liabilities	64,972	69,475	69,992
Total current liabilities	1,055,115	1,085,506	1,187,609
LONG-TERM DEBT LESS CURRENT MATURITIES	2,881,695	2,673,078	1,955,083
DEFERRED CREDITS AND OTHER			
Liabilities from risk management and trading activities – long-term	75,642	207,576	14,711
Deferred income taxes	1,209,074	1,064,993	1,143,040
Unamortized gain – sale of utility plant	59,484	64,060	68,636
Pension liability	183,880	49,032	78,979
Other	274,763	295,831	291,895
Total deferred credits and other	1,802,843	1,681,492	1,597,261
COMMITMENTS AND CONTINGENCIES			
MINORITY INTERESTS			
Non-redeemable preferred stock of APS	-	-	-
Redeemable preferred stock of APS	-	-	-
COMMON STOCK EQUITY			
Common stock, no par value	1,732,900	1,531,038	1,532,831
Accumulated other comprehensive loss:			
Minimum pension liability adjustment	(71,264)	(966)	-
Derivative instruments	(20,020)	(63,599)	-
Total accumulated other comprehensive loss	(91,284)	(64,565)	-
Retained earnings	1,044,537	1,032,850	849,883
Total common stock equity	2,686,153	2,499,323	2,382,714
TOTAL LIABILITIES AND EQUITY	\$ 8,425,806	\$ 7,939,399	\$ 7,122,667

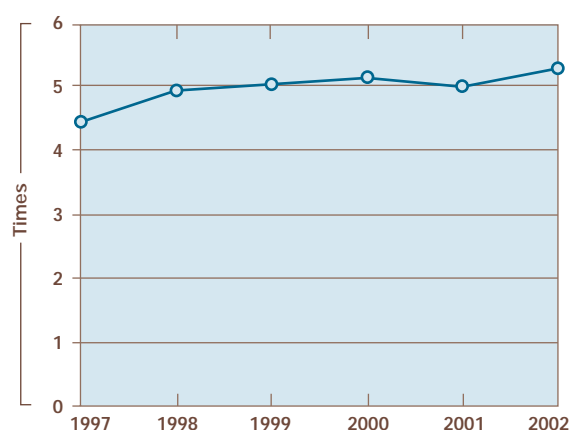
	1999	1998	1997
\$	186,524	\$ 155,800	\$ 117,429
	70,510	62,520	84,610
	33,253	31,866	32,974
	38,300	178,830	130,750
	114,798	168,045	108,695
	26,098	28,510	30,672
	-	-	-
	-	-	-
	24,258	12,633	17,767
	493,741	638,204	522,897
	2,206,052	2,048,961	2,244,248
	-	-	-
	1,183,855	1,343,536	1,363,461
	73,212	77,787	82,363
	95,554	108,632	93,173
	312,876	314,263	345,678
	1,665,497	1,844,218	1,884,675
	-	85,840	142,051
	-	9,401	29,110
	1,537,449	1,550,643	1,553,771
	-	-	-
	-	-	-
	-	-	-
	668,284	612,708	473,665
	2,205,733	2,163,351	2,027,436
\$	6,571,023	\$ 6,789,975	\$ 6,850,417

CONSOLIDATED STATEMENTS OF CASH FLOWS (dollars in thousands)

year ended December 31,	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Income from continuing operations	\$ 215,153	\$ 327,367	\$ 302,332
Items not requiring cash:			
Depreciation and amortization	424,886	427,903	431,229
Nuclear fuel amortization	31,185	28,362	30,083
Deferred income taxes	196,324	(17,203)	(37,885)
Change in mark-to-market	(18,146)	(133,573)	(11,752)
Redhawk Units 3 & 4 cancellation	49,192	-	-
Changes in current assets and liabilities:			
Customer and other receivables	18,615	146,581	(269,223)
Materials, supplies and fossil fuel	(11,599)	(16,867)	475
Other current assets	(9,784)	(1,276)	(39,083)
Accounts payable	74,833	(127,782)	193,502
Accrued taxes	(36,039)	7,483	18,736
Accrued interest	4,212	5,852	9,701
Other current liabilities	17,489	5,260	98,493
Change in real estate investments	(6,112)	(44,173)	(25,937)
Increase in regulatory assets	(11,029)	(17,516)	(14,138)
Change in risk management and trading – assets	(11,700)	(51,894)	-
Change in risk management and trading – liabilities	(22,783)	45,330	13,834
Change in customer advances	(23,780)	28,599	2,544
Change in pension liability	(1,571)	(28,347)	(16,575)
Change in long-term assets	(16,918)	13,874	54,829
Change in long-term liabilities	8,346	(26,937)	(27,771)
Net cash flow provided by operating activities	870,774	571,043	713,394
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(895,522)	(1,055,574)	(658,608)
Capitalized interest	(44,110)	(47,862)	(21,638)
Other	36,635	(16,481)	(55,595)
Net cash flow used for investing activities	(902,997)	(1,119,917)	(735,841)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of long-term debt	725,419	995,447	651,000
Short-term borrowings and payments – net	(303,579)	322,987	44,475
Dividends paid on common stock	(137,721)	(129,199)	(120,733)
Repurchase and retirement of common stock	-	-	-
Repayment of long-term debt	(404,670)	(621,057)	(558,019)
Common stock equity issuance	199,238	-	-
Redemption of preferred stock	-	-	-
Other	2,624	(1,048)	(4,618)
Net cash flow provided by (used for) financing activities	81,311	567,130	12,105
NET CASH FLOW	49,088	18,256	(10,342)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	28,619	10,363	20,705
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 77,707	\$ 28,619	\$ 10,363

	1999	1998	1997
\$	269,772	\$ 242,892	\$ 235,856
	419,842	413,381	399,500
	31,371	32,856	32,702
	(67,400)	(8,258)	(22,047)
	(975)	-	-
	-	-	-
	(10,723)	(50,369)	(14,270)
	(8,794)	(2,797)	7,793
	(18,147)	(15,367)	(3,198)
	28,193	34,386	(54,882)
	12,591	(22,090)	2,197
	1,387	(1,108)	(6,678)
	14,047	(5,235)	(23,087)
	(12,542)	33,405	33,010
	(12,262)	(10,582)	-
	-	-	-
	-	-	-
	6,699	2,157	5,250
	(14,078)	16,459	715
	186,970	(72,919)	7,253
	(190,351)	19,027	23,305
	635,600	605,838	623,419
	(343,448)	(319,142)	(307,876)
	(11,664)	(18,596)	(19,703)
	(16,143)	(2,144)	(3,124)
	(371,255)	(339,882)	(330,703)
	607,791	148,229	146,013
	(140,530)	48,080	113,850
	(112,311)	(103,849)	(96,160)
	-	-	(79,997)
	(510,693)	(286,314)	(325,526)
	-	-	-
	(96,499)	(75,517)	(47,201)
	(11,936)	(3,531)	(2,897)
	(264,178)	(272,902)	(291,918)
	167	(6,946)	798
	20,538	27,484	26,686
\$	20,705	\$ 20,538	\$ 27,484

PNW CASH INTEREST COVERAGE RATIOS (a)



(a) Earnings before non-cash income, non-cash expenses and interest expense divided by interest expense

SELECTED CONSOLIDATED FINANCIAL DATA (dollars per share)

	2002	2001	2000	1999	1998	1997
BOOK VALUE PER SHARE						
AT YEAR-END						
APS	\$ 23.63	\$ 25.35	\$ 24.99	\$ 23.38	\$ 23.29	\$ 21.80
SunCor	3.41	3.61	3.57	3.67	3.59	3.42
El Dorado	(0.42)	0.20	0.19	0.33	0.32	0.41
APS Energy Services	0.65	0.51	0.08	0.03	-	-
Pinnacle West Energy	6.62	0.99	0.16	-	-	-
Parent Company	(4.49)	(1.20)	(0.90)	(1.41)	(1.70)	(1.73)
Total	\$ 29.40	\$ 29.46	\$ 28.09	\$ 26.00	\$ 25.50	\$ 23.90
Common shares outstanding at year-end	91,379,947	84,824,947	84,824,947	84,824,947	84,824,947	84,824,947
EARNINGS PER SHARE						
FROM CONTINUING OPERATIONS - DILUTED						
APS	\$ 2.35	\$ 3.30	\$ 3.61	\$ 3.14	\$ 2.88	\$ 2.77
SunCor	0.22	0.04	0.14	0.07	0.52 (a)	0.06
El Dorado	(0.65)	-	0.02	0.14	0.05	0.10
APS Energy Services	0.33	(0.12)	(0.16)	(0.11)	-	-
Pinnacle West Energy	(0.23)	0.21	(0.03)	-	-	-
Parent Company	0.51	0.42	(0.02)	(0.07)	(0.60) (a)	(0.19)
Total	\$ 2.53	\$ 3.85	\$ 3.56	\$ 3.17	\$ 2.85	\$ 2.74
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING - DILUTED						
	84,963,921	84,930,140	84,935,282	85,008,527	85,345,946	86,022,709
STOCK PRICE HISTORY						
High	\$ 46.68	\$ 50.70	\$ 52.22	\$ 43.38	\$ 49.25	\$ 42.75
Low	21.70	37.65	26.25	30.19	39.38	27.63
Close	34.09	41.85	47.63	30.56	42.38	42.38

