

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(dollars and shares in thousands, except per share amounts)

	Three Months Ended June 30,	
	2010	2009
OPERATING REVENUES		
Regulated electricity segment	\$ 799,416	\$ 812,510
Other revenues	21,178	6,078
Total	<u>820,594</u>	<u>818,588</u>
OPERATING EXPENSES		
Regulated electricity segment fuel and purchased power	251,800	291,699
Operations and maintenance	215,104	215,545
Depreciation and amortization	103,017	100,980
Taxes other than income taxes	31,684	32,766
Other expenses	15,716	5,704
Total	<u>617,321</u>	<u>646,694</u>
OPERATING INCOME	<u>203,273</u>	<u>171,894</u>
OTHER INCOME (DEDUCTIONS)		
Allowance for equity funds used during construction	5,504	4,730
Other income (Note 11)	933	6,252
Other expense (Note 11)	(5,660)	(4,187)
Total	<u>777</u>	<u>6,795</u>
INTEREST EXPENSE		
Interest charges	60,741	59,884
Allowance for borrowed funds used during construction	(3,104)	(3,225)
Total	<u>57,637</u>	<u>56,659</u>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	<u>146,413</u>	<u>122,030</u>
INCOME TAXES	<u>51,829</u>	<u>41,000</u>
INCOME FROM CONTINUING OPERATIONS	<u>94,584</u>	<u>81,030</u>
INCOME (LOSS) FROM DISCONTINUED OPERATIONS		
Net of income tax expense (benefit) of \$16,281 and \$(5,213) (Note 14)	<u>24,982</u>	<u>(8,184)</u>
NET INCOME	<u>119,566</u>	<u>72,846</u>
Less: Net income attributable to noncontrolling interests (Notes 7 and 16)	4,769	4,499
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	<u>\$ 114,797</u>	<u>\$ 68,347</u>
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – BASIC	107,355	101,109
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – DILUTED	107,764	101,193
EARNINGS PER WEIGHTED-AVERAGE COMMON SHARE OUTSTANDING		
Income from continuing operations attributable to common shareholders – basic	\$ 0.84	\$ 0.76
Net income attributable to common shareholders – basic	1.07	0.68
Income from continuing operations attributable to common shareholders – diluted	0.83	0.75
Net income attributable to common shareholders – diluted	1.07	0.68
DIVIDENDS DECLARED PER SHARE	\$ 1.05	\$ 0.525
AMOUNTS ATTRIBUTABLE TO COMMON SHAREHOLDERS:		
Income from continuing operations, net of tax	\$ 89,806	\$ 76,379
Discontinued operations, net of tax	24,991	(8,032)
Net income attributable to common shareholders	<u>\$ 114,797</u>	<u>\$ 68,347</u>

See Notes to Pinnacle West's Condensed Consolidated Financial Statements.

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(dollars and shares in thousands, except per share amounts)

	Six Months Ended June 30,	
	2010	2009
OPERATING REVENUES		
Regulated electricity segment	\$ 1,410,841	\$ 1,415,088
Other revenues	30,108	10,878
Total	<u>1,440,949</u>	<u>1,425,966</u>
OPERATING EXPENSES		
Regulated electricity segment fuel and purchased power	467,340	539,087
Operations and maintenance	422,946	412,371
Depreciation and amortization	203,670	201,058
Taxes other than income taxes	63,408	66,773
Other expenses	22,644	10,829
Total	<u>1,180,008</u>	<u>1,230,118</u>
OPERATING INCOME	<u>260,941</u>	<u>195,848</u>
OTHER INCOME (DEDUCTIONS)		
Allowance for equity funds used during construction	10,893	9,722
Other income (Note 11)	1,819	3,292
Other expense (Note 11)	(7,134)	(10,529)
Total	<u>5,578</u>	<u>2,485</u>
INTEREST EXPENSE		
Interest charges	121,446	117,148
Allowance for borrowed funds used during construction	(6,151)	(6,969)
Total	<u>115,295</u>	<u>110,179</u>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	151,224	88,154
INCOME TAXES	44,657	27,816
INCOME FROM CONTINUING OPERATIONS	<u>106,567</u>	<u>60,338</u>
INCOME (LOSS) FROM DISCONTINUED OPERATIONS		
Net of income tax expense (benefit) of \$7,891 and \$(90,094) (Note 14)	12,102	(153,562)
NET INCOME (LOSS)	<u>118,669</u>	<u>(93,224)</u>
Less: Net income (loss) attributable to noncontrolling interests (Notes 7 and 16)	9,886	(5,061)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	<u>\$ 108,783</u>	<u>\$ (88,163)</u>
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – BASIC	104,431	101,048
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – DILUTED	104,857	101,048
EARNINGS PER WEIGHTED-AVERAGE COMMON SHARE OUTSTANDING		
Income from continuing operations attributable to common shareholders – basic	\$ 0.93	\$ 0.51
Net income (loss) attributable to common shareholders – basic	1.04	(0.87)
Income from continuing operations attributable to common shareholders – diluted	0.92	0.51
Net income (loss) attributable to common shareholders – diluted	1.04	(0.87)
DIVIDENDS DECLARED PER SHARE	\$ 1.575	\$ 1.05
AMOUNTS ATTRIBUTABLE TO COMMON SHAREHOLDERS:		
Income from continuing operations, net of tax	\$ 96,661	\$ 51,037
Discontinued operations, net of tax	12,122	(139,200)
Net income (loss) attributable to common shareholders	<u>\$ 108,783</u>	<u>\$ (88,163)</u>

