

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported):

May 8, 2020

Commission File Number	Exact Name of Each Registrant as specified in its charter; State of Incorporation; Address; and Telephone Number	IRS Employer Identification No.
1-8962	PINNACLE WEST CAPITAL CORPORATION (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix Arizona 85072-3999 (602) 250-1000	86-0512431
1-4473	ARIZONA PUBLIC SERVICE COMPANY (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix Arizona 85072-3999 (602) 250-1000	86-0011170

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	PNW	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

This combined Form 8-K is separately filed or furnished by Pinnacle West Capital Corporation and Arizona Public Service Company. Each registrant is filing or furnishing on its own behalf all of the information contained in this Form 8-K that relates to such registrant and, where required, its subsidiaries. Except as stated in the preceding sentence, neither registrant is filing or furnishing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

Item 1.01. Entry into a Material Definitive Agreement.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On May 5, 2020, Pinnacle West Capital Corporation (“Pinnacle West”) entered into and borrowed \$31 million under a unsecured term loan facility with PNC Bank, National Association, as Agent (the “Term Loan Facility”). Any remaining obligations under the Term Loan Facility will mature and become due and payable on May 4, 2021. Pinnacle West used the proceeds from the initial borrowing under the Term Loan Facility to refinance indebtedness under and terminate a prior \$50 million term loan, dated May 9, 2019, with PNC Bank, National Association, as Agent and Citibank, as Syndication Agent. The prior term loan would have expired on May 7, 2020. Borrowings under the Term Loan Facility will bear interest at 140 basis points above the London interbank offered rate.

The Term Loan Facility includes customary covenants, including requirements that Pinnacle West maintain ownership of a specified percentage of the outstanding capital stock of Arizona Public Service Company, maintain a consolidated debt-to-capitalization ratio not to exceed a prescribed maximum level and comply with certain lien restrictions. The Term Loan Facility also includes customary events of default, including a cross default provision and a change of control provision. If an event of default occurs, the Agent with such lenders’ consent, may declare the obligations outstanding under the Term Loan Facility to be due and payable. Pinnacle West and its affiliates maintain normal banking and other relationships with the Agent/lender in the Term Loan Facility and in the prior \$50 million term loan facility that has been terminated.

Item 2.02. Results of Operations and Financial Condition.

The following information is furnished pursuant to Item 2.02.

On May 8, 2020, Pinnacle West issued a press release regarding its financial results for the fiscal quarter ended March 31, 2020 and its earnings outlook for 2020. A copy of the press release is attached hereto as Exhibit 99.1.

Item 7.01. Regulation FD Disclosure.

The following information is furnished pursuant to Item 7.01.

Pinnacle West is providing a copy of the slide presentation made in connection with the quarterly earnings conference call on May 8, 2020. This information contains Pinnacle West operating results for the fiscal quarter ended March 31, 2020, earnings outlook for 2020 and a quarterly consolidated statistical summary. The slide presentation is attached hereto as Exhibit 99.2 and is concurrently being posted to Pinnacle West’s website at www.pinnaclewest.com.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Registrant(s)	Description
99.1	Pinnacle West Arizona Public Service Company	Earnings News Release issued on May 8, 2020.
99.2	Pinnacle West Arizona Public Service Company	Pinnacle West Capital Corporation First Quarter 2020 Results slide presentation accompanying May 8, 2020 conference call.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PINNACLE WEST CAPITAL CORPORATION
(Registrant)

Dated: May 8, 2020

By: /s/ Theodore N. Geisler
Theodore N. Geisler
Senior Vice President and
Chief Financial Officer

ARIZONA PUBLIC SERVICE COMPANY
(Registrant)

Dated: May 8, 2020

By: /s/ Theodore N. Geisler
Theodore N. Geisler
Senior Vice President and
Chief Financial Officer

FOR IMMEDIATE RELEASE

Media Contact: Alan Bunnell, (602) 250-3376
Analyst Contacts: Stefanie Layton (602) 250-4541
Website: pinnaclewest.com

May 8, 2020

PINNACLE WEST REPORTS 2020 FIRST-QUARTER EARNINGS

- *Cost management helps results despite revenue declines*
- *Customer growth a solid 2.2% as Arizona's economy continued to expand pre-pandemic*
- *Reliable service, customer relief, community support top priorities through coronavirus pandemic*

PHOENIX - Pinnacle West Capital Corp. (NYSE: PNW) today reported consolidated net income attributable to common shareholders of \$30.0 million, or \$0.27 per diluted share of common stock, for the quarter ended March 31, 2020. This result compares with \$17.9 million, or \$0.16 per diluted share, for the same period in 2019.