(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 inter-company 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 (dollars in thousands)

year ended December 31,	2002	2001	2000	1999	1998	1997
PARENT COMPANY						
REVOLVING CREDIT						
Variable-rate loan due 2001	\$ -	\$ -	\$ 188,000	\$ 56,000	\$ 42,000	\$ 155,000
NOTES PAYABLE						
6.62% senior notes due 2001	-	-	25,000	25,000	25,000	25,000
6.87% senior notes due 2003	25,000	25,000	25,000	25,000	25,000	25,000
4.5% senior notes due 2004	215,000	-	-	-	-	-
6.40% senior notes due 2006	300,000	300,000	-	-	-	-
Floating notes due 2003	250,000	250,000	-	-	-	-
Unamortized discount and premium	(530)	-	-	-	-	-
	789,470	575,000	50,000	50,000	50,000	50,000
OTHER LONG-TERM DEBT						
Capitalized lease obligations	1,999	1,066	-	-	-	-
Total Parent Company	791,469	576,066	238,000	106,000	92,000	205,000
SUNCOR						
REVOLVING CREDIT						
Variable-rate facility due 2000	-	-	-	-	-	40,600
Variable-rate facility due 2001	-	-	-	-	38,139	-
Variable-rate facility due 2003	-	-	110,000	94,000	-	-
Variable-rate facility due 2003	-	128,000	-	-	-	-
Variable-rate facility due 2004	125,500	-	-	-	-	-
	125,500	128,000	110,000	94,000	38,139	40,600
BANK LOAN						
Variable-rate loan due 2001	-	-	-	-	42,061	45,000
NOTES PAYABLE						
5.39% note due 1998-1999	-	-	-	-	399	1,563
Variable-rate notes due 2003-2008	7,646	7,912	8,163	3,404	3,489	3,550
	7,646	7,912	8,163	3,404	3,888	5,113
BONDS PAYABLE						
5.85% bonds due 2039	-	-	5,215	5,335	-	-
5.95% bonds due 2024	5,090	5,215	-	-	-	-
6.75% bonds due 2026	7,500	7,500	-	-	-	-
	12,590	12,715	5,215	5,335	-	-
OTHER LONG-TERM DEBT						
Capitalized lease obligations	1,299	-	-	-	-	-
Total SunCor	147,035	148,627	123,378	102,739	84,088	90,713
EL DORADO						
REVOLVING CREDIT						
Variable-rate loan due 2005	2,600	-	-	-	-	-
OTHER LONG-TERM DEBT						
Capitalized lease obligations	771	-	-	-	-	-
Total El Dorado	3,371	-	-	-	-	-
TOTAL NON-UTILITY LONG-TERM DEBT INCLUDING CURRENT MATURITIES						
	\$ 941,875	\$ 724,693	\$ 361,378	\$ 208,739	\$ 176,088	\$ 295,713

See Note 6 of Notes to Consolidated Financial Statements on pages 55-56.

CONSOLIDATED ELECTRIC REVENUE ANALYSIS (dollars in thousands)

year ended December 31,	2002		2001	
ELECTRIC REVENUES				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	\$ 906,069	38.7%	\$ 914,711	28.4%
Commercial	791,728	33.9	805,326	25.1
Industrial	122,234	5.2	133,663	4.2
Irrigation	2,257	0.1	1,975	–
Other	11,554	0.5	11,663	0.4
Total retail	1,833,842	78.4	1,867,338	58.1
Wholesale revenue on electricity delivered				
Traditional contracts	8,616	0.4	73,305	2.3
Retail load hedge management (a)	122,630	5.2	577,784	18.0
Transmission for others	29,803	1.3	25,971	0.8
Other miscellaneous services	18,132	0.8	17,691	0.6
Total regulated electricity	2,013,023	86.1	2,562,089	79.8
MARKETING AND TRADING SEGMENT				
Delivered marketing and trading:				
Generation sales other than Native Load (a)	50,364	2.2	148,316	4.6
Realized margin on electricity trading	47,897	2.0	62,067	1.9
Other delivered electricity (a)	207,810	8.9	328,972	10.2
Total delivered marketing and trading	306,071	13.1	539,355	16.7
OTHER MARKETING AND TRADING				
Realized margins on delivered commodities other than electricity	7,771	0.3	(13,646)	(0.4)
Prior period mark-to-market gains on contracts delivered during current period	(40,072)	(1.7)	(1,059)	–
Change in mark-to-market for future-period deliveries	52,161	2.2	126,580	3.9
Total other marketing and trading	19,860	0.8	111,875	3.5
Total marketing and trading	325,931	13.9	651,230	20.2
Total electric revenues	\$ 2,338,954	100.0%	\$ 3,213,319	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail revenues	(1.8)%		2.8%	
Regulated electricity revenues	(21.4)%		0.9%	
Marketing and trading revenues	(50.0)%		55.6%	
Total electric revenues	(27.2)%		8.7%	
AVERAGE RETAIL REVENUE PER kWh				
Residential	8.68¢		8.85¢	
Commercial	7.48¢		7.67¢	
Industrial	5.57¢		5.49¢	
Irrigation	7.06¢		7.35¢	

(a) The break-out of retail load hedge management and generation sales other than Native Load is not available for 1997 and 1998. These amounts are included in other delivered electricity for 1997 and 1998.

2000		1999		1998		1997	
\$ 880,468	29.8%	\$ 805,173	38.9%	\$ 766,378	39.9%	\$ 746,937	39.8%
771,909	26.1	733,038	35.4	699,016	36.4	687,988	36.6
146,088	4.9	159,329	7.7	172,296	9.0	164,696	8.8
6,498	0.2	7,374	0.4	7,288	0.4	8,706	0.5
10,719	0.4	11,708	0.6	10,644	0.5	11,842	0.6
1,815,682	61.4	1,716,622	83.0	1,655,622	86.2	1,620,169	86.3
120,618	4.1	60,486	2.9	58,184	3.0	63,027	3.4
560,493	18.9	108,153	5.2	-	-	-	-
14,765	0.5	11,348	0.6	11,058	0.6	10,295	0.5
27,194	0.9	18,499	0.9	16,284	0.8	17,643	0.9
2,538,752	85.8	1,915,108	92.6	1,741,148	90.6	1,711,134	91.1
115,476	3.9	29,551	1.4	-	-	-	-
55,910	1.9	8,565	0.4	2,157	-	-	-
244,183	8.3	112,551	5.5	170,796	9.0	163,801	8.7
415,569	14.1	150,667	7.3	172,953	9.0	163,801	8.7
(8,789)	(0.3)	2,483	0.1	7,192	0.4	3,618	0.2
(2,079)	(0.1)	-	-	-	-	-	-
13,831	0.5	975	-	-	-	-	-
2,963	0.1	3,458	0.1	7,192	0.4	3,618	0.2
418,532	14.2	154,125	7.4	180,145	9.4	167,419	8.9
\$ 2,957,284	100.0%	\$ 2,069,233	100.0%	\$ 1,921,293	100.0%	\$ 1,878,553	100.0%
5.8%		3.7%		2.2%		2.3%	
32.6%		10.0%		1.8%		(0.4)%	
171.6%		(14.4)%		7.6%		-	
42.9%		7.7%		2.3%		9.3%	
9.00¢		9.18¢		9.22¢		9.37¢	
7.67¢		7.68¢		8.04¢		8.07¢	
5.82¢		6.22¢		5.25¢		5.27¢	
7.46¢		7.40¢		8.61¢		7.75¢	

CONSOLIDATED ELECTRIC SALES ANALYSIS

year ended December 31,	2002		2001	
ELECTRIC SALES (MWh)				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	10,443,820	21.2%	10,334,860	23.7%
Commercial	10,589,065	21.5	10,504,044	24.1
Industrial	2,192,958	4.4	2,433,438	5.6
Irrigation	31,964	0.1	26,860	-
Other	103,948	0.2	99,810	0.2
Total retail	23,361,755	47.4	23,399,012	53.6
Wholesale electricity delivered				
Traditional contracts	473,699	1.0	1,213,704	2.8
Retail load hedge management (a)	2,641,714	5.3	3,039,905	7.0
Total regulated electricity	26,477,168	53.7	27,652,621	63.4
MARKETING AND TRADING SEGMENT				
Delivered marketing and trading:				
Generation sales other than Native Load (a)	1,791,319	3.6	1,387,860	3.2
Electricity trading	16,924,509	34.3	12,031,055	27.5
Other delivered electricity (a)	4,138,055	8.4	2,581,942	5.9
Total delivered marketing and trading	22,853,883	46.3	16,000,857	36.7
Total electric sales	49,331,051	100.0%	43,653,478	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail sales		(0.2)%		3.8%
Regulated electricity sales		(4.3)%		(10.3)%
Delivered marketing and trading sales		42.8%		16.7%
Total electric sales		13.0%		(2.0)%

(a) The break-out of retail load hedge management and generation sales other than Native Load is not available for 1997 and 1998. These amounts are included in other delivered electricity for 1997 and 1998.

2000		1999		1998		1997	
9,780,680	22.0%	8,774,822	23.9%	8,310,689	27.0%	7,970,309	27.4%
10,057,707	22.6	9,543,853	26.0	8,697,397	28.3	8,524,882	29.3
2,511,292	5.6	2,561,349	7.0	3,279,430	10.6	3,123,283	10.8
87,073	0.2	99,669	0.3	84,640	0.3	112,363	0.4
97,772	0.2	94,877	0.2	90,927	0.3	86,090	0.3
22,534,524	50.6	21,074,570	57.4	20,463,083	66.5	19,816,927	68.2
1,610,032	3.6	1,421,522	3.9	1,410,392	4.6	1,486,439	5.1
6,673,658	15.0	630,945	1.7	-	-	-	-
30,818,214	69.2	23,127,037	63.0	21,873,475	71.1	21,303,366	73.3
1,494,299	3.4	1,267,349	3.4	-	-	-	-
9,259,054	20.8	5,679,023	15.4	846,864	2.7	-	-
2,960,314	6.6	6,694,995	18.2	8,060,135	26.2	7,747,134	26.7
13,713,667	30.8	13,641,367	37.0	8,906,999	28.9	7,747,134	26.7
44,531,881	100.0%	36,768,404	100.0%	30,780,474	100.0%	29,050,500	100.0%
6.9%		3.0%		3.3%		4.2%	
33.3%		5.7%		2.7%		3.9%	
0.5%		53.2%		15.0%		312.7%	
21.1%		19.5%		6.0%		29.8%	

