

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

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

| | Three Months Ended September 30, | |
|---|-------------------------------------|--------------|
| | 2009 | 2008 |
| OPERATING REVENUES | | |
| Regulated electricity segment | \$ 1,083,750 | \$ 1,040,348 |
| Real estate segment | 48,474 | 16,152 |
| Marketing and trading | -- | 4,663 |
| Other revenues | 10,853 | 8,925 |
| Total | 1,143,077 | 1,070,088 |
| OPERATING EXPENSES | | |
| Regulated electricity segment fuel and purchased power | 381,543 | 419,979 |
| Real estate segment operations | 26,863 | 26,129 |
| Real estate impairment charge | 36,993 | -- |
| Marketing and trading fuel and purchased power | -- | 1,456 |
| Operations and maintenance | 208,769 | 211,332 |
| Depreciation and amortization | 102,273 | 98,556 |
| Taxes other than income taxes | 34,111 | 28,423 |
| Other expenses | 8,014 | 8,321 |
| Total | 798,566 | 794,196 |
| OPERATING INCOME | 344,511 | 275,892 |
| OTHER | | |
| Allowance for equity funds used during construction | 2,197 | 4,673 |
| Other income | 4,488 | 1,786 |
| Other expense | (1,934) | (7,102) |
| Total | 4,751 | (643) |
| INTEREST EXPENSE | | |
| Interest charges | 60,244 | 51,165 |
| Capitalized interest | (1,423) | (3,976) |
| Total | 58,821 | 47,189 |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 290,441 | 228,060 |
| INCOME TAXES | 103,061 | 76,592 |
| INCOME FROM CONTINUING OPERATIONS | 187,380 | 151,468 |
| INCOME (LOSS) FROM DISCONTINUED OPERATIONS | | |
| Net of income tax expense (benefit) of (\$848) and \$81 | (1,310) | 118 |
| NET INCOME | 186,070 | 151,586 |
| Less: Net loss attributable to noncontrolling interests | (582) | -- |
| NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS | \$ 186,652 | \$ 151,586 |
| | | |
| WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – BASIC | 101,223 | 100,750 |
| WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – DILUTED | 101,385 | 101,018 |
| | | |
| EARNINGS PER WEIGHTED-AVERAGE COMMON SHARE OUTSTANDING | | |
| Income from continuing operations attributable to common shareholders – basic | \$ 1.86 | \$ 1.50 |
| Net income attributable to common shareholders – basic | 1.84 | 1.50 |
| Income from continuing operations attributable to common shareholders – diluted | 1.85 | 1.50 |
| Net income attributable to common shareholders – diluted | 1.84 | 1.50 |
| DIVIDENDS DECLARED PER SHARE | \$ 0.525 | \$ 0.525 |
| | | |
| AMOUNTS ATTRIBUTABLE TO COMMON SHAREHOLDERS: | | |
| Income from continuing operations, net of tax | \$ 187,962 | \$ 151,468 |
| Discontinued operations, net of tax | (1,310) | 118 |
| Net income attributable to common shareholders | \$ 186,652 | \$ 151,586 |

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)