See Notes to Pinnacle West's Condensed Consolidated Financial Statements.

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(dollars in thousands)

	June 30, 2010	December 31, 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 50,502	\$ 145,378
Customer and other receivables	283,991	301,915
Accrued unbilled revenues	162,441	110,971
Allowance for doubtful accounts	(6,380)	(6,153)
Materials and supplies (at average cost)	172,091	176,020
Fossil fuel (at average cost)	29,597	39,245
Deferred income taxes	187,216	53,990
Income tax receivable	--	26,005
Assets from risk management activities (Note 8)	60,111	50,619
Assets held for sale (Notes 14 and 16)	102,674	--
Other current assets	44,543	30,747
Total current assets	1,086,786	928,737
INVESTMENTS AND OTHER ASSETS		
Real estate investments – net (Note 16)	--	119,989
Assets from risk management activities (Note 8)	44,205	28,855
Nuclear decommissioning trust (Note 15)	424,260	414,576
Other assets	109,788	110,091
Total investments and other assets	578,253	673,511
PROPERTY, PLANT AND EQUIPMENT		
Plant in service and held for future use	12,932,366	12,848,138
Accumulated depreciation and amortization	(4,400,416)	(4,340,645)
Net	8,531,950	8,507,493
Construction work in progress	496,457	467,700
Palo Verde sale leaseback, net of accumulated depreciation (Note 7)	142,335	146,722
Intangible assets, net of accumulated amortization	168,233	164,380
Nuclear fuel, net of accumulated amortization	136,151	118,243
Total property, plant and equipment	9,475,126	9,404,538
DEFERRED DEBITS		
Regulatory assets	850,001	813,161
Income tax receivable (Note 6)	65,103	65,103
Other	102,931	101,274
Total deferred debits	1,018,035	979,538
TOTAL ASSETS	\$ 12,158,200	\$ 11,986,324

See Notes to Pinnacle West's Condensed Consolidated Financial Statements.

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)
(dollars in thousands)

	June 30, 2010	December 31, 2009
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 261,203	\$ 240,637
Accrued taxes (Note 6)	153,552	104,011
Accrued interest	54,184	54,596
Common dividends payable	56,938	--
Short-term borrowings	4,616	153,715
Current maturities of long-term debt (Note 2)	458,756	303,476
Customer deposits	69,181	71,026
Liabilities from risk management activities (Note 8)	63,567	55,908
Other current liabilities	105,112	125,574
Total current liabilities	1,227,109	1,108,943
LONG-TERM DEBT LESS CURRENT MATURITIES		
Long-term debt less current maturities (Note 2)	3,213,145	3,370,524
Palo Verde sale leaseback lessor notes (Notes 2 and 7)	113,379	126,000
Total long-term debt less current maturities	3,326,524	3,496,524
DEFERRED CREDITS AND OTHER		
Deferred income taxes	1,696,990	1,496,095
Deferred fuel and purchased power regulatory liability (Note 3)	97,047	87,291
Other regulatory liabilities	651,146	679,072
Liability for asset retirements	317,980	301,783
Liabilities for pension and other postretirement benefits (Note 4)	728,934	811,338
Liabilities from risk management activities (Note 8)	86,580	62,443
Customer advances	133,112	136,595
Coal mine reclamation	92,557	92,060
Unrecognized tax benefits (Note 6)	76,760	142,099
Other	130,458	144,077
Total deferred credits and other	4,011,564	3,952,853
COMMITMENTS AND CONTINGENCIES (SEE NOTES)		
EQUITY (Note 9)		
Common stock, no par value	2,411,597	2,153,295
Treasury stock	(2,734)	(3,812)
Total common stock	2,408,863	2,149,483
Retained earnings	1,239,865	1,298,213
Accumulated other comprehensive loss:		
Pension and other postretirement benefits	(53,421)	(50,892)
Derivative instruments	(115,759)	(80,695)
Total accumulated other comprehensive loss	(169,180)	(131,587)
Total shareholders' equity	3,479,548	3,316,109
Noncontrolling interests (Note 7)	113,455	111,895
Total equity	3,593,003	3,428,004
TOTAL LIABILITIES AND EQUITY	\$ 12,158,200	\$ 11,986,324