CONSOLIDATED MARKETING AND TRADING GROSS MARGIN SUMMARY (dollars in thousands)

year ended December 31,	2002	2001	2000
REALIZED AND MARK-TO-MARKET COMPONENTS			
Current period effects			
Realized margin on delivered commodities			
Electricity			
Generation sales other than Native Load (a)	\$ 13,971	\$ 79,328	\$ 54,396
Other electricity marketing and trading (a)	99,568	117,635	68,585
Total electricity	113,539	196,963	122,981
Other commodities	7,771	(13,646)	(8,789)
Total realized margin	121,310	183,317	114,192
Prior-period mark-to-market (gains) losses on contracts delivered during current period			
Electricity	(30,220)	(10,954)	(2,071)
Other commodities	(11,202)	25,197	(8)
Charge related to trading activities with Enron and its affiliates	-	(7,940)	-
Subtotal	(41,422)	6,303	(2,079)
Total current period effects	79,888	189,620	112,113
Change in mark-to-market gains (losses) for future period deliveries			
Electricity	63,047	145,749	7,205
Other commodities	(11,043)	(18,348)	6,545
Total future period effects	52,004	127,401	13,750
Total gross margin before income taxes	\$ 131,892	\$ 317,021	\$ 125,863
BY COMMODITY SOLD OR TRADED			
Electricity	\$ 146,366	\$ 327,585	\$ 128,115
Other commodities	(14,474)	(10,564)	(2,252)
Total gross margin before income taxes	\$ 131,892	\$ 317,021	\$ 125,863
ACCUMULATED MARK-TO-MARKET GAINS (LOSSES)			
AT END OF YEAR (b)	\$ 41,233	\$ 137,926	\$ 12,405
BY PINNACLE WEST ENTITY			
Parent Company marketing and trading division			
Generation sales other than Native Load	\$ 8,390	\$ -	\$ -
Electricity marketing and trading	96,535	59,680	(1,717)
Other commodities marketing and trading	(14,474)	18,073	-
APS			
Generation sales other than Native Load	1,392	79,328	54,396
Electricity marketing and trading	-	180,791	76,216
Other commodities marketing and trading	-	(24,870)	(2,253)
Pinnacle West Energy			
Generation sales other than Native Load	4,189	-	-
Electricity marketing and trading	-	-	-
APS ES			
Electricity marketing and trading	35,860	4,019	(779)
Total gross margin before income taxes	\$ 131,892	\$ 317,021	\$ 125,863

(a) The break-out of retail load hedge management and generation sales other than Native Load is not available for 1997 and 1998. These amounts are included in other delivered electricity for 1997 and 1998.

(b) As of December 31, 2002, Pinnacle West had accumulated mark-to-market net gains of \$41 million related to our power marketing and trading activities. We estimate that these gains will be reclassified to realized gains as the underlying commodities are delivered, as follows: 2003, \$4 million; 2004, \$10 million; 2005 and thereafter, \$27 million.

	1999	1998	1997
	\$ 7,043	\$ -	\$ -
	7,103	20,643	7,041
	14,146	20,643	7,041
	2,483	8,337	2,998
	16,629	28,980	10,039
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	16,629	28,980	10,039
	1,548	-	-
	(573)	-	-
	975	-	-
	\$ 17,604	\$ 28,980	\$ 10,039
	\$ 15,695	\$ 20,643	\$ 7,041
	1,909	8,337	2,998
	\$ 17,604	\$ 28,980	\$ 10,039
	\$ 653	\$ -	\$ -
	\$ -	\$ -	\$ -
	-	-	-
	-	-	-
	7,043	-	-
	8,651	20,643	7,041
	1,910	8,337	2,998
	-	-	-
	-	-	-
	-	-	-
	\$ 17,604	\$ 28,980	\$ 10,039

SOURCE AND DISPOSITION OF ELECTRIC ENERGY AND FUEL MIX

year ended December 31,	2002	2001	2000
PNW SOURCE OF ENERGY (MWh)			
Steam generation			
Nuclear	8,980,814	8,384,724	8,840,745
Coal	12,055,956	12,573,954	12,509,372
Gas	456,582	1,359,747	1,161,775
Oil	-	127,670	23,041
Combustion turbines			
Gas	224,678	803,031	445,796
Oil	2,847	100,585	51,907
Combined cycle			
Gas	3,653,015	1,567,869	1,048,237
Oil	144	60	19,404
Hydro and solar	31,536	33,660	33,746
Total generation	25,405,572	24,951,300	24,134,023
Purchased power (a)			
Firm load	1,618,531	2,961,204	2,514,500
Marketing and trading	23,704,278	17,652,902	18,893,026
Total	25,322,809	20,614,106	21,407,526
Total source of energy	50,728,381	45,565,406	45,541,549
PNW DISPOSITION OF ENERGY (MWh)			
Sales to ultimate customers	23,361,755	23,399,012	22,534,524
Sales for resale (a)	25,969,296	20,254,466	21,997,357
Losses and company use	1,397,330	1,911,928	1,009,668
Total disposition of energy	50,728,381	45,565,406	45,541,549
PNW ENERGY FUEL MIX (%)			
Nuclear	17.7%	18.4%	19.4%
Coal	23.8%	27.6%	27.5%
Gas	8.5%	8.2%	5.8%
Other (b)	0.1%	0.6%	0.3%
Purchased power and interchange – net	49.9%	45.2%	47.0%
Total	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.

1999	1998	1997
8,848,660	8,805,877	8,588,632
11,878,404	11,564,305	11,211,631
822,572	497,642	335,507
-	-	-
141,193	129,052	72,848
2,347	7,801	2,175
756,967	599,925	418,861
482	2,665	1,150
33,908	32,035	33,154
22,484,534	21,639,302	20,663,958
2,479,342	2,468,001	-
14,594,983	7,930,505	9,793,805
17,074,325	10,398,506	9,793,805
39,558,859	32,037,808	30,457,763
21,074,570	20,463,083	19,816,927
15,693,834	10,317,391	9,233,573
2,790,455	1,257,334	1,407,263
39,558,859	32,037,808	30,457,763
22.4%	27.5%	28.2%
29.9%	36.2%	36.5%
4.4%	3.9%	3.0%
0.1%	0.1%	0.1%
43.2%	32.3%	32.2%
100.0%	100.0%	100.0%

APS SELECTED FINANCIAL DATA

December 31,	2002	2001	2000
OPERATING STATISTICS			
Electric revenues (thousands)	\$ 2,093,393	\$ 3,111,328	\$ 2,934,142
Sales (MWh)	29,057,497	33,230,065	44,055,293
Employees (year-end) (a)	6,110	6,322	6,110
Average annual use per residential customer (kWh)	13,025	13,312	13,053
FINANCIAL STATISTICS (b)			
Cash interest coverage	6.92x	5.96x	5.68x
Non-cash income as percent of earnings	20.4%	14.4%	11.9%
Net cash flow as percent of capital expenditures	130.6%	108.5%	108.6%
CAPITALIZATION RATIOS (YEAR-END)			
Long-term debt excluding current maturities	50.6%	44.3%	42.4%
Current maturities of long-term debt	0.1	2.9	5.9
Short-term debt	–	3.9	1.9
Total debt	50.7	51.1	50.2
Preferred stock	–	–	–
Common stock equity	49.3	48.9	49.8
Total capitalization	100.0%	100.0%	100.0%
Debt adjusted for Palo Verde Unit 2 sale and leaseback	54.9%	55.4%	54.9%

(a) Includes APS, Parent Company, and marketing and trading employees who support the regulated retail electric business.

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

APS HISTORICAL GROWTH RATES

December 31,	2002	2001	2000
Electric revenues			
Total	(32.7)%	6.0%	41.8%
Retail	(1.2)%	2.8%	5.8%
Peak load			
Actual	2.0%	3.8%	11.0%
Weather-adjusted	6.3%	(2.8)%	11.3%
Electric sales			
Total	(12.6)%	(24.6)%	19.8%
Retail sales	(0.2)%	3.8%	6.9%
Customers (average)	3.1%	3.7%	4.1%
Employees (year-end)	(3.4)%	3.5%	1.8%

	1999	1998	1997
\$	2,068,848	\$ 1,921,293	\$ 1,878,553
	36,768,404	30,780,474	29,050,500
	6,002	5,848	5,754
	12,191	12,047	12,013
	5.29x	5.01x	4.58x
	15.2%	15.3%	15.7%
	137.3%	128.6%	118.2%
	48.3%	43.7%	46.4%
	2.8	3.8	2.5
	0.9	4.2	3.1
	52.0	51.7	52.0
	-	2.2	4.1
	48.0	46.1	43.9
	100.0%	100.0%	100.0%
	56.8%	56.4%	56.8%

	1999	1998	1997	Compound Annual Growth Rates	
				5 Years 1997-2002	10 Years 1992-2002
	7.7%	2.3%	9.3%	2.2%	2.8%
	3.7%	2.2%	2.3%	2.6%	2.6%
	(2.7)%	10.1%	0.7%	4.7%	4.3%
	3.8%	4.5%	7.0%	4.5%	4.2%
	19.5%	6.0%	29.8%	-	3.5%
	3.0%	3.3%	4.2%	3.3%	3.8%
	4.2%	4.0%	4.2%	3.8%	3.8%
	2.6%	1.6%	(7.8)%	1.2%	(1.4)%

