

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATING INCOME STATEMENT

(DOLLARS IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2006

	Pinnacle West Parent Company	APS	Pinnacle West Energy (a)
OPERATING REVENUES			
Regulated electricity segment	\$ -	\$ 2,640,989	\$ -
Real estate segment	-	-	-
Marketing and trading	119,224	17,524	-
Other revenues	-	-	-
Total	<u>119,224</u>	<u>2,658,513</u>	<u>-</u>
OPERATING EXPENSES			
Regulated electricity segment fuel and purchased power	-	965,712	-
Real estate segment operations	253	-	-
Marketing and trading fuel and purchased power	101,360	4,055	-
Operations and maintenance	8,884	665,631	(98)
Depreciation and amortization	470	353,057	-
Taxes other than income taxes	-	127,989	11
Other expenses	-	-	-
Total	<u>110,967</u>	<u>2,116,444</u>	<u>(87)</u>
OPERATING INCOME	<u>8,257</u>	<u>542,069</u>	<u>87</u>
OTHER			
Allowance for equity funds used during construction	-	14,312	-
Other income	337,963	31,902	-
Other expenses	(2,815)	(23,830)	-
Total	<u>335,148</u>	<u>22,384</u>	<u>-</u>
INTEREST EXPENSE			
Interest charges	20,525	163,132	-
Capitalized interest	(2)	(7,336)	-
Total	<u>20,523</u>	<u>155,796</u>	<u>-</u>
INCOME FROM CONTINUING OPERATIONS			
BEFORE INCOME TAXES	322,882	408,657	87
INCOME TAXES	(12,900)	138,927	-
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>335,782</u>	<u>269,730</u>	<u>87</u>
Income (loss) from discontinued operations – net of income tax expense (benefit)	(90)	-	1,001
NET INCOME (LOSS)	<u>\$ 335,692</u>	<u>\$ 269,730</u>	<u>\$ 1,088</u>

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

(a) Pinnacle West Energy sold its ownership interest in Silverhawk on January 10, 2006. As a result, Pinnacle West Energy no longer owned any generating plants and was dissolved as of August 31, 2006.

(b) Elimination of intercompany sales of electricity.

(c) Elimination of intercompany interest expense and income.

SunCor	El Dorado	APS Energy Services	Eliminations and Adjustments	Consolidated Total
\$ -	\$ -	\$ -	\$ (5,953) (b)	\$ 2,635,036
399,798	-	-	-	399,798
-	-	193,994	-	330,742
-	-	36,172	-	36,172
<u>399,798</u>	<u>-</u>	<u>230,166</u>	<u>(5,953)</u>	<u>3,401,748</u>
-	-	-	(5,063) (b)	960,649
324,608	-	-	-	324,861
-	-	185,222	-	290,637
-	4	17,746	(890) (b)	691,277
3,497	-	1,620	-	358,644
-	-	395	-	128,395
-	-	28,415	-	28,415
<u>328,105</u>	<u>4</u>	<u>233,398</u>	<u>(5,953)</u>	<u>2,782,878</u>
<u>71,693</u>	<u>(4)</u>	<u>(3,232)</u>	<u>-</u>	<u>618,870</u>
-	-	-	-	14,312
10,881	(1,105)	(11)	(335,614) (c)	44,016
-	(876)	(279)	-	(27,800)
<u>10,881</u>	<u>(1,981)</u>	<u>(290)</u>	<u>(335,614)</u>	<u>30,528</u>
13,169	854	1,820	(2,674) (c)	196,826
(12,864)	-	(787)	-	(20,989)
<u>305</u>	<u>854</u>	<u>1,033</u>	<u>(2,674)</u>	<u>175,837</u>
82,269	(2,839)	(4,555)	(332,940)	473,561
32,176	-	(1,785)	-	156,418
50,093	(2,839)	(2,770)	(332,940)	317,143
10,451	(1,250)	-	-	10,112
<u>\$ 60,544</u>	<u>\$ (4,089)</u>	<u>\$ (2,770)</u>	<u>\$ (332,940)</u>	<u>\$ 327,255</u>

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATING BALANCE SHEET

(DOLLARS IN THOUSANDS)

DECEMBER 31, 2006

	Pinnacle West Parent Company	----- APS	----- SunCor
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 11	\$ 81,870	\$ 5,177
Investment in debt securities	-	32,700	-
Customer and other receivables	174,583	410,436	5,068
Allowance for doubtful accounts	(1,200)	(4,223)	-
Materials and supplies (at average cost)	-	125,802	-
Fossil fuel (at average cost)	-	21,973	-
Deferred income taxes	-	19,220	-
Accrued income taxes	-	-	2,080
Assets from risk management and trading activities	101,604	539,308	-
Other current assets	10,810	13,367	43,133
Total current assets	<u>285,808</u>	<u>1,240,453</u>	<u>55,458</u>
INVESTMENTS AND OTHER ASSETS			
Real estate investments - net	1,007	-	525,001
Assets from long-term risk management and trading activities	70,319	96,892	-
Decommissioning trust accounts	-	343,771	-
Other assets	3,612,935	67,763	3,623
Total investments and other assets	<u>3,684,261</u>	<u>508,426</u>	<u>528,624</u>
PROPERTY, PLANT AND EQUIPMENT			
Plant in service and held for future use	3,140	11,094,868	-
Less accumulated depreciation and amortization	2,120	3,789,534	-
Net	1,020	7,305,334	-
Construction work in progress	202	365,704	-
Intangible assets, net of accumulated amortization	81	95,601	-
Nuclear fuel, net of accumulated amortization	-	60,100	-
Total property, plant and equipment	<u>1,303</u>	<u>7,826,739</u>	<u>-</u>
DEFERRED DEBITS			
Deferred fuel and purchased power regulatory asset	-	160,268	-
Other regulatory assets	-	686,016	-
Deferred income taxes	-	-	13,735
Other deferred debits	3,384	91,790	9,494
Total deferred debits	<u>3,384</u>	<u>938,074</u>	<u>23,229</u>
TOTAL ASSETS	<u>\$ 3,974,756</u>	<u>\$ 10,513,692</u>	<u>\$ 607,311</u>

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- (a) Elimination of intercompany receivables and payables.
(b) Miscellaneous reclassifications.
(c) Elimination of Parent Company investments in subsidiaries.