| | Nine Months Ended September 30, | |
|---|------------------------------------|--------------|
| | 2009 | 2008 |
| OPERATING REVENUES | | |
| Regulated electricity segment | \$ 2,498,838 | \$ 2,492,627 |
| Real estate segment | 80,333 | 62,165 |
| Marketing and trading | -- | 57,623 |
| Other revenues | 30,084 | 26,824 |
| Total | 2,609,255 | 2,639,239 |
| OPERATING EXPENSES | | |
| Regulated electricity segment fuel and purchased power | 920,630 | 1,016,918 |
| Real estate segment operations | 76,893 | 83,822 |
| Real estate impairment charge | 247,509 | -- |
| Marketing and trading fuel and purchased power | -- | 44,129 |
| Operations and maintenance | 642,545 | 598,055 |
| Depreciation and amortization | 302,255 | 291,915 |
| Taxes other than income taxes | 101,126 | 94,826 |
| Other expenses | 22,214 | 21,081 |
| Total | 2,313,172 | 2,150,746 |
| OPERATING INCOME | 296,083 | 488,493 |
| OTHER | | |
| Allowance for equity funds used during construction | 11,919 | 16,211 |
| Other income | 4,452 | 9,489 |
| Other expense | (8,887) | (22,053) |
| Total | 7,484 | 3,647 |
| INTEREST EXPENSE | | |
| Interest charges | 174,985 | 157,371 |
| Capitalized interest | (8,568) | (14,593) |
| Total | 166,417 | 142,778 |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | 137,150 | 349,362 |
| INCOME TAXES | 45,307 | 91,154 |
| INCOME FROM CONTINUING OPERATIONS | 91,843 | 258,208 |
| INCOME (LOSS) FROM DISCONTINUED OPERATIONS | | |
| Net of income tax expense (benefit) of (\$5,371) and \$14,766 | (8,298) | 22,767 |
| NET INCOME | 83,545 | 280,975 |
| Less: Net loss attributable to noncontrolling interests | (14,944) | -- |
| NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS | \$ 98,489 | \$ 280,975 |
| | | |
| WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – BASIC | 101,107 | 100,642 |
| WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – DILUTED | 101,184 | 100,911 |
| | | |
| EARNINGS PER WEIGHTED-AVERAGE COMMON SHARE OUTSTANDING | | |
| Income from continuing operations attributable to common shareholders – basic | \$ 1.06 | \$ 2.57 |
| Net income attributable to common shareholders – basic | 0.97 | 2.79 |
| Income from continuing operations attributable to common shareholders – diluted | 1.06 | 2.56 |
| Net income attributable to common shareholders – diluted | 0.97 | 2.78 |
| DIVIDENDS DECLARED PER SHARE | \$ 1.575 | \$ 1.575 |
| | | |
| AMOUNTS ATTRIBUTABLE TO COMMON SHAREHOLDERS: | | |
| Income from continuing operations, net of tax | \$ 106,787 | \$ 258,208 |
| Discontinued operations, net of tax | (8,298) | 22,767 |
| Net income attributable to common shareholders | \$ 98,489 | \$ 280,975 |

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

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

| | September 30, 2009 | December 31, 2008 |
|--|-----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 100,824 | \$ 105,245 |
| Customer and other receivables | 383,694 | 292,682 |
| Accrued utility revenues | 156,509 | 100,089 |
| Allowance for doubtful accounts | (3,955) | (3,383) |
| Materials and supplies (at average cost) | 180,144 | 173,252 |
| Fossil fuel (at average cost) | 39,641 | 29,752 |
| Deferred income taxes | 58,640 | 79,729 |
| Income tax receivable | 167,747 | -- |
| Home inventory | 7,881 | 50,688 |
| Assets held for sale | 6,273 | -- |
| Assets from risk management and trading activities | 32,220 | 32,581 |
| Other current assets | 21,205 | 21,847 |
| Total current assets | 1,150,823 | 882,482 |
| INVESTMENTS AND OTHER ASSETS | | |
| Real estate investments – net | 150,253 | 415,296 |
| Assets from risk management and trading activities | 22,167 | 33,675 |
| Nuclear decommissioning trust | 399,808 | 343,052 |
| Other assets | 106,560 | 117,935 |
| Total investments and other assets | 678,788 | 909,958 |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Plant in service and held for future use | 12,636,322 | 12,264,805 |
| Less accumulated depreciation and amortization | 4,296,823 | 4,141,546 |
| Net | 8,339,499 | 8,123,259 |
| Construction work in progress | 540,991 | 572,354 |
| Intangible assets, net of accumulated amortization | 154,450 | 131,722 |
| Nuclear fuel, net of accumulated amortization | 126,767 | 89,323 |
| Total property, plant and equipment | 9,161,707 | 8,916,658 |
| DEFERRED DEBITS | | |
| Deferred fuel and purchased power regulatory asset | -- | 7,984 |
| Other regulatory assets | 726,883 | 787,506 |
| Other deferred debits | 113,022 | 115,505 |
| Total deferred debits | 839,905 | 910,995 |
| TOTAL ASSETS | \$ 11,831,223 | \$ 11,620,093 |