APS STATEMENTS OF INCOME (dollars in thousands)

year ended December 31,	2002	2001	2000
ELECTRIC OPERATING REVENUES			
Regulated electricity segment	\$ 2,059,339	\$ 2,562,088	\$ 2,538,750
Marketing and trading segment	34,054	549,240	395,392
Total	2,093,393	3,111,328	2,934,142
PURCHASED POWER AND FUEL COSTS			
Regulated electricity segment	595,368	1,227,188	1,065,596
Marketing and trading segment	32,662	313,991	267,032
Total	628,030	1,541,179	1,332,628
OPERATING REVENUES LESS PURCHASED POWER AND FUEL COSTS	1,465,363	1,570,149	1,601,514
OTHER OPERATING EXPENSES			
Operations and maintenance	495,845	465,561	430,092
Depreciation and amortization	399,640	420,893	425,479
Income taxes	132,953	183,640	199,977
Other taxes	107,925	101,077	99,730
Total	1,136,363	1,171,171	1,155,278
OPERATING INCOME	329,000	398,978	446,236
OTHER INCOME (DEDUCTIONS)			
Income taxes	6,148	504	4,312
Other income	5,149	20,207	9,690
Other expense	(19,338)	(20,790)	(20,547)
Total	(8,041)	(79)	(6,545)
INCOME BEFORE INTEREST DEDUCTIONS	320,959	398,899	439,691
INTEREST DEDUCTIONS			
Interest on long-term debt	128,462	126,118	134,431
Interest on short-term borrowings	5,416	4,407	7,455
Debt discount, premium and expense	2,888	2,650	2,105
Capitalized interest	(15,150)	(14,964)	(10,894)
Total	121,616	118,211	133,097
INCOME BEFORE EXTRAORDINARY CHARGE AND CUMULATIVE EFFECT ADJUSTMENT	199,343	280,688	306,594
Extraordinary charge – net of income taxes of \$94,115	–	–	–
Cumulative effect of change in accounting for derivatives – net of income taxes of \$9,892	–	(15,201)	–
NET INCOME	199,343	265,487	306,594
Preferred stock dividend requirements	–	–	–
EARNINGS FOR COMMON STOCK	\$ 199,343	\$ 265,487	\$ 306,594

1999	1998	1997
\$ 1,914,722	\$ 1,741,148	\$ 1,711,134
154,126	180,145	167,419
2,068,848	1,921,293	1,878,553
432,844	306,884	284,153
136,522	151,164	157,380
569,366	458,048	441,533
1,499,482	1,463,245	1,437,020
437,125	418,829	405,421
416,331	410,276	396,886
165,629	166,290	161,486
96,579	102,076	106,724
1,115,664	1,097,471	1,070,517
383,818	365,774	366,503
32,614	32,838	31,500
13,861	12,259	7,164
(25,618)	(24,782)	(17,211)
20,857	20,315	21,453
404,675	386,089	387,956
132,676	137,214	140,931
8,272	7,481	9,404
2,084	2,410	2,336
(6,679)	(16,263)	(16,208)
136,353	130,842	136,463
268,322	255,247	251,493
(139,885)	-	-
-	-	-
128,437	255,247	251,493
1,016	9,703	12,803
\$ 127,421	\$ 245,544	\$ 238,690

APS BALANCE SHEETS (dollars in thousands)

December 31,	2002	2001	2000
ASSETS			
UTILITY PLANT			
Electric plant in service	\$ 8,293,638	\$ 7,934,181	\$ 7,605,992
Plant held for future use	5,493	1,025	32,695
Subtotal	8,299,131	7,935,206	7,638,687
Less accumulated depreciation and amortization	3,442,571	3,287,333	3,115,383
Subtotal	4,856,560	4,647,873	4,523,304
Construction work in progress	329,089	321,305	245,749
Intangible assets, net of accumulated amortization	93,259	83,135	94,393
Nuclear fuel, net of accumulated amortization	7,466	6,933	7,071
Net utility plant	5,286,374	5,059,246	4,870,517
INVESTMENTS AND OTHER ASSETS			
Decommissioning trust accounts	194,440	202,036	204,716
Assets from risk management and trading activities – long-term	31,622	2,082	32,955
Other assets	19,964	76,322	45,841
Total investments and other assets	246,026	280,440	283,512
CURRENT ASSETS			
Cash and cash equivalents	42,549	16,821	2,609
Accounts receivable			
Service customers	136,945	182,749	422,012
Other	202,597	55,016	25,089
Allowance for doubtful accounts	(1,341)	(3,349)	(2,380)
Accrued utility revenues	72,915	76,131	74,566
Materials and supplies (at average cost)	79,985	81,215	71,966
Fossil fuel (at average cost)	28,185	27,023	19,405
Deferred income taxes	4,094	–	5,793
Assets from risk management and trading activities	39,616	10,097	17,506
Other	45,361	42,009	38,414
Total current assets	650,906	487,712	674,980
DEFERRED DEBITS			
Regulatory assets	241,045	342,383	469,867
Unamortized debt issue costs	16,696	13,163	12,805
Other	80,760	42,789	37,928
Total deferred debits	338,501	398,335	520,600
TOTAL ASSETS	\$ 6,521,807	\$ 6,225,733	\$ 6,349,609

	1999	1998	1997
	\$ 7,378,814	\$ 7,086,244	\$ 6,908,555
	32,369	32,026	32,095
	7,411,183	7,118,270	6,940,650
	2,985,033	2,800,746	2,611,368
	4,426,150	4,317,524	4,329,282
	184,764	228,643	237,492
	93,384	133,318	59,170
	11,631	16,507	51,624
	4,715,929	4,695,992	4,677,568
	175,733	145,552	124,603
	-	-	-
	32,724	37,997	40,303
	208,457	183,549	164,906
	7,477	5,558	12,552
	201,704	205,999	141,022
	34,850	21,019	30,520
	(1,538)	(1,725)	(1,338)
	72,919	67,740	58,559
	69,977	69,074	70,634
	21,869	13,978	9,621
	8,163	3,999	3,496
	-	-	-
	30,885	26,695	24,529
	446,306	412,337	349,595
	613,729	980,084	1,080,799
	15,172	14,916	15,303
	79,714	69,656	42,178
	708,615	1,064,656	1,138,280
	\$ 6,079,307	\$ 6,356,534	\$ 6,330,349

APS BALANCE SHEETS (dollars in thousands)

December 31,	2002	2001	2000
LIABILITIES			
CAPITALIZATION			
Common stock	\$ 178,162	\$ 178,162	\$ 178,162
Additional paid-in capital	1,246,804	1,246,804	1,246,804
Retained earnings	819,632	790,289	694,802
Accumulated other comprehensive loss			
Minimum pension liability adjustment	(61,487)	(966)	-
Derivative instruments	(23,799)	(63,599)	-
Common stock equity	2,159,312	2,150,690	2,119,768
Non-redeemable preferred stock	-	-	-
Redeemable preferred stock	-	-	-
Long-term debt less current maturities	2,217,340	1,949,074	1,806,908
Total capitalization	4,376,652	4,099,764	3,926,676
CURRENT LIABILITIES			
Commercial paper	-	171,162	82,100
Current maturities of long-term debt	3,503	125,451	250,266
Accounts payable	118,133	98,959	267,999
Accrued taxes	82,557	107,595	106,515
Accrued interest	42,608	41,043	39,488
Customer deposits	39,865	28,664	24,498
Deferred income taxes	-	3,244	-
Liabilities from risk management and trading activities	59,773	21,840	37,179
Other	51,820	18,798	81,325
Total current liabilities	398,259	616,756	889,370
DEFERRED CREDITS AND OTHER			
Deferred income taxes	1,225,552	1,023,079	1,110,437
Liabilities from risk management and trading activities	36,678	95,159	14,711
Unamortized gain – sale of utility plant	59,484	64,060	68,636
Customer advances for construction	45,513	69,293	40,694
Pension liability	156,442	30,247	62,193
Other	223,227	227,375	236,892
Total deferred credits and other	1,746,896	1,509,213	1,533,563
TOTAL LIABILITIES AND EQUITY	\$ 6,521,807	\$ 6,225,733	\$ 6,349,609

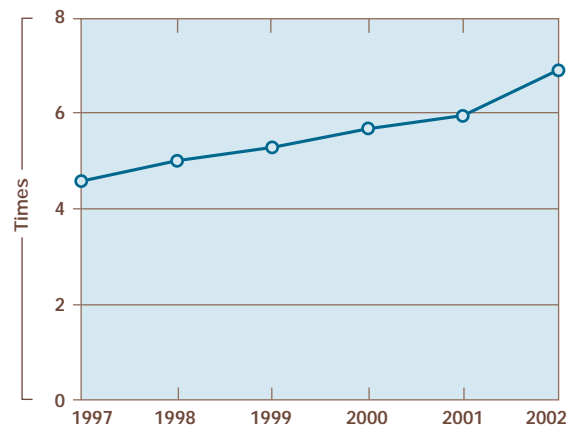
	1999	1998	1997
	\$ 178,162	\$ 178,162	\$ 178,162
	1,246,804	1,195,625	1,142,364
	558,208	601,968	528,798
	-	-	-
	-	-	-
	1,983,174	1,975,755	1,849,324
	-	85,840	142,051
	-	9,401	29,110
	1,997,400	1,876,540	1,953,162
	3,980,574	3,947,536	3,973,647
	38,300	178,830	130,750
	114,711	164,378	104,068
	170,662	145,139	107,423
	62,858	59,827	85,886
	32,299	31,218	31,660
	24,682	26,815	29,116
	-	-	-
	-	-	-
	25,414	14,561	18,795
	468,926	620,768	507,698
	1,178,085	1,312,007	1,345,177
	-	-	-
	73,212	77,787	82,363
	38,150	31,451	29,294
	80,566	94,415	80,607
	259,794	272,570	311,563
	1,629,807	1,788,230	1,849,004
	\$ 6,079,307	\$ 6,356,534	\$ 6,330,349