“Our first quarter results provided an encouraging start to 2020 largely due to how our employees operated and managed costs across our business,” said Pinnacle West Chairman, President and Chief Executive Officer Jeff Guldner. “While the coronavirus pandemic will impact future results, we are managing what we can directly control - helping to keep our employees and communities safe, and providing reliable electric service to our customers.”

The last day of the quarter is when a stay-at-home order took effect in Arizona, but customers’ energy use began changing in mid-March. As customers started working from home, and many businesses temporarily closed or significantly changed how they operate, overall weather-normalized energy sales were down about 7% year-over-year for the March 13 to April 30, 2020, time frame.

First quarter results reflect, in large part, reductions in operations and maintenance expenses, which helped offset revenue declines in the quarter. The company also experienced customer growth of 2.2% in the quarter. The ongoing focus to lower costs through Lean principles and financial discipline will continue this year, a priority made all the more relevant by the COVID-19 pandemic.

Guldner addressed other current and future priorities in a message posted to Pinnacle West’s website last month during the early weeks of the virus’s effects on Arizona: “We made a commitment earlier this year to deliver 100% clean, carbon-free electricity to our customers by 2050, while preserving affordability. We remain fully dedicated to this clean energy commitment and look forward to achieving a shared, sustainable vision for Arizona.

“That commitment is for the long term. Now, our immediate aims are doing all we can to keep our employees safe and healthy, keeping the power on for our customers and moving forward

with the determination and optimistic spirit that has characterized this company for more than 130 years.”

Coronavirus Response & Customer Support

The company acted early to help keep employees safe and healthy so customers would be served with reliable power through this pandemic and into Arizona’s extreme summer season. Robust crisis response and business continuity plans were enacted, and the scheduled refueling outage at Palo Verde Generating Station proceeded under a revised scope, which significantly reduced the number of contract workers needed on-site without compromising work essential to summer reliability.

Support for APS customers and communities has been a top priority throughout this pandemic. To date, the company has committed more than \$8 million to assist customers and communities affected by the impacts of COVID-19. This amount includes a special Customer Support Fund established in March to help both residential and business customers behind on bills, and more than \$1 million to aid local nonprofits and community organizations working to mitigate the disease’s impact across the region. Among the groups who have received support are the AZ Coronavirus Relief Fund (\$250,000); the Navajo Nation (\$250,000 from APS and other Arizona owners of the Four Corners Power Plant); and those offering resources for small businesses and rural economies.

APS employees also have been quick to personally support the company’s efforts. To help meet the needs of fellow Arizonans during this time, the company is matching 100 percent of employee contributions made to the Arizona Food Bank Network.

“While needs during this pandemic are unprecedented, and no single company or sector can do enough alone to meet those needs, we are committed to bringing our available resources to bear where they can have the most impact for Arizona,” Guldner added.

A thorough list of the company’s actions in response to the pandemic is available on the Pinnacle West site, while APS customers are encouraged to visit aps.com/COVID19 for details on the resources and support available.

Financial Outlook

While the Company cannot predict the duration and longer-term impacts of the coronavirus pandemic, as of today the company continues to believe its 2020 consolidated earnings guidance of \$4.75 to \$4.95 per diluted share is still achievable. This outlook assumes that the impacts from COVID-19 dissipate by the end of June, and customer and sales growth resume once the economy normalizes. In addition, the company will continue its focus on managing costs and utilizing Lean principles to help mitigate any impacts of the pandemic.

Key factors and assumptions underlying the 2020 outlook can be found in the first-quarter 2020 earnings presentation slides on the Company’s website at pinnaclewest.com/investors.

Conference Call and Webcast

Pinnacle West invites interested parties to listen to the live webcast of management’s conference call to discuss the Company’s 2020 first-quarter results, as well as recent developments, at noon ET (9 a.m. Arizona time) today, May 8. A replay of the webcast can be accessed at pinnaclewest.com/presentations. To access the live conference call by telephone, dial 877-407-8035 or 201-689-8035 for international callers. A replay of the call also will be available until 11:59 p.m. ET, Friday, May 15, 2020, by calling (877) 481-4010 in the U.S. and Canada or (919) 882-2331 internationally and entering passcode 33890.