El Dorado	APS Energy Services	Eliminations and Adjustments	Consolidated Total
\$ 1	\$ 151	\$ -	\$ 87,210
-	-	-	32,700
13,735	24,889	(127,083) (a)	501,628
-	(174)	-	(5,597)
-	-	-	125,802
-	-	-	21,973
-	-	(18,238) (b)	982
-	-	(2,080) (b)	-
-	128	-	641,040
-	1,614	-	68,924
<u>13,736</u>	<u>26,608</u>	<u>(147,401)</u>	<u>1,474,662</u>
-	-	-	526,008
-	-	-	167,211
-	-	-	343,771
20,716	315	(3,593,964) (c)	111,388
<u>20,716</u>	<u>315</u>	<u>(3,593,964)</u>	<u>1,148,378</u>
-	56,911	-	11,154,919
-	5,821	-	3,797,475
-	51,090	-	7,357,444
-	2,378	-	368,284
-	418	-	96,100
-	-	-	60,100
-	53,886	-	7,881,928
-	-	-	160,268
-	-	-	686,016
-	-	(13,735) (b)	-
(4)	(9)	36 (b)	104,691
(4)	(9)	(13,699)	950,975
<u>\$ 34,448</u>	<u>\$ 80,800</u>	<u>\$ (3,755,064)</u>	<u>\$ 11,455,943</u>

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATING BALANCE SHEET

(DOLLARS IN THOUSANDS)

DECEMBER 31, 2006

	Pinnacle West Parent Company	----- APS	----- SunCor
LIABILITIES AND COMMON STOCK EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 80,903	\$ 223,417	\$ 31,518
Accrued taxes	(118,073)	381,444	4,197
Accrued interest	2,586	45,254	906
Short-term borrowings	27,900	-	7,850
Current maturities of long-term debt	115	968	513
Customer deposits	-	61,900	8,268
Deferred income taxes	18,238	-	-
Liabilities from risk management and trading activities	67,340	490,855	-
Other current liabilities	128,399	74,728	24,584
Total current liabilities	<u>207,408</u>	<u>1,278,566</u>	<u>77,836</u>
LONG-TERM DEBT LESS CURRENT MATURITIES	<u>175,000</u>	<u>2,877,502</u>	<u>180,131</u>
DEFERRED CREDITS AND OTHER			
Deferred income taxes	19,582	1,215,862	-
Regulatory liabilities	-	635,431	-
Liability for asset retirements	-	268,389	-
Liabilities for pension and other postretirement benefits	13,437	551,531	17,636
Liabilities from risk management and trading activities	36,114	135,056	-
Unamortized gain - sale of utility plant	-	41,182	-
Other	23,218	302,700	60,757
Total deferred credits and other	<u>92,351</u>	<u>3,150,151</u>	<u>78,393</u>
COMMON STOCK EQUITY			
Common stock, no par value	2,587,650	2,244,080	90,053
Treasury stock at cost	(449)	-	-
Total common stock	<u>2,587,201</u>	<u>2,244,080</u>	<u>90,053</u>
Accumulated other comprehensive income (loss):			
Pension and other postretirement benefits	(11,031)	-	(4,411)
Derivative instruments	28,543	2,988	-
Total accumulated other comprehensive income (loss)	<u>17,512</u>	<u>2,988</u>	<u>(4,411)</u>
Retained earnings	895,284	960,405	185,309
Total common stock equity	<u>3,499,997</u>	<u>3,207,473</u>	<u>270,951</u>
TOTAL LIABILITIES AND COMMON STOCK EQUITY	<u>\$ 3,974,756</u>	<u>\$ 10,513,692</u>	<u>\$ 607,311</u>

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- (a) Elimination of intercompany receivables and payables.
(b) Miscellaneous reclassifications.
(c) Elimination of Parent Company equity interest in subsidiaries.

El Dorado	APS Energy Services	Eliminations and Adjustments	Consolidated Total
\$ 1,256	\$ 8,953	\$ -	\$ 346,047
2,371	(3,924)	(2,080) (b)	263,935
-	-	-	48,746
21,497	799	(22,296) (a)	35,750
-	-	-	1,596
-	-	-	70,168
-	-	(18,238) (b)	-
-	-	-	558,195
203	10,961	(104,752) (a)	134,123
<u>25,327</u>	<u>16,789</u>	<u>(147,366)</u>	<u>1,458,560</u>
-	-	-	<u>3,232,633</u>
-	4,089	(13,735) (b)	1,225,798
-	-	-	635,431
-	-	-	268,389
-	6,248	-	588,852
-	-	-	171,170
-	-	-	41,182
-	1,137	-	387,812
-	<u>11,474</u>	<u>(13,735)</u>	<u>3,318,634</u>
14,046	50,283	(2,871,562) (c)	2,114,550
-	-	-	(449)
<u>14,046</u>	<u>50,283</u>	<u>(2,871,562)</u>	<u>2,114,101</u>
-	(3,821)	-	(19,263)
-	-	-	31,531
-	(3,821)	-	12,268
(4,925)	6,075	(722,401) (c)	1,319,747
<u>9,121</u>	<u>52,537</u>	<u>(3,593,963)</u>	<u>3,446,116</u>
<u>\$ 34,448</u>	<u>\$ 80,800</u>	<u>\$ (3,755,064)</u>	<u>\$ 11,455,943</u>