See Notes to Pinnacle West's Condensed Consolidated Financial Statements.

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(dollars in thousands)

	Six Months Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 118,669	\$ (93,224)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Gain on sale of district cooling business	(41,973)	--
Depreciation and amortization including nuclear fuel	229,964	222,790
Deferred fuel and purchased power	65,249	13,144
Deferred fuel and purchased power amortization	(55,494)	66,163
Allowance for equity funds used during construction	(10,893)	(9,722)
Real estate impairment charges	16,731	222,055
Deferred income taxes	50,972	77,588
Change in mark-to-market valuations	2,396	(401)
Changes in current assets and liabilities:		
Customer and other receivables	(7,133)	37,447
Accrued unbilled revenues	(51,470)	(44,309)
Materials, supplies and fossil fuel	13,577	(21,628)
Other current assets	(13,796)	(1,432)
Accounts payable	45,313	(49,711)
Accrued taxes and income tax receivable-net	75,546	(169,754)
Other current liabilities	(22,719)	(15,795)
Expenditures for real estate investments	(458)	(1,560)
Gains and other changes in real estate assets	(2,931)	7,135
Change in margin and collateral accounts – assets	656	(2,457)
Change in margin and collateral accounts – liabilities	(90,694)	(91,856)
Change in unrecognized tax benefits	(62,630)	14,386
Change in other long-term assets	(5,542)	(8,023)
Change in other long-term liabilities	(51,926)	51,560
Net cash flow provided by operating activities	<u>201,414</u>	<u>202,396</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(378,579)	(393,682)
Contributions in aid of construction	15,163	33,371
Allowance for borrowed funds used during construction	(6,395)	(7,145)
Proceeds from sale of district cooling business	100,300	--
Proceeds from nuclear decommissioning trust sales	329,796	244,858
Investment in nuclear decommissioning trust	(342,004)	(255,754)
Trust fund for bond redemptions	--	(163,975)
Other	3,850	990
Net cash flow used for investing activities	<u>(277,869)</u>	<u>(541,337)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of long-term debt	--	840,630
Repayment of long-term debt	(15,221)	(202,372)
Short-term borrowings and payments – net	(149,099)	(279,971)
Dividends paid on common stock	(106,522)	(102,439)
Common stock equity issuance	254,612	1,707
Noncontrolling interests	(3,286)	(3,393)
Other	1,095	(2,871)
Net cash flow (used for) provided by financing activities	<u>(18,421)</u>	<u>251,291</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(94,876)	(87,650)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	145,378	105,245
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 50,502	\$ 17,595
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Income taxes, net of (refunds)	\$ (3,944)	\$ 17,602
Interest, net of amounts capitalized	\$ 115,722	\$ 97,524

See Notes to Pinnacle West's Condensed Consolidated Financial Statements.

ARIZONA PUBLIC SERVICE COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)
(dollars in thousands)

	Three Months Ended	
	June 30,	
	2010	2009
ELECTRIC OPERATING REVENUES	\$ 799,467	\$ 812,587
OPERATING EXPENSES		
Fuel and purchased power	251,800	291,699
Operations and maintenance	211,310	211,214
Depreciation and amortization	102,970	100,923
Income taxes	55,688	45,862
Taxes other than income taxes	31,450	32,515
Total	653,218	682,213
OPERATING INCOME	146,249	130,374
OTHER INCOME (DEDUCTIONS)		
Income taxes	1,654	1,432
Allowance for equity funds used during construction	5,504	4,730
Other income (Note S-2)	1,827	4,958
Other expense (Note S-2)	(6,091)	(4,973)
Total	2,894	6,147
INTEREST EXPENSE		
Interest on long-term debt	53,220	53,994
Interest on short-term borrowings	2,879	1,293
Debt discount, premium and expense	1,118	1,256
Allowance for borrowed funds used during construction	(3,072)	(3,217)
Total	54,145	53,326
NET INCOME	94,998	83,195
Less: Net income attributable to noncontrolling interests (Note 7)	4,778	4,651
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDER	\$ 90,220	\$ 78,544

See Notes to Pinnacle West's Condensed Consolidated Financial Statements and Supplemental Notes to Arizona Public Service Company's Condensed Consolidated Financial Statements.