APS STATEMENTS OF CASH FLOWS (dollars in thousands)

year ended December 31,	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 199,343	\$ 265,487	\$ 306,594
Items not requiring cash			
Depreciation and amortization	399,640	420,893	425,479
Nuclear fuel amortization	31,185	28,362	30,083
Deferred income taxes	206,767	(26,516)	(65,726)
Change in mark-to-market	2,957	(100,030)	(11,752)
Extraordinary charge – net of income taxes	-	-	-
Cumulative effect of change in accounting – net of income taxes	-	15,201	-
Changes in certain current assets and liabilities:			
Accounts receivable	(102,450)	302,283	(209,705)
Materials, supplies and fossil fuel	68	(16,867)	475
Other current assets	(136)	(5,160)	(26,682)
Accounts payable	15,372	(190,141)	101,558
Accrued taxes	(25,038)	1,080	43,657
Accrued interest	1,565	1,555	7,189
Other current liabilities	44,224	(58,361)	101,685
Increase in regulatory assets	(11,029)	(17,516)	(14,138)
Change in risk management and trading – assets	(22,570)	10,730	13,181
Change in customer advances	(23,780)	28,599	2,544
Change in pension liability	5,415	(30,346)	(18,373)
Change in other net long-term assets	(18,923)	(14,192)	64,998
Change in other net long-term liabilities	1,902	(9,986)	(27,396)
Net cash flow provided by operating activities	704,512	605,075	723,671
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditures	(490,156)	(465,360)	(464,368)
Capitalized interest	(15,150)	(14,964)	(10,894)
Other	44,918	(41,926)	(72,189)
Net cash flow used for investing activities	(460,388)	(522,250)	(547,451)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of long-term debt	459,926	396,072	300,000
Short-term borrowings	(171,162)	89,062	43,800
Common equity infusion from Pinnacle West	-	-	-
Dividends paid on common stock	(170,000)	(170,000)	(170,000)
Dividends paid on preferred stock	-	-	-
Repayment of preferred stock	-	-	-
Repayment and reacquisition of long-term debt	(337,160)	(383,747)	(354,888)
Net cash flow used for financing activities	(218,396)	(68,613)	(181,088)
NET CASH FLOW	25,728	14,212	(4,868)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16,821	2,609	7,477
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 42,549	\$ 16,821	\$ 2,609

	1999	1998	1997
\$	128,437	\$ 255,247	\$ 251,493
	416,331	410,276	396,886
	31,371	32,856	32,702
	(83,753)	(80,006)	(106,246)
	(975)	-	-
	139,885	-	-
	-	-	-
	(9,723)	(55,089)	(11,083)
	(8,794)	(2,797)	7,793
	(9,369)	(11,347)	(4,851)
	22,992	33,731	(56,710)
	3,031	(26,059)	(441)
	1,081	(442)	(7,455)
	8,193	(6,055)	(3,983)
	(12,262)	(10,582)	-
	-	-	-
	6,699	2,157	5,250
	(13,849)	13,808	3,118
	(989)	(26,231)	15,473
	9,653	(16,491)	14,907
	627,959	512,976	536,853
	(322,547)	(319,142)	(307,876)
	(6,679)	(16,263)	(16,208)
	(8,173)	(8,593)	(15,982)
	(337,399)	(343,998)	(340,066)
	392,952	126,245	109,906
	(140,530)	48,080	113,850
	50,000	50,000	50,000
	(170,000)	(170,000)	(170,000)
	(1,393)	(10,279)	(13,307)
	(96,499)	(75,517)	(47,201)
	(323,171)	(144,501)	(240,004)
	(288,641)	(175,972)	(196,756)
	1,919	(6,994)	31
	5,558	12,552	12,521
\$	7,477	\$ 5,558	\$ 12,552

APS CASH INTEREST COVERAGE RATIOS (a)



(a) Earnings before non-cash income, non-cash expenses and interest expense divided by interest expense

APS LONG-TERM DEBT SCHEDULE (dollars in thousands)

year ended December 31,	2002	2001	2000	1999	1998	1997
FIRST MORTGAGE BONDS						
7.625% series due March 15, 1998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
7.625% series due June 15, 1999	-	-	-	-	100,000	100,000
5.75% series due Sept. 15, 2000	-	-	-	100,000	100,000	100,000
8.125% series due March 15, 2002	-	125,000	125,000	125,000	125,000	125,000
6.625% series due March 1, 2004	80,000	80,000	80,000	80,000	85,000	85,000
10.25% series due May 15, 2020	-	-	-	100,550	100,550	109,550
9.5% series due April 15, 2021	-	-	45,140	45,140	45,140	45,140
9% series due Dec. 15, 2021	-	-	72,370	72,370	72,370	72,370
7.25% series due Aug. 1, 2023	54,150	54,150	70,650	70,650	91,900	97,150
8.75% series due Jan. 15, 2024	-	121,668	121,668	121,668	121,668	121,918
8% series due Feb. 1, 2025	33,075	33,075	33,075	47,075	88,300	88,500
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	(6,337)	(5,266)	(5,993)	(5,860)	(6,482)	(7,033)
Total first mortgage bonds	339,888	587,627	720,910	935,593	1,102,446	1,216,595
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
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	6,710
Due Nov. 1, 2033	16,870	16,870	16,870	16,870	16,870	-
Due April 1, 2034	20,000	20,000	20,000	20,000	-	-
Less securities held by trustee related to certain pollution control indebtedness	-	-	-	(1,236)	-	-
Total pollution control bonds	\$ 386,860	\$ 476,860	\$ 476,860	\$ 475,624	\$ 456,860	\$ 439,990

See Note 6 of Notes to Consolidated Financial Statements on pages 55-56.

	2002	2001	2000	1999	1998	1997
OTHER LONG-TERM DEBT						
6.125% collateralized loan due 1999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
5.875% collateralized loan due 1999	-	-	-	-	10,000	-
6.72% senior notes due April 1, 1999	-	-	-	-	50,000	50,000
5.375% collateralized loan due 2000	-	-	-	10,000	10,000	-
Floating rate note due Nov. 15, 2001	-	-	250,000	250,000	-	-
Term loans due June 18, 2003	-	-	-	50,000	125,000	150,000
5.875% unsecured note due Feb. 15, 2004	125,000	125,000	125,000	125,000	-	-
6.25% unsecured note due Jan. 15, 2005	100,000	100,000	100,000	100,000	100,000	-
7.625% unsecured note due Aug. 1, 2005	300,000	300,000	300,000	-	-	-
6.75% senior notes due Nov. 15, 2006	83,695	83,695	83,695	83,695	100,000	100,000
6.375% senior notes due Oct. 15, 2011	400,000	400,000	-	-	-	-
6.50% senior notes due Mar. 1, 2012	375,000	-	-	-	-	-
5.05% pollution control bond with senior notes due May 1, 2029	90,000	-	-	-	-	-
10% debentures due Jan. 31, 2025	-	-	-	75,000	75,000	75,000
Capitalized lease obligation	20,400	1,343	709	7,199	11,612	15,645
Total other long-term debt	1,494,095	1,010,038	859,404	700,894	481,612	400,645
Total long-term debt	2,220,843	2,074,525	2,057,174	2,112,111	2,040,918	2,057,230
LESS CURRENT MATURITIES						
First mortgage bonds	-	(125,000)	-	(100,000)	(100,000)	(100,000)
Senior notes	-	-	-	-	(50,000)	-
Collateralized loan	-	-	-	(10,000)	(10,000)	-
Floating rate note	-	-	(250,000)	-	-	-
Capitalized lease obligation	(3,503)	(451)	(266)	(4,711)	(4,378)	(4,068)
Total current maturities	(3,503)	(125,451)	(250,266)	(114,711)	(164,378)	(104,068)
LONG-TERM DEBT LESS						
CURRENT MATURITIES	\$ 2,217,340	\$ 1,949,074	\$ 1,806,908	\$ 1,997,400	\$ 1,876,540	\$ 1,953,162
WEIGHTED-AVERAGE INTEREST RATE ON LONG-TERM DEBT AT YEAR-END						
	5.72%	6.54%	6.50%	6.37%	6.54%	6.63%

APS ELECTRIC REVENUE ANALYSIS (dollars in thousands)

year ended December 31,	2002		2001	
ELECTRIC REVENUE				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	\$ 912,245	43.6%	\$ 914,711	29.4%
Commercial	795,999	38.0	805,326	25.9
Industrial	123,508	5.9	133,663	4.3
Irrigation	2,257	0.1	1,975	–
Other	11,554	0.6	11,663	0.4
Total retail	1,845,563	88.2	1,867,338	60.0
Wholesale revenue on delivered electricity				
Traditional contracts	8,616	0.4	73,305	2.3
Retail load hedge management (a)	157,225	7.5	577,783	18.6
Transmission for others	29,803	1.4	25,971	0.8
Other miscellaneous services	18,132	0.9	17,691	0.6
Total regulated electricity	2,059,339	98.4	2,562,088	82.2
MARKETING AND TRADING SEGMENT				
Delivered marketing and trading				
Generation other than Native Load (a)	20,527	1.0	148,316	4.8
Realized margin on electricity trading	–	–	52,350	1.7
Other delivered electricity (a)	13,527	0.6	288,697	9.3
Total delivered marketing and trading	34,054	1.6	489,364	15.8
OTHER MARKETING AND TRADING				
Realized margins on delivered commodities other than electricity	–	–	(31,645)	(1.0)
Prior period mark-to-market (gains) losses on contracts delivered during current period	–	–	6,941	0.2
Change in mark-to-market for future-period deliveries	–	–	84,580	2.7
Total other marketing and trading	–	–	59,876	1.9
Total marketing and trading	34,054	1.6	549,240	17.7
Total electric revenues	\$ 2,093,393	100.0%	\$ 3,111,328	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail revenues		(1.2)%		2.8%
Regulated electricity revenues		(19.6)%		0.9%
Marketing and trading revenues		(93.8)%		38.9%
Total electric revenues		(32.7)%		6.0%
AVERAGE RETAIL REVENUE PER kWh				
Residential		8.73¢		8.85¢
Commercial		7.52¢		7.67¢
Industrial		5.63¢		5.49¢
Irrigation		7.06¢		7.35¢
REVENUE PER AVERAGE CUSTOMER (DOLLARS)				
Residential	\$ 1,138		\$ 1,178	
Commercial and industrial	\$ 9,297		\$ 9,698	

(a) The break-out of retail load hedge management and generation sales other than Native Load is not available for 1997 and 1998. These amounts are included in other delivered electricity for 1997 and 1998.