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

YEAR ENDED DECEMBER 31,	2006	2005	2004
OPERATING REVENUES			
Regulated electricity segment	\$ 2,635,036	\$ 2,237,145	\$ 2,035,247
Real estate segment	399,798	338,031	350,315
Marketing and trading	330,742	351,558	400,628
Other revenues	36,172	61,221	42,816
Total	<u>3,401,748</u>	<u>2,987,955</u>	<u>2,829,006</u>
OPERATING EXPENSES			
Regulated electricity segment fuel and purchased power	960,649	595,141	567,433
Real estate segment operations	324,861	278,366	284,194
Marketing and trading fuel and purchased power	290,637	293,091	320,667
Operations and maintenance	691,277	635,827	592,320
Depreciation and amortization	358,644	347,652	391,597
Taxes other than income taxes	128,395	132,040	120,722
Other expenses	28,415	51,987	34,108
Regulatory disallowance	-	138,562	-
Total	<u>2,782,878</u>	<u>2,472,666</u>	<u>2,311,041</u>
OPERATING INCOME	<u>618,870</u>	<u>515,289</u>	<u>517,965</u>
OTHER			
Allowance for equity funds used during construction	14,312	11,191	4,885
Other income	44,016	23,360	53,289
Other expenses	(27,800)	(26,716)	(21,340)
Total	<u>30,528</u>	<u>7,835</u>	<u>36,834</u>
INTEREST EXPENSE			
Interest charges	196,826	185,087	183,527
Capitalized interest	(20,989)	(12,018)	(11,460)
Total	<u>175,837</u>	<u>173,069</u>	<u>172,067</u>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	<u>473,561</u>	<u>350,055</u>	<u>382,732</u>
INCOME TAXES	<u>156,418</u>	<u>126,892</u>	<u>136,142</u>
INCOME FROM CONTINUING OPERATIONS	<u>317,143</u>	<u>223,163</u>	<u>246,590</u>
Cumulative effect of change in accounting for derivatives - net of income tax benefit of \$9,892	-	-	-
Cumulative effect of a change in accounting for trading activities - net of income tax benefit of \$43,123	-	-	-
Income (loss) from discontinued operations - net of income tax expense (benefit) (a)	10,112	(46,896)	(3,395)
NET INCOME	<u>\$ 327,255</u>	<u>\$ 176,267</u>	<u>\$ 243,195</u>
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING - BASIC	<u>99,417</u>	<u>96,484</u>	<u>91,397</u>
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING - DILUTED	<u>100,010</u>	<u>96,590</u>	<u>91,532</u>
EARNINGS PER WEIGHTED-AVERAGE COMMON SHARE OUTSTANDING			
Income from continuing operations - basic	\$ 3.19	\$ 2.31	\$ 2.70
Net income - basic	\$ 3.29	\$ 1.83	\$ 2.66
Income from continuing operations - diluted	\$ 3.17	\$ 2.31	\$ 2.69
Income (loss) from discontinued operations - net of income taxes			
Silverhawk	-	(0.69)	(0.12)
SunCor	0.10	0.17	0.04
NAC	-	0.03	0.05
Total	<u>0.10</u>	<u>(0.49)</u>	<u>(0.03)</u>
Cumulative effect of change in accounting - net of income taxes	-	-	-
Net income - diluted	<u>\$ 3.27</u>	<u>\$ 1.82</u>	<u>\$ 2.66</u>
DIVIDENDS DECLARED PER SHARE	<u>\$ 2.025</u>	<u>\$ 1.925</u>	<u>\$ 1.825</u>

(a) Income tax expense (benefit): 2006, \$6,570; 2005, (\$29,797); 2004, (\$1,805); 2003, \$9,887; and 2002, (\$14,045).

2003	2002	2001
\$ 1,978,075	\$ 1,890,391	\$ 1,984,305
361,604	201,081	168,908
391,196	286,879	469,784
27,929	26,899	11,771
<u>2,758,804</u>	<u>2,405,250</u>	<u>2,634,768</u>
517,320	376,911	583,080
305,974	185,925	153,462
344,862	154,987	152,762
548,732	584,538	530,095
435,140	422,299	427,903
110,270	107,952	101,068
23,254	21,895	10,375
-	-	-
<u>2,285,552</u>	<u>1,854,507</u>	<u>1,958,745</u>
<u>473,252</u>	<u>550,743</u>	<u>676,023</u>
14,240	-	-
35,563	14,910	26,416
(20,574)	(33,655)	(33,577)
<u>29,229</u>	<u>(18,745)</u>	<u>(7,161)</u>
193,973	187,039	175,822
(19,078)	(43,749)	(47,862)
<u>174,895</u>	<u>143,290</u>	<u>127,960</u>
327,586	388,708	540,902
<u>102,202</u>	<u>152,145</u>	<u>213,535</u>
225,384	236,563	327,367
-	-	(15,201)
-	(65,745)	-
15,195	(21,410)	-
<u>\$ 240,579</u>	<u>\$ 149,408</u>	<u>\$ 312,166</u>
91,265	84,903	84,718
91,405	84,964	84,930
\$ 2.47	\$ 2.79	\$ 3.86
\$ 2.64	\$ 1.76	\$ 3.68
\$ 2.47	\$ 2.78	\$ 3.85
-	-	-
0.11	0.11	-
0.05	(0.36)	-
0.16	(0.25)	-
-	(0.77)	(0.17)
<u>\$ 2.63</u>	<u>\$ 1.76</u>	<u>\$ 3.68</u>
\$ 1.725	\$ 1.625	\$ 1.525

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED BALANCE SHEETS

(DOLLARS IN THOUSANDS)

DECEMBER 31,

	2006	2005	2004
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 87,210	\$ 154,003	\$ 163,366
Investment in debt securities	32,700	-	181,175
Customer and other receivables	501,628	502,681	461,090
Allowance for doubtful accounts	(5,597)	(4,979)	(4,896)
Materials and supplies (at average cost)	125,802	109,736	101,333
Fossil fuel (at average cost)	21,973	23,658	20,512
Deferred income taxes	982	-	-
Assets from risk management and trading activities	641,040	827,779	166,896
Assets held for sale	-	202,645	-
Assets related to discontinued operations	-	-	-
Other current assets	68,924	75,869	47,654
Total current assets	<u>1,474,662</u>	<u>1,891,392</u>	<u>1,137,130</u>
INVESTMENTS AND OTHER ASSETS			
Real estate investments - net	526,008	390,702	382,398
Assets from long-term risk management and trading activities	167,211	597,831	224,341
Decommissioning trust accounts	343,771	293,943	267,700
Other assets	111,388	111,931	107,212
Total investments and other assets	<u>1,148,378</u>	<u>1,394,407</u>	<u>981,651</u>
PROPERTY, PLANT AND EQUIPMENT			
Plant in service and held for future use	11,154,919	10,727,695	10,486,648
Less accumulated depreciation and amortization	3,797,475	3,622,884	3,365,954
Net	7,357,444	7,104,811	7,120,694
Construction work in progress	368,284	327,172	258,119
Intangible assets, net of accumulated amortization	96,100	90,916	105,486
Nuclear fuel, net of accumulated amortization	60,100	54,184	51,188
Total property, plant and equipment	<u>7,881,928</u>	<u>7,577,083</u>	<u>7,535,487</u>
DEFERRED DEBITS			
Deferred fuel and purchased power regulatory asset	160,268	172,756	-
Other regulatory assets	686,016	151,123	135,051
Other deferred debits	104,691	135,884	107,428
Total deferred debits	<u>950,975</u>	<u>459,763</u>	<u>242,479</u>
TOTAL ASSETS	\$ 11,455,943	\$ 11,322,645	\$ 9,896,747