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

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

| | September 30, 2009 | December 31, 2008 |
|---|-----------------------|----------------------|
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 208,134 | \$ 261,029 |
| Accrued taxes | 156,667 | 109,798 |
| Accrued interest | 49,389 | 40,741 |
| Short-term borrowings | 142,252 | 670,469 |
| Current maturities of long-term debt | 148,677 | 177,646 |
| Customer deposits | 74,128 | 78,745 |
| Liabilities from risk management and trading activities | 50,976 | 69,585 |
| Other current liabilities | 124,213 | 97,915 |
| Total current liabilities | 954,436 | 1,505,928 |
| LONG-TERM DEBT LESS CURRENT MATURITIES | 3,519,934 | 3,031,603 |
| DEFERRED CREDITS AND OTHER | | |
| Deferred income taxes | 1,542,402 | 1,403,318 |
| Deferred fuel and purchased power regulatory liability | 60,488 | -- |
| Other regulatory liabilities | 668,567 | 587,586 |
| Liability for asset retirements | 289,921 | 275,970 |
| Liabilities for pension and other postretirement benefits | 726,756 | 675,788 |
| Liabilities from risk management and trading activities | 46,498 | 126,532 |
| Customer advances | 131,512 | 132,023 |
| Coal mine reclamation | 91,847 | 91,201 |
| Unrecognized tax benefits | 162,717 | 68,904 |
| Other | 210,982 | 227,872 |
| Total deferred credits and other | 3,931,690 | 3,589,194 |
| COMMITMENTS AND CONTINGENCIES | | |
| EQUITY | | |
| Common stock, no par value | 2,149,465 | 2,151,323 |
| Treasury stock | (3,811) | (2,854) |
| Total common stock | 2,145,654 | 2,148,469 |
| Retained earnings | 1,381,547 | 1,444,208 |
| Accumulated other comprehensive loss: | | |
| Pension and other postretirement benefits | (47,753) | (47,547) |
| Derivative instruments | (82,786) | (99,151) |
| Total accumulated other comprehensive loss | (130,539) | (146,698) |
| Total Pinnacle West shareholders' equity | 3,396,662 | 3,445,979 |
| Noncontrolling real estate interests | 28,501 | 47,389 |
| Total equity | 3,425,163 | 3,493,368 |
| TOTAL LIABILITIES AND EQUITY | \$ 11,831,223 | \$ 11,620,093 |

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

PINNACLE WEST CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)
(dollars in thousands)