ARIZONA PUBLIC SERVICE COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)
(dollars in thousands)

	Six Months Ended June 30,	
	2010	2009
ELECTRIC OPERATING REVENUES	\$ 1,410,943	\$ 1,415,247
OPERATING EXPENSES		
Fuel and purchased power	467,340	539,087
Operations and maintenance	415,191	402,399
Depreciation and amortization	203,579	200,860
Income taxes	50,248	39,118
Taxes other than income taxes	62,901	66,295
Total	1,199,259	1,247,759
OPERATING INCOME	211,684	167,488
OTHER INCOME (DEDUCTIONS)		
Income taxes	2,497	2,614
Allowance for equity funds used during construction	10,893	9,722
Other income (Note S-2)	2,445	4,050
Other expense (Note S-2)	(8,552)	(8,008)
Total	7,283	8,378
INTEREST EXPENSE		
Interest on long-term debt	107,972	103,728
Interest on short-term borrowings	3,721	4,268
Debt discount, premium and expense	2,255	2,445
Allowance for borrowed funds used during construction	(6,091)	(6,941)
Total	107,857	103,500
NET INCOME	111,110	72,366
Less: Net income attributable to noncontrolling interests (Note 7)	9,906	9,301
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDER	\$ 101,204	\$ 63,065

See Notes to Pinnacle West's Condensed Consolidated Financial Statements and Supplemental Notes to Arizona Public Service Company's Condensed Consolidated Financial Statements.

ARIZONA PUBLIC SERVICE COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(dollars in thousands)

	June 30, 2010	December 31, 2009
ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Plant in service and held for future use	\$ 12,927,660	\$ 12,781,256
Accumulated depreciation and amortization	(4,396,895)	(4,326,908)
Net	8,530,765	8,454,348
Construction work in progress	496,457	460,748
Palo Verde sale leaseback, net of accumulated depreciation (Note 7)	142,335	146,722
Intangible assets, net of accumulated amortization	168,078	164,183
Nuclear fuel, net of accumulated amortization	136,151	118,243
Total property, plant and equipment	9,473,786	9,344,244
INVESTMENTS AND OTHER ASSETS		
Nuclear decommissioning trust (Note 15)	424,260	414,576
Assets from risk management activities (Note 8)	44,205	28,855
Other assets	67,765	68,839
Total investments and other assets	536,230	512,270
CURRENT ASSETS		
Cash and cash equivalents	35,602	120,798
Customer and other receivables	263,201	280,226
Accrued unbilled revenues	162,441	110,971
Allowance for doubtful accounts	(6,223)	(6,063)
Materials and supplies (at average cost)	172,091	176,020
Fossil fuel (at average cost)	29,597	39,245
Assets from risk management activities (Note 8)	60,111	50,619
Deferred income taxes	74,134	53,990
Other current assets	41,966	25,724
Total current assets	832,920	851,530
DEFERRED DEBITS		
Regulatory assets	850,001	813,161
Income tax receivable (Note 6)	65,498	65,498
Unamortized debt issue costs	19,679	20,959
Other	79,263	73,909
Total deferred debits	1,014,441	973,527
TOTAL ASSETS	\$ 11,857,377	\$ 11,681,571

See Notes to Pinnacle West's Condensed Consolidated Financial Statements and Supplemental Notes to Arizona Public Service Company's Condensed Consolidated Financial Statements.