----- 2003 -----	----- 2002 -----	----- 2001 -----
\$ 131,062	\$ 77,566	\$ 28,619
91,850	-	-
443,295	457,091	457,706
(9,223)	(9,607)	(14,334)
96,099	91,652	81,215
28,367	28,185	27,023
-	4,094	-
97,630	102,664	66,973
-	-	-
23,065	42,339	-
72,649	66,388	48,366
<u>974,794</u>	<u>860,372</u>	<u>695,568</u>
358,441	384,427	417,711
138,946	191,754	200,351
240,645	194,440	202,036
88,473	76,843	135,216
<u>826,505</u>	<u>847,464</u>	<u>955,314</u>
9,904,874	9,058,900	8,030,847
<u>3,145,609</u>	<u>2,917,552</u>	<u>2,742,721</u>
6,759,265	6,141,348	5,288,126
554,876	777,542	1,047,072
108,534	109,815	86,782
52,011	51,124	49,282
<u>7,474,686</u>	<u>7,079,829</u>	<u>6,471,262</u>
-	-	-
132,349	241,045	342,383
<u>110,708</u>	<u>110,447</u>	<u>64,597</u>
243,057	351,492	406,980
<u>\$ 9,519,042</u>	<u>\$ 9,139,157</u>	<u>\$ 8,529,124</u>

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED BALANCE SHEETS

(DOLLARS IN THOUSANDS)

DECEMBER 31,	2006	2005	2004
LIABILITIES AND COMMON STOCK EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 346,047	\$ 377,107	\$ 373,526
Accrued taxes	263,935	289,235	245,611
Accrued interest	48,746	31,774	38,795
Short-term borrowings	35,750	15,673	71,030
Current maturities of long-term debt	1,596	384,947	617,165
Customer deposits	70,168	60,509	55,558
Deferred income taxes	-	94,710	9,057
Liabilities from risk management and trading activities	558,195	720,693	113,406
Liabilities related to discontinued operations	-	-	-
Other current liabilities	134,123	297,425	101,748
Total current liabilities	<u>1,458,560</u>	<u>2,272,073</u>	<u>1,625,896</u>
LONG-TERM DEBT LESS CURRENT MATURITIES	<u>3,232,633</u>	<u>2,608,455</u>	<u>2,584,985</u>
DEFERRED CREDITS AND OTHER			
Deferred income taxes	1,225,798	1,225,253	1,227,553
Regulatory liabilities	635,431	592,494	506,646
Liability for asset retirements	268,389	269,011	251,612
Liabilities for pension and other postretirement benefits	588,852	264,476	234,445
Liabilities from risk management and trading activities	171,170	256,413	156,262
Unamortized gain - sale of utility plant	41,182	45,757	50,333
Other	387,812	363,749	308,819
Total deferred credits and other	<u>3,318,634</u>	<u>3,017,153</u>	<u>2,735,670</u>
COMMON STOCK EQUITY			
Common stock, no par value	2,114,550	2,067,377	1,769,047
Treasury stock at cost	(449)	(1,245)	(428)
Total common stock	<u>2,114,101</u>	<u>2,066,132</u>	<u>1,768,619</u>
Accumulated other comprehensive income (loss):			
Pension and other postretirement benefits	(19,263)	(97,277)	(81,788)
Derivative instruments	31,531	262,397	59,243
Total accumulated other comprehensive income (loss)	<u>12,268</u>	<u>165,120</u>	<u>(22,545)</u>
Retained earnings	1,319,747	1,193,712	1,204,122
Total common stock equity	<u>3,446,116</u>	<u>3,424,964</u>	<u>2,950,196</u>
TOTAL LIABILITIES AND COMMON STOCK EQUITY	<u>\$ 11,455,943</u>	<u>\$ 11,322,645</u>	<u>\$ 9,896,747</u>

----- 2003 -----	----- 2002 -----	----- 2001 -----
\$ 283,021	\$ 332,441	\$ 268,521
69,769	71,107	96,729
51,825	53,018	48,806
86,081	227,683	405,762
704,914	280,888	126,140
49,783	42,190	30,232
631	-	3,244
92,755	111,329	35,994
16,427	28,855	-
77,362	85,585	70,078
<u>1,432,568</u>	<u>1,233,096</u>	<u>1,085,506</u>
<u>2,616,585</u>	<u>2,743,741</u>	<u>2,673,078</u>
1,338,527	1,209,074	1,064,993
468,694	26,264	27,355
234,440	600,431	589,725
188,041	183,880	49,032
82,730	147,900	207,576
54,909	59,484	64,060
<u>272,769</u>	<u>249,134</u>	<u>268,476</u>
<u>2,640,110</u>	<u>2,476,167</u>	<u>2,271,217</u>
1,744,354	1,737,258	1,536,924
<u>(3,273)</u>	<u>(4,358)</u>	<u>(5,886)</u>
<u>1,741,081</u>	<u>1,732,900</u>	<u>1,531,038</u>
(66,564)	(71,264)	(966)
<u>27,563</u>	<u>(20,020)</u>	<u>(63,599)</u>
<u>(39,001)</u>	<u>(91,284)</u>	<u>(64,565)</u>
<u>1,127,699</u>	<u>1,044,537</u>	<u>1,032,850</u>
<u>2,829,779</u>	<u>2,686,153</u>	<u>2,499,323</u>
<u>\$ 9,519,042</u>	<u>\$ 9,139,157</u>	<u>\$ 8,529,124</u>

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(DOLLARS IN THOUSANDS)

