

## INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors and Stockholders  
Pinnacle West Capital Corporation  
Phoenix, Arizona

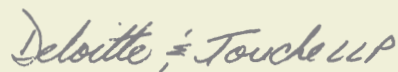
We have examined the accompanying management's assertion that Pinnacle West Capital Corporation and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2003, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants ("AICPA") and, accordingly, included obtaining an understanding of the internal control over financial reporting, testing and evaluating the design and operating effectiveness of the internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assertion that the Company maintained effective internal control over financial reporting as of December 31, 2003 is fairly stated, in all material respects, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

An examination of management's assertion regarding the effectiveness of internal control under AICPA standards may not be the same in scope as an audit of internal control under the current proposed standards of the Public Company Accounting Oversight Board (the "PCAOB") and, accordingly, may not necessarily result in the same conclusion or disclose all matters in internal control that might ultimately be noted in performing an audit under PCAOB standards when they are finally adopted. Accordingly, our examination of the accompanying Management's Report on Internal Control Over Financial Reporting is not intended to comply with, and should not be relied upon for compliance with, the U.S. Securities and Exchange Commission rule relating to Section 404 or Section 103 of the Sarbanes-Oxley Act of 2002.



DELOITTE & TOUCHE LLP  
Phoenix, Arizona  
March 11, 2004