2000		1999		1998		1997	
\$ 880,468	30.0%	\$ 805,173	38.9%	\$ 766,378	39.9%	\$ 746,937	39.8%
771,909	26.3	733,038	35.4	699,016	36.4	687,988	36.6
146,088	5.0	159,329	7.7	172,296	9.0	164,696	8.8
6,498	0.2	7,374	0.4	7,288	0.4	8,706	0.5
10,719	0.4	11,322	0.6	10,644	0.5	11,842	0.6
1,815,682	61.9	1,716,236	83.0	1,655,622	86.2	1,620,169	86.3
120,618	4.1	60,486	2.9	58,184	3.0	63,027	3.4
560,493	19.1	108,153	5.2	-	-	-	-
14,765	0.5	11,348	0.6	11,058	0.6	10,295	0.5
27,192	0.9	18,499	0.9	16,284	0.8	17,643	0.9
2,538,750	86.5	1,914,722	92.6	1,741,148	90.6	1,711,134	91.1
115,476	3.9	29,551	1.4	-	-	-	-
55,631	1.9	8,565	0.4	2,157	0.1	-	-
221,322	7.6	112,552	5.5	170,796	8.9	163,801	8.7
392,429	13.4	150,668	7.3	172,953	9.0	163,801	8.7
(8,789)	(0.3)	2,483	0.1	7,192	0.4	3,618	0.2
(2,079)	(0.1)	-	-	-	-	-	-
13,831	0.5	975	-	-	-	-	-
2,963	0.1	3,458	0.1	7,192	0.4	3,618	0.2
395,392	13.5	154,126	7.4	180,145	9.4	167,419	8.9
\$ 2,934,142	100.0%	\$ 2,068,848	100.0%	\$ 1,921,293	100.0%	\$ 1,878,553	100.0%
5.8%		3.7%		2.2%		2.3%	
32.6%		10.0%		1.8%		(0.4)%	
156.5%		(14.4)%		7.6%		-	
41.8%		7.7%		2.3%		9.3%	
9.00¢		9.18¢		9.22¢		9.37¢	
7.67¢		7.68¢		8.04¢		8.07¢	
5.82¢		6.22¢		5.25¢		5.27¢	
7.46¢		7.40¢		8.61¢		7.75¢	
\$ 1,175		\$ 1,119		\$ 1,111		\$ 1,126	
\$ 9,894		\$ 10,051		\$ 10,109		\$ 10,285	

APS ELECTRIC SALES ANALYSIS

year ended December 31,	2002		2001	
ELECTRIC SALES (MWh)				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	10,443,820	35.9%	10,334,860	31.1%
Commercial	10,589,065	36.4	10,504,044	31.6
Industrial	2,192,958	7.6	2,433,438	7.3
Irrigation	31,964	0.1	26,860	0.1
Other	103,948	0.4	99,810	0.3
Total retail	23,361,755	80.4	23,399,012	70.4
Wholesale electricity delivered				
Traditional contracts	473,699	1.6	1,213,704	3.7
Retail load hedge management (a)	3,523,478	12.1	3,039,905	9.1
Total regulated electricity	27,358,932	94.1	27,652,621	83.2
MARKETING AND TRADING SEGMENT				
Delivered marketing and trading:				
Generation sales other than Native Load (a)	1,272,295	4.4	1,387,860	4.2
Electricity trading	-	-	2,107,444	6.3
Other delivered electricity (a)	426,270	1.5	2,082,140	6.3
Total delivered marketing and trading	1,698,565	5.9	5,577,444	16.8
Total electric sales	29,057,497	100.0%	33,230,065	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail sales	(0.2)%		3.8%	
Regulated electricity sales	(1.1)%		(10.3)%	
Delivered marketing and trading sales	(69.5)%		(57.9)%	
Total electric sales	(12.6)%		(24.6)%	
ANNUAL USE PER AVERAGE CUSTOMER (kWh)				
Residential	13,025		13,312	
Commercial and industrial	129,241		133,625	

(a) The break-out of retail load hedge management and generation sales other than Native Load is not available for 1997 and 1998. These amounts are included in other delivered electricity for 1997 and 1998.

2000		1999		1998		1997	
9,780,680	22.2%	8,774,822	23.9%	8,310,689	27.0%	7,970,309	27.4%
10,057,707	22.8	9,543,853	26.0	8,697,397	28.3	8,524,882	29.3
2,511,292	5.7	2,561,349	7.0	3,279,430	10.6	3,123,283	10.8
87,073	0.2	99,669	0.3	84,640	0.3	112,363	0.4
97,772	0.2	94,877	0.2	90,927	0.3	86,090	0.3
22,534,524	51.1	21,074,570	57.4	20,463,083	66.5	19,816,927	68.2
1,610,032	3.7	1,421,522	3.9	1,410,392	4.6	1,486,439	5.1
6,673,658	15.2	630,945	1.7	-	-	-	-
30,818,214	70.0	23,127,037	63.0	21,873,475	71.1	21,303,366	73.3
1,494,299	3.4	1,267,349	3.4	-	-	-	-
9,259,054	21.0	5,679,023	15.4	846,864	2.7	-	-
2,483,726	5.6	6,694,995	18.2	8,060,135	26.2	7,747,134	26.7
13,237,079	30.0	13,641,367	37.0	8,906,999	28.9	7,747,134	26.7
44,055,293	100.0%	36,768,404	100.0%	30,780,474	100.0%	29,050,500	100.0%
6.9%		3.0%		3.3%		4.2%	
33.3%		5.7%		2.7%		3.9%	
(3.0)%		53.2%		15.0%		312.7%	
19.8%		19.5%		6.0%		29.8%	
13,053		12,191		12,047		12,013	
135,468		136,349		138,952		140,493	

APS CUSTOMER DATA

	2002	2001	2000	1999	1998	1997
CUSTOMERS – AVERAGE						
Residential	801,801	776,339	749,285	719,774	689,871	663,493
Commercial	95,575	93,499	89,539	85,616	83,028	79,754
Industrial	3,325	3,320	3,243	3,165	3,166	3,155
Irrigation	346	366	412	798	747	810
Other	982	1,013	934	917	890	857
Total retail	902,029	874,537	843,413	810,270	777,702	748,069
Sales for resale	67	66	67	69	60	59
Total customers	902,096	874,603	843,480	810,339	777,762	748,128
Increase over prior year	3.1%	3.7%	4.1%	4.2%	4.0%	4.2%

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 five elected commissioners with staggered terms. As approved in the 2000 general election, two additional commission members were elected in the 2002 general election, each for an initial two-year term that began in January 2003. For subsequent elections, all terms will be 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
Marc Spitzer (Rep.) (Chairman)	January 2001	January 2007
Michael Gleason (Rep.)	January 2003	January 2005
James Irvin (Rep.)	January 1997	January 2007
Jeff Hatch-Miller (Rep.)	January 2003	January 2005
William Mundell (Rep.)	June 1999	January 2005

Regulatory Developments

Regulatory developments are discussed in detail in a number of sections of the Annual Report. See "Factors Affecting Our Financial Outlook" in Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 32-33 and Note 3 of Notes to Consolidated Financial Statements on pages 49-53. A summary of major developments follows.

ELECTRIC COMPETITION RULES

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 provided a phase-in of retail competition, with all customers eligible for retail choice on January 1, 2001.

GENERIC DOCKET ON RESTRUCTURING

The ACC opened a generic docket to re-examine electric restructuring in Arizona in January 2002. The docket was divided into two separate procedural paths called "Track A" and "Track B".

- The Track A docket addressed market power; generation divestiture; code of conduct between affiliates; and other jurisdictional issues. In August 2002, the ACC issued the Track A Order, which prohibited the transfer of APS generation to a separate subsidiary.
- The Track B docket addressed the competitive power procurement process for regulated utilities, including APS. In March 2003, the ACC issued the Track B Order, which will require APS to solicit bids for certain estimated capacity and energy requirements beginning in July 2003.

Adjustment Mechanisms

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. In accordance with the 1999 Settlement Agreement, APS filed in 2002 for approval of adjustment mechanisms to cover power supply costs and certain costs associated with complying with the ACC competition rules. This filing is still pending.

RATE REGULATION (CONTINUED)**REGULATORY RATE DECISIONS**

The ACC has approved several regulatory settlements that affected APS' historical results or will affect future results. APS plans to file a general rate case by June 30, 2003, with any rate change to be effective after July 1, 2004. A historical test period has been used in past rate cases; however, the ACC has discretion to consider matters subsequent to the historical year.

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. (The Track A Order in 2002 subsequently prohibited the generation transfer.) APS' service territory was opened for the first phase of customer choice as of October 1999 and was opened for 100 percent choice as of January 2001.

1996 Regulatory Agreement

In April 1996, the ACC approved a retail regulatory agreement which provided for an annual price reduction of about \$49 million (\$29 million after income taxes), or 3.4%, for all customers except certain contract customers, effective July 1, 1996; recovery of substantially all of APS' present regulatory assets through an 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 was 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 related to the acceleration of the ITCs.

FINANCING APPLICATIONS

In March 2003, the ACC approved APS' request to loan or guarantee up to \$500 million to Pinnacle West Energy. The loan and/or guarantee will be used to refinance debt incurred to fund the construction of Pinnacle West Energy generation assets built to serve Arizona customers.

The ACC approved APS' request to extend a short-term line of credit of \$125 million to Pinnacle West in November 2002.

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 2002, approximately 34% of Pinnacle West's consolidated electric operating revenue and approximately 3% of APS' electric operating revenue were derived from sales and charges regulated by FERC. There have been no wholesale power FERC rate case decisions since December 1990.