YEAR ENDED DECEMBER 31,	2006	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 327,255	\$ 176,267	\$ 243,195
Adjustments to reconcile net income to net cash provided by operating activities:			
Silverhawk impairment loss	-	91,025	-
Regulatory disallowance	-	138,562	-
Cumulative effect of accounting change, net of tax	-	-	-
Equity earnings in Phoenix Suns partnership	-	-	(34,594)
Depreciation and amortization including nuclear fuel	386,760	381,604	432,161
Deferred fuel and purchased power	(252,849)	(172,756)	-
Deferred fuel and purchased power amortization	265,337	-	-
Allowance for equity funds used during construction	(14,312)	(11,191)	(4,885)
Deferred income taxes	27,738	(23,806)	(113,850)
Change in mark-to-market valuations	28,464	(11,670)	(18,915)
Redhawk Units 3 and 4 cancellation charge	-	-	-
Changes in current assets and liabilities:			
Customer and other receivables	9,189	(38,763)	(11,056)
Materials, supplies and fossil fuel	(9,094)	(16,836)	2,621
Other current assets	10,673	(28,215)	25,380
Accounts payable	(46,055)	(6,392)	85,344
Accrued taxes	(22,329)	43,624	175,842
Other current liabilities	21,763	1,567	10,561
Proceeds from the sale of real estate assets	34,990	16,218	80,035
Real estate investments	(126,229)	(88,055)	(62,812)
Change in risk management and trading - liabilities	(133,197)	110,393	13,018
Collateral	(165,828)	192,040	12,619
Change in pension and other postretirement liabilities	7,488	3,116	23,822
Change in other long-term assets	20,330	(97,893)	(39,215)
Change in other long-term liabilities	23,408	71,457	31,621
Net cash flow provided by operating activities	<u>393,502</u>	<u>730,296</u>	<u>850,892</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(737,779)	(633,532)	(538,842)
Capitalized interest	(20,990)	(12,018)	(16,311)
Purchase of Sundance Plant	-	(185,046)	-
Proceeds from sale of Silverhawk	207,620	-	90,967
Proceeds from the sale of the Phoenix Suns partnership	-	-	23,101
Purchases of investment securities	(1,439,404)	(2,962,278)	(1,040,955)
Proceeds from sale of investment securities	1,406,704	3,143,481	951,630
Proceeds from nuclear decommissioning trust sales	254,651	186,215	123,795
Investment in nuclear decommissioning trust	(275,393)	(204,633)	(135,239)
Proceeds from sale of real estate investments	39,621	82,719	-
Other	(3,763)	-	(3,072)
Net cash flow used for investing activities	<u>(568,733)</u>	<u>(585,092)</u>	<u>(544,926)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of long-term debt	757,636	1,088,815	478,328
Repayment of long-term debt	(527,864)	(1,288,034)	(604,015)
Short-term borrowings and payments - net	9,911	(46,413)	(15,051)
Dividends paid on common stock	(201,220)	(186,677)	(166,772)
Common stock equity issuance	39,548	298,168	18,291
Other	30,427	(20,426)	9,690
Net cash flow provided by (used for) financing activities	<u>108,438</u>	<u>(154,567)</u>	<u>(279,529)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(66,793)</u>	<u>(9,363)</u>	<u>26,437</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>154,003</u>	<u>163,366</u>	<u>136,929</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 87,210</u>	<u>\$ 154,003</u>	<u>\$ 163,366</u>

----- 2003 -----	----- 2002 -----	----- 2001 -----
\$ 240,579	\$ 149,408	\$ 312,166
-	-	-
-	-	-
-	65,745	15,201
-	-	-
466,900	456,071	456,265
-	-	-
-	-	-
(14,240)	-	-
85,462	196,324	(17,203)
17,410	(18,146)	(133,573)
-	49,192	-
2,346	21,831	145,016
(4,629)	(11,599)	(16,867)
(6,646)	(7,247)	64
(34,303)	53,659	(128,017)
(1,338)	(36,039)	7,483
3,725	(3,676)	38,212
130,597	57,121	35,783
(51,837)	(56,355)	(80,603)
(11,613)	(22,783)	45,330
(10,453)	22,136	-
19,074	(1,571)	(28,347)
40,812	(45,632)	(54,664)
<u>30,177</u>	<u>8,979</u>	<u>(25,203)</u>
<u>902,023</u>	<u>877,418</u>	<u>571,043</u>
(713,256)	(911,579)	(1,055,574)
(29,444)	(44,110)	(47,862)
-	-	-
-	-	-
-	-	-
(877,660)	-	-
785,810	-	-
168,874	103,516	68,730
(180,319)	(114,961)	(80,383)
46,781	9,272	-
<u>(9,595)</u>	<u>48,080</u>	<u>(4,828)</u>
<u>(808,809)</u>	<u>(909,782)</u>	<u>(1,119,917)</u>
656,850	674,919	995,447
(368,162)	(351,670)	(621,057)
(173,303)	(306,079)	322,987
(157,417)	(137,721)	(129,199)
-	199,238	-
<u>8,181</u>	<u>2,624</u>	<u>(1,048)</u>
<u>(33,851)</u>	<u>81,311</u>	<u>567,130</u>
59,363	48,947	18,256
77,566	28,619	10,363
<u>\$ 136,929</u>	<u>\$ 77,566</u>	<u>\$ 28,619</u>

PINNACLE WEST CAPITAL CORPORATION
SELECTED CONSOLIDATED FINANCIAL DATA

(DOLLARS PER SHARE)