| | Nine Months Ended September 30, | |
|---|------------------------------------|------------|
| | 2009 | 2008 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 83,545 | \$ 280,975 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization including nuclear fuel | 332,532 | 317,366 |
| Deferred fuel and purchased power | (46,743) | (104,774) |
| Deferred fuel and purchased power amortization | 115,214 | 157,999 |
| Allowance for equity funds used during construction | (11,919) | (16,211) |
| Real estate impairment charge | 260,450 | -- |
| Deferred income taxes | 154,517 | 228,567 |
| Change in mark-to-market valuations | (5,970) | 1,411 |
| Changes in current assets and liabilities: | | |
| Customer and other receivables | (79,297) | (40,195) |
| Accrued utility revenues | (56,420) | (50,843) |
| Materials, supplies and fossil fuel | (16,781) | (13,527) |
| Other current assets | 26,308 | 25,906 |
| Accounts payable | (35,923) | (10,571) |
| Accrued taxes and income tax receivable-net | (120,878) | 22,136 |
| Other current liabilities | 25,808 | 44,153 |
| Expenditures for real estate investments | (2,410) | (17,397) |
| Gains and other changes in real estate assets | (10,527) | 34,875 |
| Change in unrecognized tax benefits | 92,720 | (107,069) |
| Change in other regulatory liabilities | 92,598 | (4,397) |
| Change in other long-term assets | (47,925) | 30,662 |
| Change in other long-term liabilities | 12,071 | 4,875 |
| Net cash flow provided by operating activities | 760,970 | 783,941 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures | (558,495) | (707,685) |
| Contributions in aid of construction | 17,393 | 40,950 |
| Capitalized interest | (8,568) | (14,593) |
| Proceeds from nuclear decommissioning trust sales | 370,399 | 255,706 |
| Investment in nuclear decommissioning trust | (386,743) | (271,263) |
| Proceeds from sale of commercial real estate investments | 30,847 | 94,171 |
| Other | (1,404) | 5,628 |
| Net cash flow used for investing activities | (536,571) | (597,086) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issuance of long-term debt | 867,582 | 88,550 |
| Repayment and reacquisition of long-term debt | (414,474) | (179,796) |
| Short-term borrowings and payments – net | (528,217) | 100,886 |
| Dividends paid on common stock | (153,740) | (158,477) |
| Common stock equity issuance | 2,623 | 8,165 |
| Other | (2,594) | 2,024 |
| Net cash flow used for financing activities | (228,820) | (138,648) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (4,421) | 48,207 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 105,245 | 56,321 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 100,824 | \$ 104,528 |
| Supplemental disclosure of cash flow information | | |
| Cash paid during the period for: | | |
| Income taxes, net of (refunds) | \$ (34,700) | \$ 202 |
| Interest, net of amounts capitalized | \$ 153,725 | \$ 136,996 |

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

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

| | Three Months Ended September 30, | |
|---|-------------------------------------|--------------|
| | 2009 | 2008 |
| ELECTRIC OPERATING REVENUES | \$ 1,083,825 | \$ 1,042,084 |
| OPERATING EXPENSES | | |
| Fuel and purchased power | 381,543 | 421,632 |
| Operations and maintenance | 203,446 | 206,526 |
| Depreciation and amortization | 101,027 | 96,769 |
| Income taxes | 118,923 | 86,484 |
| Other taxes | 33,782 | 28,018 |
| Total | 838,721 | 839,429 |
| OPERATING INCOME | 245,104 | 202,655 |
| OTHER INCOME (DEDUCTIONS) | | |
| Income taxes | 1,070 | 1,909 |
| Allowance for equity funds used during construction | 2,197 | 4,673 |
| Other income | 3,530 | 1,462 |
| Other expense | (2,790) | (9,458) |
| Total | 4,007 | (1,414) |
| INTEREST DEDUCTIONS | | |
| Interest on long-term debt | 51,216 | 40,841 |
| Interest on short-term borrowings | 1,058 | 2,563 |
| Debt discount, premium and expense | 1,115 | 1,162 |
| Allowance for borrowed funds used during construction | (1,343) | (3,079) |
| Total | 52,046 | 41,487 |
| NET INCOME | \$ 197,065 | \$ 159,754 |

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

ARIZONA PUBLIC SERVICE COMPANY
CONDENSED STATEMENTS OF INCOME

(unaudited)
(dollars in thousands)