FERC has issued a series of rulemakings since 1996 related to Regional Transmission Organizations. APS is participating in the WestConnect RTO with other Southwestern utilities.

APS is also actively participating in the FERC rulemaking on Standard Market Design, which is intended to implement standard market processes in order to facilitate more vibrant wholesale power markets throughout the country.

APS SOURCE AND DISPOSITION OF ELECTRIC ENERGY AND FUEL MIX

year ended December 31,	2002	2001	2000	1999	1998	1997
APS SOURCE OF ENERGY (MWh)						
Steam generation						
Nuclear	8,980,814	8,384,724	8,840,745	8,848,660	8,805,876	8,588,632
Coal	12,055,956	12,573,954	12,509,372	11,878,404	11,564,305	11,211,630
Gas	456,582	1,359,747	1,161,775	822,572	497,642	335,507
Oil	-	127,670	23,041	-	-	-
Combustion turbines						
Gas	169,925	734,743	445,796	141,193	129,052	72,848
Oil	2,847	100,585	51,907	2,347	7,801	2,175
Combined cycle						
Gas	862,940	1,131,172	1,048,237	756,967	599,925	418,861
Oil	144	60	19,404	482	2,665	1,150
Hydro and solar	31,536	33,660	33,746	33,908	32,035	33,154
Total generation	22,560,744	24,446,315	24,134,023	22,484,534	21,639,302	20,663,957
Purchased power (a)						
Firm load	3,944,335	3,466,189	2,514,500	2,479,342	2,468,001	-
Marketing and trading	3,949,748	7,229,489	18,416,438	14,594,983	7,930,505	9,793,805
Total	7,894,083	10,695,678	20,930,938	17,074,325	10,398,506	9,793,805
Total source of energy	30,454,827	35,141,993	45,064,961	39,558,859	32,037,808	30,457,762
APS DISPOSITION OF ENERGY (MWh)						
Sales to ultimate customers	23,361,755	23,399,012	22,534,524	21,074,570	20,463,083	19,816,927
Sales for resale (a)	5,695,742	9,831,053	21,520,769	15,693,834	10,317,391	9,233,573
Losses and company use	1,397,330	1,911,928	1,009,668	2,790,455	1,257,334	1,407,263
Total disposition of energy	30,454,827	35,141,993	45,064,961	39,558,859	32,037,808	30,457,763
APS ENERGY FUEL MIX (%)						
Nuclear	29.5%	23.9%	19.6%	22.4%	27.5%	28.2%
Coal	39.6%	35.8%	27.8%	30.0%	36.2%	36.8%
Gas	4.9%	9.2%	5.9%	4.3%	3.9%	2.7%
Other (b)	0.1%	0.7%	0.3%	0.1%	0.1%	0.1%
Purchased power and interchange – net	25.9%	30.4%	46.4%	43.2%	32.3%	32.2%
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.

APS LOADS AND RESOURCES AT PEAK

year ended December 31,	2002	2001	2000	1999	1998	1997
PEAK LOAD (kW)						
Actual	5,802,900	5,687,200	5,478,500	4,934,700	5,072,000	4,608,600
Weather-adjusted (a)	5,849,900	5,503,700	5,660,800	5,088,100	4,901,600	4,691,400
Increase (decrease) vs. prior year						
Actual	2.0%	3.8%	11.0%	(2.7)%	10.1%	0.7%
Weather-adjusted	6.3%	(2.8)%	11.3%	3.8%	4.5%	7.0%
FIRM POWER SALES (kW)	-	-	50,000	-	-	50,000
RESOURCES AVAILABLE						
AT PEAK (kW)						
Generating capacity	3,877,600	3,234,500	3,501,600	3,587,100	3,972,600	3,972,600
Purchased power contracts (b)	2,612,000	2,490,000	1,933,000	1,643,000	1,167,000	572,000
Total resources	6,489,600	5,724,500	5,434,600	5,230,100	5,139,600	4,544,600
RESERVE MARGIN	7.1%	1.1%	6.4%	9.1%	3.1%	(1.5)%
Annual load factor – net	52.6%	53.2%	53.4%	54.1%	52.5%	56.0%

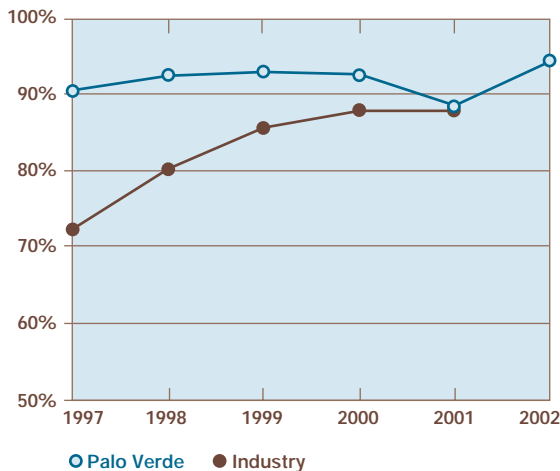
(a) Prior years have been restated to reflect average weather statistics for the ten-year period ended December 31, 2000.

(b) Including firm seasonal purchases and unit contingent purchases.

APS POWER PLANT OPERATING PERFORMANCE

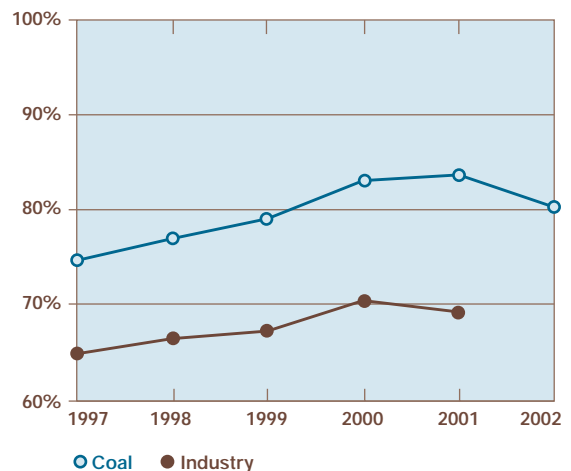
year ended December 31,	2002	2001	2000	1999	1998	1997
NUCLEAR (NET CAPACITY FACTORS)						
Palo Verde Unit 1	89.1%	88.7%	100.4%	88.7%	87.9%	98.9%
Palo Verde Unit 2	92.0%	93.2%	87.3%	90.0%	101.8%	85.9%
Palo Verde Unit 3	102.0%	83.9%	90.3%	100.3%	87.9%	86.8%
Palo Verde site average	94.4%	88.6%	92.7%	93.0%	92.5%	90.6%
COAL (NET CAPACITY FACTORS)						
Four Corners	82.7%	85.6%	83.0%	82.1%	81.7%	80.8%
Cholla	77.5%	81.2%	82.8%	77.2%	74.4%	71.4%
Navajo	80.4%	84.7%	84.4%	76.0%	71.0%	66.5%
Total coal average	80.4%	83.8%	83.2%	79.2%	77.1%	74.8%

PALO VERDE SITE AVERAGE CAPACITY FACTORS*



* 2002 industry data was unavailable at time of publication

COAL AVERAGE CAPACITY FACTORS*



* 2002 industry data was unavailable at time of publication

GENERATION RESOURCES (in service as of December 31, 2002)

Plant Type and Name	Location	Ownership or Interest (a)	Number of Units	APS Share (kW)
ARIZONA PUBLIC SERVICE - Net Accredited Capacity				
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	220,000
Saguaro	Red Rock, Arizona	100%	2	210,000
			4	430,000
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 1-3	Phoenix, Arizona	100%	3	255,000
HYDRO AND SOLAR GENERATION				
		100%	13	7,600
TOTAL			45	3,983,900
PINNACLE WEST ENERGY CORPORATION - Permitted Capacity				
GAS-FUELED COMBINED CYCLE PLANTS				
West Phoenix 4	Phoenix, Arizona	100%	1	120,000
Redhawk	Arlington, Arizona	100%	2	1,060,000
GAS-FUELED COMBUSTION TURBINE				
Saguaro 3	Red Rock, Arizona	100%	1	80,000
TOTAL			4	1,260,000

(a) Includes leased generating plants.

(b) Excludes West Phoenix steam units (108,300 kW), which were retired in December 2002.

PINNACLE WEST ENERGY GENERATION CONSTRUCTION PROGRAM (as of December 31, 2002)

Plant Type and Name	Location	MW	Expected In-Service Dates (a)
NATURAL GAS-FUELED COMBINED CYCLE			
West Phoenix 5	Phoenix, Arizona	530	2003
Silverhawk (b)	Las Vegas, Nevada	570	2004
TOTAL		1,100	

(a) Our construction program will be sized to meet Native Load growth, cash flow and market conditions.

(b) Southern Nevada Water Authority has signed a participation agreement for 25% of the total project's 570 MW.

EL DORADO INVESTMENT COMPANY FINANCIAL HIGHLIGHTS (dollars in thousands)

year ended December 31,	2002	2001	2000	1999	1998	1997
NET INCOME (LOSS)	\$ (55,173)	\$ 206	\$ 1,983	\$ 11,483	\$ 4,528	\$ 8,190
DIVIDENDS DECLARED TO PARENT	-	-	14,000	10,000	12,000	12,500

December 31,	2002	2001	2000	1999	1998	1997
ASSETS						
Investments	\$ 2,143	\$ 9,241	\$ 13,945	\$ 9,586	\$ 17,310	\$ 23,836
Investments in funds managed by others	295	782	6,911	21,344	6,985	7,388
Cash and other assets	33,654	12,705	572	5,685	2,848	3,292
Total assets	\$ 36,092	\$ 22,728	\$ 21,428	\$ 36,615	\$ 27,143	\$ 34,516
LIABILITIES AND EQUITY						
Deferred taxes	\$ -	\$ 1,051	\$ 1,546	\$ 7,774	\$ -	\$ -
Other liabilities	74,691	5,103	3,514	457	237	137
Stockholder's equity	(38,599)	16,574	16,368	28,384	26,906	34,379
Total liabilities and equity	\$ 36,092	\$ 22,728	\$ 21,428	\$ 36,615	\$ 27,143	\$ 34,516

INVESTMENT SUMMARY as of December 31, 2002**INVESTMENTS**

Book value, \$(40) million

At December 31, 2002, El Dorado held various investments including a company specializing in nuclear spent fuel technology, a company specializing in digital and fiber optic solutions for the control and measurement of high voltage electric power, an interest in a venture capital partnership, and interests in two professional sports teams.