	2006	2005	2004	2003	2002	2001
BOOK VALUE PER SHARE						
AT YEAR-END						
APS	\$ 32.09	\$ 30.14	\$ 24.32	\$ 24.12	\$ 23.63	\$ 25.35
SunCor	2.71	2.27	2.39	2.84	3.41	3.61
El Dorado	0.09	0.13	0.10	(0.34)	(0.42)	0.20
APS Energy Services	0.53	0.53	0.48	0.66	0.65	0.51
Pinnacle West Energy	-	2.16	8.38	10.65	6.62	0.99
Parent Company	(0.94)	(0.65)	(3.53)	(6.96)	(4.49)	(1.20)
Total	<u>\$ 34.48</u>	<u>\$ 34.58</u>	<u>\$ 32.14</u>	<u>\$ 30.97</u>	<u>\$ 29.40</u>	<u>\$ 29.46</u>
COMMON SHARES						
OUTSTANDING AT YEAR-END	99,958,647	99,057,075	91,802,861	91,379,947	91,379,947	84,824,947
EARNINGS PER SHARE - DILUTED						
APS	\$ 2.70	\$ 1.77	\$ 2.18	\$ 1.98	\$ 2.35	\$ 3.30
SunCor	0.50	0.40	0.45	0.50	0.11	0.04
El Dorado	(0.03)	(0.02)	0.36	(0.01)	(0.06)	-
APS Energy Services	(0.03)	(0.06)	0.03	0.18	0.33	(0.12)
Pinnacle West Energy	-	(0.89)	(0.63)	(0.08)	(0.23)	0.21
Parent Company	0.03	1.11	0.30	(0.10)	0.28	0.42
Income from continuing operations	<u>3.17</u>	<u>2.31</u>	<u>2.69</u>	<u>2.47</u>	<u>2.78</u>	<u>3.85</u>
Income (loss) from discontinued operations - net (a)						
Silverhawk	-	(0.69)	(0.12)	-	-	-
SunCor	0.10	0.17	0.04	0.11	0.11	-
NAC	-	0.03	0.05	0.05	(0.36)	-
Total	<u>0.10</u>	<u>(0.49)</u>	<u>(0.03)</u>	<u>0.16</u>	<u>(0.25)</u>	<u>-</u>
Cumulative effect of change in accounting - net (a)	-	-	-	-	(0.77)	(0.17)
Total net income	<u>\$ 3.27</u>	<u>\$ 1.82</u>	<u>\$ 2.66</u>	<u>\$ 2.63</u>	<u>\$ 1.76</u>	<u>\$ 3.68</u>
WEIGHTED-AVERAGE COMMON SHARES						
OUTSTANDING - DILUTED	100,010,108	96,589,949	91,532,473	91,405,134	84,963,921	84,930,140
STOCK PRICE HISTORY						
High	\$ 51.00	\$ 46.68	\$ 45.84	\$ 40.48	\$ 46.68	\$ 50.70
Low	38.31	39.81	36.30	28.34	21.70	37.65
Close	50.69	41.35	44.41	40.02	34.09	41.85

(a) Net of income tax expense (benefit) for respective period.

PINNACLE WEST CAPITAL CORPORATION
NON-UTILITY LONG-TERM DEBT SCHEDULE

(DOLLARS IN THOUSANDS)

DECEMBER 31,	2006	2005	2004	2003	2002	2001
PARENT COMPANY						
NOTES PAYABLE						
6.87% senior notes due 2003	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 25,000
4.50% senior notes due 2004	-	-	-	215,000	215,000	-
6.40% senior notes due 2006	-	298,518	302,589	300,000	300,000	300,000
5.91% senior notes due 2011	175,000	-	-	-	-	-
Floating-rate notes due 2003	-	-	-	-	250,000	250,000
Floating-rate senior notes due 2005	-	-	165,000	165,000	-	-
Unamortized discount and premium	-	(29)	(143)	(270)	(530)	-
OTHER LONG-TERM DEBT						
Capitalized lease obligations	115	284	389	1,243	1,999	1,066
Total Parent Company	175,115	298,773	467,835	680,973	791,469	576,066
SUNCOR						
REVOLVING CREDIT						
Variable-rate facility due 2003 - 2008	118,000	123,000	-	-	-	128,000
NOTES PAYABLE						
Variable-rate notes due 2001 - 2009	62,316	6,040	15,467	17,125	7,647	7,912
BONDS PAYABLE						
5.95% bonds due 2024	-	-	-	-	-	5,215
6.75% bonds due 2026	-	-	-	-	-	7,500
OTHER LONG-TERM DEBT						
Capitalized lease obligations	328	266	507	728	1,299	-
Total SunCor	180,644	129,306	15,974	17,853	8,946	148,627
TOTAL NON-UTILITY LONG-TERM DEBT INCLUDING CURRENT MATURITIES						
	\$ 355,759	\$ 428,079	\$ 483,809	\$ 698,826	\$ 800,415	\$ 724,693

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED ELECTRIC OPERATING REVENUE ANALYSIS

YEAR ENDED DECEMBER 31,

	2006		2005	
ELECTRIC OPERATING REVENUES (dollars in thousands)				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	\$ 1,270,521	42.8%	\$ 1,079,223	41.7%
Commercial	1,051,660	35.5	881,432	34.0
Industrial	170,021	5.7	144,554	5.6
Irrigation	2,172	0.1	1,745	0.1
Other	15,806	0.5	13,203	0.5
Total retail	2,510,180	84.6	2,120,157	81.9
Wholesale revenue on delivered electricity				
Traditional contracts	21,782	0.7	22,708	0.9
Off-system sales (a)	46,140	1.5	39,643	1.5
Transmission for others	25,690	0.9	26,109	1.0
Other miscellaneous services	31,244	1.1	28,528	1.1
Total regulated electricity	2,635,036	88.8	2,237,145	86.4
MARKETING AND TRADING				
Electricity and other commodity sales	330,742	11.2	351,558	13.6
Total electric operating revenues	\$ 2,965,778	100.0%	\$ 2,588,703	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail revenues	18.4%		8.1%	
Regulated electricity revenues	17.8%		9.9%	
Marketing and trading revenues	(5.9)%		(12.2)%	
Total electric operating revenues	14.6%		6.3%	
AVERAGE RETAIL REVENUE PER kWh				
Residential	9.78¢		8.83¢	
Commercial	8.52¢		7.52¢	
Industrial	6.87¢		6.05¢	
Irrigation	8.70¢		7.53¢	
Total retail	8.97¢		8.01¢	

(a) Consistent with a 2005 ACC regulatory decision, off-system sales began being recorded in the regulated electricity segment in April 2005. Previously, they were recorded in marketing and trading.