| | Nine Months Ended September 30, | |
|---|------------------------------------|--------------|
| | 2009 | 2008 |
| ELECTRIC OPERATING REVENUES | \$ 2,499,072 | \$ 2,498,743 |
| OPERATING EXPENSES | | |
| Fuel and purchased power | 920,630 | 1,022,762 |
| Operations and maintenance | 625,674 | 582,480 |
| Depreciation and amortization | 298,036 | 286,615 |
| Income taxes | 158,041 | 113,194 |
| Other taxes | 100,077 | 93,549 |
| Total | 2,102,458 | 2,098,600 |
| OPERATING INCOME | 396,614 | 400,143 |
| OTHER INCOME (DEDUCTIONS) | | |
| Income taxes | 3,684 | 4,863 |
| Allowance for equity funds used during construction | 11,919 | 16,211 |
| Other income | 7,580 | 4,560 |
| Other expense | (10,798) | (21,546) |
| Total | 12,385 | 4,088 |
| INTEREST DEDUCTIONS | | |
| Interest on long-term debt | 148,267 | 123,733 |
| Interest on short-term borrowings | 5,326 | 8,931 |
| Debt discount, premium and expense | 3,560 | 3,482 |
| Allowance for borrowed funds used during construction | (8,284) | (10,687) |
| Total | 148,869 | 125,459 |
| NET INCOME | \$ 260,130 | \$ 278,772 |

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

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

| | September 30, 2009 | December 31, 2008 |
|--|-----------------------|----------------------|
| ASSETS | | |
| UTILITY PLANT | | |
| Electric plant in service and held for future use | \$ 12,569,397 | \$ 12,198,010 |
| Less accumulated depreciation and amortization | 4,283,668 | 4,129,958 |
| Net | 8,285,729 | 8,068,052 |
| Construction work in progress | 536,119 | 571,977 |
| Intangible assets, net of accumulated amortization | 154,243 | 131,243 |
| Nuclear fuel, net of accumulated amortization | 126,767 | 89,323 |
| Total utility plant | 9,102,858 | 8,860,595 |
| INVESTMENTS AND OTHER ASSETS | | |
| Nuclear decommissioning trust | 399,808 | 343,052 |
| Assets from management and trading activities | 22,167 | 33,675 |
| Other assets | 65,576 | 60,604 |
| Total investments and other assets | 487,551 | 437,331 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 86,338 | 71,544 |
| Customer and other receivables | 366,241 | 262,177 |
| Accrued utility revenues | 156,509 | 100,089 |
| Allowance for doubtful accounts | (3,758) | (3,155) |
| Materials and supplies (at average cost) | 180,144 | 173,252 |
| Fossil fuel (at average cost) | 39,641 | 29,752 |
| Income tax receivable | 84,766 | -- |
| Assets from risk management and trading activities | 32,220 | 32,181 |
| Deferred income taxes | 58,873 | 79,694 |
| Other current assets | 18,770 | 19,866 |
| Total current assets | 1,019,744 | 765,400 |
| DEFERRED DEBITS | | |
| Deferred fuel and purchased power regulatory asset | -- | 7,984 |
| Other regulatory assets | 726,883 | 787,506 |
| Unamortized debt issue costs | 20,300 | 22,026 |
| Other | 85,399 | 82,735 |
| Total deferred debits | 832,582 | 900,251 |
| TOTAL ASSETS | \$ 11,442,735 | \$ 10,963,577 |