ARIZONA PUBLIC SERVICE COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(dollars in thousands)

	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
LIABILITIES AND EQUITY		
CAPITALIZATION		
Common stock	\$ 178,162	\$ 178,162
Additional paid-in capital	2,379,696	2,126,863
Retained earnings	1,195,031	1,250,126
Accumulated other comprehensive loss:		
Pension and other postretirement benefits	(31,858)	(29,114)
Derivative instruments	(115,739)	(80,682)
Total shareholder equity	<u>3,605,292</u>	<u>3,445,355</u>
Noncontrolling interests (Note 7)	88,944	82,324
Total equity	<u>3,694,236</u>	<u>3,527,679</u>
Long-term debt less current maturities (Note 2)	3,213,109	3,180,406
Palo Verde sale leaseback lessor notes (Notes 2 and 7)	113,379	126,000
Total capitalization	<u>7,020,724</u>	<u>6,834,085</u>
CURRENT LIABILITIES		
Current maturities of long-term debt (Note 2)	194,082	222,959
Accounts payable	232,537	213,833
Accrued taxes (Note 6)	155,452	158,051
Common dividends payable	56,900	--
Accrued interest	53,215	54,099
Customer deposits	69,088	70,780
Liabilities from risk management activities (Note 8)	63,567	55,908
Other current liabilities	100,241	124,995
Total current liabilities	<u>925,082</u>	<u>900,625</u>
DEFERRED CREDITS AND OTHER		
Deferred income taxes	1,677,864	1,582,945
Deferred fuel and purchased power regulatory liability (Note 3)	97,047	87,291
Other regulatory liabilities	651,146	679,072
Liability for asset retirements	317,980	301,783
Liabilities for pension and other postretirement benefits (Note 4)	688,012	766,378
Customer advances	133,112	136,595
Liabilities from risk management activities (Note 8)	86,580	62,443
Coal mine reclamation	92,557	92,060
Unrecognized tax benefits (Note 6)	75,796	140,638
Other	91,477	97,656
Total deferred credits and other	<u>3,911,571</u>	<u>3,946,861</u>
COMMITMENTS AND CONTINGENCIES (SEE NOTES)		
TOTAL LIABILITIES AND EQUITY	<u>\$ 11,857,377</u>	<u>\$ 11,681,571</u>

See Notes to Pinnacle West's Condensed Consolidated Financial Statements and Supplemental Notes to Arizona Public Service Company's Condensed Consolidated Financial Statements.

ARIZONA PUBLIC SERVICE COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(dollars in thousands)

	Six Months Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 111,110	\$ 72,366
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization including nuclear fuel	228,513	219,815
Deferred fuel and purchased power	65,249	13,144
Deferred fuel and purchased power amortization	(55,494)	66,163
Allowance for equity funds used during construction	(10,893)	(9,722)
Deferred income taxes	58,225	75,096
Change in mark-to-market valuations	2,396	(401)
Changes in current assets and liabilities:		
Customer and other receivables	(4,062)	23,252
Accrued unbilled revenues	(51,470)	(44,309)
Materials, supplies and fossil fuel	13,577	(21,628)
Other current assets	(16,242)	(4,687)
Accounts payable	43,451	(44,577)
Accrued taxes	(2,599)	(60,839)
Other current liabilities	(27,330)	(16,412)
Change in margin and collateral accounts – assets	656	(2,856)
Change in margin and collateral accounts – liabilities	(90,694)	(91,856)
Change in unrecognized tax benefits	(62,198)	14,639
Change in other long-term assets	(7,203)	(21,693)
Change in other long-term liabilities	(40,738)	51,624
Net cash flow provided by operating activities	154,254	217,119
CASH FLOWS FROM INVESTING ACTIVITIES		
Trust fund for bond redemptions	--	(163,975)
Capital expenditures	(378,239)	(388,526)
Contributions in aid of construction	15,163	33,371
Allowance for borrowed funds used during construction	(6,091)	(6,941)
Proceeds from nuclear decommissioning trust sales	329,796	244,858
Investment in nuclear decommissioning trust	(342,004)	(255,754)
Other	1,074	990
Net cash flow used for investing activities	(380,301)	(535,977)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of long-term debt	--	837,193
Repayment of long-term debt	(9,296)	(186,105)
Short-term borrowings and payments-net	--	(312,464)
Equity infusion	252,833	--
Dividends paid on common stock	(99,400)	(85,000)
Noncontrolling interests	(3,286)	(3,393)
Net cash flow provided by financing activities	140,851	250,231
NET DECREASE IN CASH AND CASH EQUIVALENTS	(85,196)	(68,627)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	120,798	71,544
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 35,602	\$ 2,917
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Income taxes, net of (refunds)	\$ 65,498	\$ 13,704
Interest, net of amounts capitalized	\$ 106,485	\$ 86,943

See Notes to Pinnacle West's Condensed Consolidated Financial Statements and Supplemental Notes to Arizona Public Service Company's Condensed Consolidated Financial Statements.