2004		2003		2002		2001	
\$ 983,525	40.4%	\$ 956,553	40.4%	\$ 906,069	41.6%	\$ 914,711	37.3%
830,419	34.1	808,901	34.1	791,728	36.4	805,326	32.8
133,682	5.5	130,603	5.5	122,234	5.6	133,663	5.4
1,900	0.1	1,898	0.1	2,257	0.1	1,975	0.1
12,438	0.5	11,818	0.5	11,554	0.5	11,663	0.5
<u>1,961,964</u>	<u>80.6</u>	<u>1,909,773</u>	<u>80.6</u>	<u>1,833,842</u>	<u>84.2</u>	<u>1,867,338</u>	<u>76.1</u>
16,545	0.7	15,301	0.6	8,616	0.4	73,305	3.0
-	-	-	-	-	-	-	-
31,847	1.3	28,098	1.2	29,803	1.4	25,971	1.1
24,891	1.0	24,903	1.1	18,130	0.8	17,691	0.7
<u>2,035,247</u>	<u>83.6</u>	<u>1,978,075</u>	<u>83.5</u>	<u>1,890,391</u>	<u>86.8</u>	<u>1,984,305</u>	<u>80.9</u>
400,628	16.4	391,196	16.5	286,879	13.2	469,784	19.1
<u>\$ 2,435,875</u>	<u>100.0%</u>	<u>\$ 2,369,271</u>	<u>100.0%</u>	<u>\$ 2,177,270</u>	<u>100.0%</u>	<u>\$ 2,454,089</u>	<u>100.0%</u>

2.7%	4.1%	(1.8)%	2.8%
2.9%	4.6%	(4.7)%	(21.8)%
2.4%	36.4%	(38.9)%	12.2%
2.8%	8.8%	(11.3)%	(17.0)%

8.53¢	8.58¢	8.68¢	8.85¢
7.36¢	7.38¢	7.48¢	7.67¢
5.57¢	5.62¢	5.57¢	5.49¢
7.35¢	7.13¢	7.06¢	7.35¢
7.74¢	7.78¢	7.85¢	7.98¢

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED ELECTRIC SALES ANALYSIS

YEAR ENDED DECEMBER 31,

	2006		2005	
ELECTRIC SALES (MWh)				
REGULATED ELECTRICITY SEGMENT				
Retail sales				
Residential	12,993,961	26.8%	12,223,576	22.1%
Commercial	12,348,200	25.5	11,726,801	21.2
Industrial	2,475,311	5.1	2,388,095	4.3
Irrigation	24,960	0.1	23,179	0.1
Other	127,965	0.3	115,900	0.2
Total retail	27,970,397	57.8	26,477,551	47.9
Wholesale electricity delivered				
Traditional contracts	882,796	1.8	850,069	1.5
Off-system sales (a)	1,612,972	3.3	1,335,851	2.4
Retail load hedge management	1,590,191	3.3	3,009,879	5.5
Total regulated electricity	32,056,356	66.2	31,673,350	57.3
MARKETING AND TRADING				
Wholesale sales of electricity	16,354,450	33.8	23,571,541	42.7
Total electric sales	48,410,806	100.0%	55,244,891	100.0%
INCREASE (DECREASE) VS. PRIOR YEAR				
Retail sales	5.6%		4.4%	
Regulated electricity sales	1.2%		10.0%	
Marketing and trading sales	(30.6)%		(21.9)%	
Total electric sales	(12.4)%		(6.3)%	

(a) Consistent with a 2005 ACC regulatory decision, off-system sales began being recorded in the regulated electricity segment in April 2005. Previously, they were recorded in marketing and trading.

2004		2003		2002		2001	
11,527,402	19.5%	11,147,195	20.3%	10,443,820	21.2%	10,334,860	23.7%
11,289,523	19.1	10,961,417	19.9	10,589,065	21.5	10,504,044	24.1
2,397,916	4.1	2,322,074	4.2	2,192,958	4.4	2,433,438	5.6
25,865	0.1	26,626	0.1	31,964	0.1	26,860	-
112,617	0.2	104,993	0.2	103,948	0.2	99,810	0.2
<u>25,353,323</u>	<u>43.0</u>	<u>24,562,305</u>	<u>44.7</u>	<u>23,361,755</u>	<u>47.4</u>	<u>23,399,012</u>	<u>53.6</u>
709,128	1.2	499,949	0.9	473,699	1.0	1,213,704	2.8
-	-	-	-	-	-	-	-
2,732,296	4.6	1,093,846	2.0	2,641,714	5.3	3,039,905	7.0
<u>28,794,747</u>	<u>48.8</u>	<u>26,156,100</u>	<u>47.6</u>	<u>26,477,168</u>	<u>53.7</u>	<u>27,652,621</u>	<u>63.4</u>
30,177,639	51.2	28,802,754	52.4	22,853,883	46.3	16,000,857	36.6
<u>58,972,386</u>	<u>100.0%</u>	<u>54,958,854</u>	<u>100.0%</u>	<u>49,331,051</u>	<u>100.0%</u>	<u>43,653,478</u>	<u>100.0%</u>
3.2%		5.1%		(0.2)%		3.8%	
10.1%		(1.2)%		(4.3)%		(10.3)%	
4.8%		26.0%		42.8%		16.7%	
7.3%		11.4%		13.0%		(2.0)%	

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED MARKETING AND TRADING GROSS MARGIN SUMMARY

(DOLLARS IN THOUSANDS)

YEAR ENDED DECEMBER 31,	2006	2005	2004
REALIZED AND MARK-TO-MARKET COMPONENTS			
Current-period effects			
Electricity and other commodity sales, realized	\$ 53,851	\$ 54,863	\$ 63,525
Mark-to-market reversals on realized sales	(14,095)	(16,303)	(5,203)
Change in mark-to-market value of forward sales	350	19,907	21,401
Total gross margin before income taxes	<u>\$ 40,106</u>	<u>\$ 58,467</u>	<u>\$ 79,723</u>
BY COMMODITY SOLD OR TRADED			
Electricity	\$ 42,255	\$ 52,596	\$ 74,999
Other commodities	(2,149)	5,871	4,724
Total gross margin before income taxes	<u>\$ 40,106</u>	<u>\$ 58,467</u>	<u>\$ 79,723</u>
BY PINNACLE WEST ENTITY			
Parent Company marketing and trading division (a)	\$ 17,865	\$ 58,830	\$ 25,115
APS (a)	13,469	(6,486)	(5,435)
Pinnacle West Energy	-	4,945	46,049
APS Energy Services	8,772	1,178	13,994
Total gross margin before income taxes	<u>\$ 40,106</u>	<u>\$ 58,467</u>	<u>\$ 79,723</u>
ACCUMULATED MARK-TO-MARKET GAINS AT YEAR-END (b)	<u>\$ 30,179</u>	<u>\$ 44,884</u>	<u>\$ 39,279</u>

(a) Due to regulatory policy changes, marketing and trading was moved to the Parent Company from APS during 2001, and it was moved back to APS in early 2003.