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

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

| | September 30, 2009 | December 31, 2008 |
|---|-----------------------|----------------------|
| LIABILITIES AND EQUITY | | |
| CAPITALIZATION | | |
| Common stock | \$ 178,162 | \$ 178,162 |
| Additional paid-in capital | 2,126,863 | 2,117,789 |
| Retained earnings | 1,301,531 | 1,168,901 |
| Accumulated other comprehensive loss: | | |
| Pension and other postretirement benefits | (27,433) | (26,960) |
| Derivative instruments | (82,445) | (98,742) |
| Common stock equity | 3,496,678 | 3,339,150 |
| Long-term debt less current maturities | 3,327,025 | 2,850,242 |
| Total capitalization | 6,823,703 | 6,189,392 |
| CURRENT LIABILITIES | | |
| Short-term borrowings | -- | 521,684 |
| Current maturities of long-term debt | 50,541 | 874 |
| Accounts payable | 184,036 | 233,529 |
| Accrued taxes | 153,905 | 219,129 |
| Accrued interest | 48,820 | 39,860 |
| Customer deposits | 73,171 | 77,452 |
| Liabilities from risk management and trading activities | 50,976 | 69,585 |
| Other current liabilities | 117,256 | 105,655 |
| Total current liabilities | 678,705 | 1,267,768 |
| DEFERRED CREDITS AND OTHER | | |
| Deferred income taxes | 1,638,537 | 1,401,412 |
| Regulatory liabilities | 668,567 | 587,586 |
| Deferred fuel and purchased power regulatory liability | 60,488 | -- |
| Liability for asset retirements | 289,921 | 275,970 |
| Liabilities for pension and other postretirement benefits | 684,661 | 635,327 |
| Customer advances | 131,512 | 132,023 |
| Liabilities from risk management and trading activities | 46,498 | 126,532 |
| Coal mine reclamation | 91,847 | 91,201 |
| Unrecognized tax benefits | 161,987 | 67,846 |
| Other | 166,309 | 188,520 |
| Total deferred credits and other | 3,940,327 | 3,506,417 |
| COMMITMENTS AND CONTINGENCIES | | |
| TOTAL LIABILITIES AND EQUITY | \$ 11,442,735 | \$ 10,963,577 |

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

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

| | Nine Months Ended September 30, | |
|--|------------------------------------|------------|
| | 2009 | 2008 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income | \$ 260,130 | \$ 278,772 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization including nuclear fuel | 328,313 | 312,022 |
| Deferred fuel and purchased power | (46,743) | (104,774) |
| Deferred fuel and purchased power amortization | 115,214 | 157,999 |
| Allowance for equity funds used during construction | (11,919) | (16,211) |
| Deferred income taxes | 252,282 | 220,180 |
| Change in mark-to-market valuations | (5,970) | 190 |
| Changes in current assets and liabilities: | | |
| Customer and other receivables | (92,535) | (59,607) |
| Accrued utility revenues | (56,420) | (50,843) |
| Materials, supplies and fossil fuel | (16,781) | (13,527) |
| Other current assets | (2,473) | 2,774 |
| Accounts payable | (28,018) | 40,339 |
| Accrued taxes and income tax receivable - net | (149,990) | 7,268 |
| Other current liabilities | 16,279 | 58,887 |
| Change in regulatory liabilities | 92,598 | (4,397) |
| Change in unrecognized tax benefits | 92,973 | (104,523) |
| Change in other long-term assets | (53,530) | 41,379 |
| Change in other long-term liabilities | 10,053 | 16,365 |
| Net cash flow provided by operating activities | 703,463 | 782,293 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures | (551,042) | (681,775) |
| Contributions in aid of construction | 17,393 | 40,950 |
| Allowance for borrowed funds used during construction | (8,284) | (10,687) |
| Proceeds from nuclear decommissioning trust sales | 370,399 | 255,706 |
| Investment in nuclear decommissioning trust | (386,743) | (271,263) |
| Other | (1,404) | 4,267 |
| Net cash flow used for investing activities | (559,681) | (662,802) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Equity infusion | -- | 7,601 |
| Issuance of long-term debt | 863,903 | -- |
| Repayment and reacquisition of long-term debt | (343,707) | (27,485) |
| Short-term borrowings and payments-net | (521,684) | 51,580 |
| Dividends paid on common stock | (127,500) | (127,500) |
| Net cash flow used for financing activities | (128,988) | (95,804) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 14,794 | 23,687 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 71,544 | 52,151 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 86,338 | \$ 75,838 |
| Supplemental disclosure of cash flow information | | |
| Cash paid during the period for: | | |
| Income taxes, net of refunds | \$ 13,555 | \$ 25,710 |
| Interest, net of amounts capitalized | \$ 136,349 | \$ 119,302 |
| See Notes to Pinnacle West's Condensed Consolidated Financial Statements and Supplemental Notes to Arizona Public Service Company's Condensed Financial Statements | | |