INVESTMENTS IN FUNDS MANAGED BY OTHERS

Book value, \$0.3 million

At December 31, 2002, El Dorado had an investment in a venture capital partnership at a carrying value of \$0.3 million. This partnership is primarily invested in high-tech companies.

SUNCOR FINANCIAL HIGHLIGHTS (dollars in thousands)

year ended December 31,	2002	2001	2000	1999	1998	1997
OPERATING REVENUES	\$ 236,388	\$ 168,908	\$ 158,365	\$ 130,169	\$ 124,188	\$ 116,473
NET INCOME	18,854	3,337	11,538	6,064	44,719 (a)	5,334
DIVIDENDS DECLARED TO PARENT	-	-	-	20,000	30,000	38,000

December 31,	2002	2001	2000	1999	1998	1997
ASSETS						
Land and improvements	\$ 268,368	\$ 266,480	\$ 222,850	\$ 228,045	\$ 220,434	\$ 251,109
Investment in and advances to real estate partnership	(2,787)	(6,069)	8,510	7,940	9,546	11,662
Investment in real estate joint ventures	22,119	41,280	38,010	37,390	42,836	46,670
Commercial properties	121,559	110,155	97,104	61,668	52,044	49,588
Home inventory	38,247	33,729	33,954	29,803	20,994	16,744
Deferred tax asset	14,946	25,091	26,980	33,257	37,200	-
Notes receivable - other	6,824	4,795	4,384	9,571	8,605	6,478
Cash and other assets	49,506	26,455	24,545	29,567	15,378	14,534
Total assets	\$ 518,782	\$ 501,916	\$ 456,337	\$ 437,241	\$ 407,037	\$ 396,785
LIABILITIES AND EQUITY						
Long-term debt	\$ 147,035	\$ 148,627	\$ 123,378	\$ 102,739	\$ 84,088	\$ 90,713
Other liabilities	60,338	47,396	30,403	23,486	17,997	15,840
Stockholder's equity	311,409	305,893	302,556	311,016	304,952	290,232
Total liabilities and equity	\$ 518,782	\$ 501,916	\$ 456,337	\$ 437,241	\$ 407,037	\$ 396,785

(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 inter-company 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

VILLAGE OF LITCHFIELD PARK

330-acre master-planned 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

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

18-acre mixed-use commercial and residential development east of Phoenix (joint venture)

PRESCOTT VALLEY AREA**STONERIDGE**

1,850-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
2,500-acre first phase

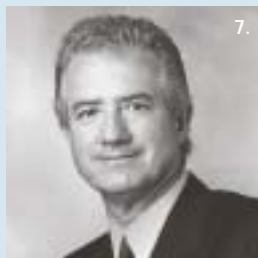
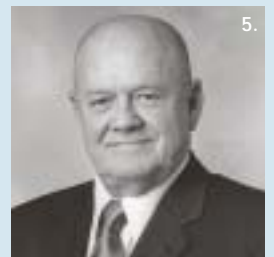
ST. GEORGE AREA**CORAL CANYON**

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



1. PAMELA GRANT, (64) 1980* Civic Leader COMMITTEES: *Human Resources, Chairman; Audit; Corporate Governance* **2. MARTHA O. HESSE, (60) 1991** President, Hesse Gas Company COMMITTEES: *Audit, Chairman; Finance and Operating; Corporate Governance* **3. THE REV. BILL JAMIESON, JR., (59) 1991** President, Institute for Servant Leadership of Asheville, North Carolina COMMITTEES: *Human Resources; Corporate Governance* **4. ROY A. HERBERGER, JR., (60) 1992** President, Thunderbird, The American Graduate School of International Management COMMITTEES: *Finance and Operating, Chairman; Human Resources; Corporate Governance* **5. ROBERT G. MATLOCK, (69) 1993** Management Consultant, R.G. Matlock & Associates, Inc. COMMITTEES: *Human Resources; Corporate Governance* **6. WILLIAM J. POST, (52) 1994** Chairman of the Board & Chief Executive Officer COMMITTEE: *Finance and Operating* **7. HUMBERTO S. LOPEZ, (57) 1995** President, HSL Properties, Inc. COMMITTEES: *Audit; Corporate Governance* **8. MICHAEL L. GALLAGHER, (58) 1997** Chairman Emeritus, Gallagher & Kennedy, P.A. COMMITTEES: *Human Resources; Corporate Governance, Presiding Director* **9. BRUCE J. NORDSTROM, (53) 1997** Certified Public Accountant, Nordstrom and Associates, P.C. COMMITTEES: *Audit; Corporate Governance* **10. JACK E. DAVIS, (56) 1998** President COMMITTEE: *Finance and Operating* **11. WILLIAM L. STEWART, (59) 1998**** **12. EDDIE BASHA, (65) 1999** Chairman of the Board, Bashas' COMMITTEES: *Audit; Corporate Governance* **13. KATHRYN L. MUNRO, (54) 1999** Chairman, BridgeWest L.L.C. COMMITTEES: *Finance and Operating; Corporate Governance*

Board of Directors



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

**William Stewart announced his retirement from the company effective Dec. 1, 2003. He will be transitioning his duties to other officers in the company until his retirement.

Officers

PINNACLE WEST

William J. Post (52) 1973*
Chairman of the Board
& Chief Executive Officer

Jack E. Davis (56) 1973
President

Armando B. Flores (59) 1991
Executive Vice President,
Corporate Business Services

Donald E. Brandt (48) 2002
Senior Vice President
& Chief Financial Officer

Robert S. Aiken (46) 1986
Vice President, Federal Affairs

John G. Bohon (57) 1971
Vice President, Corporate
Services & Human Resources

Dennis L. Brown (52) 1973
Vice President
& Chief Information Officer

Edward Z. Fox (49) 1995
Vice President, Communications,
Environment & Safety

Nancy C. Loftin (49) 1985
Vice President, General Counsel
& Secretary

Martin L. Shultz (58) 1979
Vice President,
Government Affairs

Barbara M. Gomez (48) 1978
Treasurer

ARIZONA PUBLIC SERVICE

William J. Post
Chairman of the Board

Jack E. Davis
President & Chief Executive
Officer

James M. Levine (53) 1989
Executive Vice President,
Generation

Donald E. Brandt
Senior Vice President
& Chief Financial Officer

Gregg R. Overbeck (56) 1990
Senior Vice President,
Nuclear Generation

Steven M. Wheeler (54) 2001
Senior Vice President,
Regulation, System Planning
& Operations

Jan H. Bennett (55) 1967
Vice President, Customer Service

Ajit P. Bhatti (57) 1973
Vice President,
Resource Planning

John R. Denman (60) 1964
Vice President, Fossil Generation

Chris N. Froggatt (45) 1986
Vice President & Controller

David A. Hansen (43) 1980
Vice President,
Power Marketing & Trading

Nancy C. Loftin
Vice President, General Counsel
& Secretary

David Mauldin (53) 1990
Vice President,
Nuclear Engineering

Donald G. Robinson (49) 1978
Vice President,
Finance & Planning

Barbara M. Gomez
Treasurer

SUNCOR DEVELOPMENT

William J. Post
Chairman of the Board

John C. Ogden (57) 1972
President
& Chief Executive Officer

Geoffrey L. Appleyard (49) 1987
Vice President
& Chief Financial Officer

Duane S. Black (50) 1989
Vice President
& Chief Operating Officer

Jay T. Ellingson (54) 1992
Vice President,
Development – Palm Valley

Steven Gervais (47) 1987
Vice President & General Counsel

Margaret E. Kirch (53) 1988
Vice President,
Commercial Development

Thomas A. Patrick (49) 1995
Vice President, Golf Operations

PINNACLE WEST ENERGY

James M. Levine
President
& Chief Executive Officer

Ajoy K. Banerjee (57) 1999
Vice President,
Construction & Operations

Warren C. Kotzmann (53) 1989
Vice President, Financial
& Corporate Services

APS ENERGY SERVICES

Vicki G. Sandler (46) 1982
President, APS Energy Services

EL DORADO INVESTMENT

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

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

Shareholder Information

CORPORATE HEADQUARTERS

400 North 5th Street
P.O. Box 53999
Phoenix, Arizona 85004

Main telephone number: (602) 250-1000

ANNUAL MEETING OF SHAREHOLDERS

Wednesday, May 21, 2003
10:30 a.m.

The Herberger Theatre
222 East Monroe Street
Phoenix, Arizona 85004

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 (after April 1, 2003) 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 (800) 457-2983, at the corporate Web site –
www.pinnaclewest.com, or by writing to:

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

CORPORATE WEB SITE

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 North 5th Street
Phoenix, Arizona 85004
Telephone: (602) 250-5506

SHAREHOLDER ACCOUNT AND ADMINISTRATIVE INFORMATION

Shareholder Department telephone number (toll-free): (800) 457-2983

INVESTOR RELATIONS CONTACTS

Rebecca L. Hickman, Director, Investor Relations
Lisa Malagon, Manager
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

ENVIRONMENTAL, HEALTH AND SAFETY REPORT

To view the APS Environmental, Health and Safety Report please
visit www.aps.com, or to receive a printed summary report,
call (602) 250-3282.

IMPORTANT NOTICE TO SHAREHOLDERS:

Pinnacle West posts quarterly results and other important information on its Web site (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 that could impact investor-owned utilities.