(b) As of December 31, 2006, Pinnacle West had accumulated net mark-to-market gains of \$30 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: 2007, \$16 million; and 2008, \$14 million.

----- 2003	----- 2002	----- 2001
\$ 65,063	\$ 121,310	\$ 183,318
(10,739)	(41,422)	6,303
(7,300)	52,004	127,401
<u>\$ 47,024</u>	<u>\$ 131,892</u>	<u>\$ 317,022</u>
\$ 51,167	\$ 146,366	\$ 327,586
(4,143)	(14,474)	(10,564)
<u>\$ 47,024</u>	<u>\$ 131,892</u>	<u>\$ 317,022</u>
\$ (5,653)	\$ 90,451	\$ 77,754
8,361	1,392	235,249
8,300	4,189	-
36,016	35,860	4,019
<u>\$ 47,024</u>	<u>\$ 131,892</u>	<u>\$ 317,022</u>
<u>\$ 23,083</u>	<u>\$ 41,233</u>	<u>\$ 137,926</u>

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED SOURCE AND DISPOSITION OF ELECTRIC ENERGY AND FUEL MIX

YEAR ENDED DECEMBER 31,	2006	2005	2004	2003	2002	2001
CONSOLIDATED SOURCE OF ENERGY (MWh)						
Steam generation						
Nuclear	6,987,559	7,508,820	8,183,262	8,314,712	8,980,814	8,384,724
Coal	13,175,265	13,060,080	12,665,720	11,366,560	12,055,956	12,573,954
Gas	183,003	182,670	299,181	265,180	456,582	1,359,747
Oil	-	-	3,415	12,475	-	127,670
Combustion turbines						
Gas	152,804	119,707	102,937	99,032	224,678	803,031
Oil	59	719	3,052	2,115	2,847	100,585
Combined cycle						
Gas	7,038,421	7,377,789	4,882,938	5,677,345	3,653,015	1,567,869
Oil	-	-	-	-	144	60
Hydro and solar	10,137	20,601	36,549	34,920	31,536	33,660
Total generation	<u>27,547,248</u>	<u>28,270,386</u>	<u>26,177,054</u>	<u>25,772,339</u>	<u>25,405,572</u>	<u>24,951,300</u>
Purchased power (a)						
Firm load	4,290,839	3,473,733	4,325,147	3,111,269	1,618,531	2,961,204
Marketing and trading	18,867,585	25,712,900	30,192,226	27,750,329	23,704,278	17,652,902
Total	<u>23,158,424</u>	<u>29,186,633</u>	<u>34,517,373</u>	<u>30,861,598</u>	<u>25,322,809</u>	<u>20,614,106</u>
Total source of energy	<u>50,705,672</u>	<u>57,457,019</u>	<u>60,694,427</u>	<u>56,633,937</u>	<u>50,728,381</u>	<u>45,565,406</u>
CONSOLIDATED DISPOSITION OF ENERGY (MWh)						
Sales to ultimate customers	27,970,397	26,477,551	25,353,323	24,562,305	23,361,755	23,399,012
Sales for resale (a)	20,440,409	28,766,259	33,619,063	30,396,549	25,969,296	20,254,466
Losses and company use	2,294,866	2,213,209	1,722,041	1,675,083	1,397,330	1,911,928
Total disposition of energy	<u>50,705,672</u>	<u>57,457,019</u>	<u>60,694,427</u>	<u>56,633,937</u>	<u>50,728,381</u>	<u>45,565,406</u>
CONSOLIDATED ENERGY FUEL MIX (%)						
Nuclear	13.8%	13.1%	13.5%	14.7%	17.7%	18.4%
Coal	26.0	22.7	20.8	20.1	23.8	27.6
Gas	14.5	13.4	8.7	10.7	8.5	8.2
Other (b)	-	-	0.1	0.1	0.1	0.6
Purchased power and interchange - net	45.7	50.8	56.9	54.4	49.9	45.2
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

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

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

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED POWER PLANT OPERATING PERFORMANCE

YEAR ENDED DECEMBER 31,	2006	2005	2004	2003	2002	2001
NUCLEAR (NET CAPACITY FACTORS)						
Palo Verde Unit 1	42.3%	66.2%	84.6%	97.2%	89.1%	87.8%
Palo Verde Unit 2	85.2%	81.9%	90.9%	77.6%	92.0%	92.6%
Palo Verde Unit 3	85.5%	83.9%	75.1%	87.5%	102.0%	83.9%
Palo Verde site average	70.7%	77.4%	83.7%	87.4%	94.4%	88.1%
COAL (NET CAPACITY FACTORS)						
Four Corners	87.2%	89.5%	86.5%	84.5%	82.7%	85.6%
Cholla	86.5%	85.4%	82.2%	65.1%	77.5%	81.2%
Navajo	87.1%	84.2%	82.7%	74.8%	80.4%	84.7%
Total coal average	86.9%	87.1%	84.2%	75.8%	80.4%	83.8%
GAS/OIL (NET CAPACITY FACTORS)						
Redhawk	57.0%	46.4%	28.9%	45.9%	58.3%	N/A
West Phoenix	23.8%	27.2%	18.6%	30.9%	32.7%	46.4%
Other (a)	2.8%	17.1%	8.5%	4.8%	8.6%	29.8%
Total gas/oil average	25.4%	28.1%	18.5%	27.1%	26.5%	35.5%
GAS/OIL (EQUIVALENT AVAILABILITY FACTORS)						
Redhawk	94.4%	94.7%	92.0%	85.0%	75.6%	N/A
West Phoenix	89.6%	88.9%	90.9%	90.2%	91.7%	83.8%
Other (a)	95.9%	92.4%	90.2%	88.7%	86.2%	85.6%
Total gas/oil average	93.6%	92.1%	91.1%	87.8%	85.3%	85.0%

(a) Includes Ocotillo, Saguaro, Sundance, Yucca, Douglas and Silverhawk.