General Information

Pinnacle West Capital Corp., an energy holding company based in Phoenix, has consolidated assets of about \$19 billion, about 6,300 megawatts of generating capacity and 6,200 employees in Arizona and New Mexico. Through its principal subsidiary, Arizona Public Service, the company provides retail electricity service to nearly 1.3 million Arizona homes and businesses. For more information about Pinnacle West, visit the company's website at pinnaclewest.com.

Dollar amounts in this news release are after income taxes. Earnings per share amounts are based on average diluted common shares outstanding. For more information on Pinnacle West's operating statistics and earnings, please visit pinnaclewest.com/investors.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements based on our current expectations, including statements regarding our earnings guidance and financial outlook and goals. These forward-looking statements are often identified by words such as "estimate," "predict," "may," "believe," "plan," "expect," "require," "intend," "assume," "project," "anticipate," "goal," "seek," "strategy," "likely," "should," "will," "could," and similar words. Because actual results may differ materially from expectations, we caution readers not to place undue reliance on these statements. A number of factors could cause future results to differ materially from historical results, or from outcomes currently expected or sought by Pinnacle West or APS. These factors include, but are not limited to:

- the potential effects of the continued COVID-19 pandemic, including on demand for energy, economic growth, our employees and contractors, supply chain, expenses, capital markets, capital projects, operations and maintenance activities, uncollectable accounts, liquidity, cash flows, or other unpredictable events;
 - our ability to manage capital expenditures and operations and maintenance costs while maintaining high reliability and customer service levels;
 - variations in demand for electricity, including those due to weather, seasonality, the general economy or social conditions, customer and sales growth (or decline), the effects of energy conservation measures and distributed generation, and technological advancements;
 - power plant and transmission system performance and outages;
 - competition in retail and wholesale power markets;
 - regulatory and judicial decisions, developments and proceedings;
 - new legislation, ballot initiatives and regulation, including those relating to environmental requirements, regulatory policy, nuclear plant operations and potential deregulation of retail electric markets;
 - fuel and water supply availability;
 - our ability to achieve timely and adequate rate recovery of our costs, including returns on and of debt and equity capital investment;
 - our ability to meet renewable energy and energy efficiency mandates and recover related costs;
 - risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainty;
 - current and future economic conditions in Arizona, including in real estate markets;
 - the direct or indirect effect on our facilities or business from cybersecurity threats or intrusions, data security breaches, terrorist attack, physical attack, severe storms, droughts, or other catastrophic events, such as fires, explosions, pandemic health events, or similar occurrences;
 - the development of new technologies which may affect electric sales or delivery;
 - the cost of debt and equity capital and the ability to access capital markets when required;
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- environmental, economic and other concerns surrounding coal-fired generation, including regulation of greenhouse gas emissions;
- volatile fuel and purchased power costs;
- the investment performance of the assets of our nuclear decommissioning trust, pension, and other post-retirement benefit plans and the resulting impact on future funding requirements;
- the liquidity of wholesale power markets and the use of derivative contracts in our business;
- potential shortfalls in insurance coverage;
- new accounting requirements or new interpretations of existing requirements;
- generation, transmission and distribution facility and system conditions and operating costs;
- the ability to meet the anticipated future need for additional generation and associated transmission facilities in our region;
- the willingness or ability of our counterparties, power plant participants and power plant land owners to meet contractual or other obligations or continue or discontinue power plant operations consistent with our corporate interests; and
- restrictions on dividends or other provisions in our credit agreements and Arizona Corporation Commission orders.

These and other factors are discussed in Risk Factors described in Part 1, Item 1A of the Pinnacle West/APS Annual Report on Form 10-K for the fiscal year ended December 31, 2019, and in Part II, Item 1A in of the Pinnacle West/APS Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, which readers should review carefully before placing any reliance on our financial statements or disclosures. Neither Pinnacle West nor APS assumes any obligation to update these statements, even if our internal estimates change, except as required by law.

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PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)
(dollars and shares in thousands, except per share amounts)

	THREE MONTHS ENDED	
	MARCH 31,	
	2020	2019
Operating Revenues	\$ 661,930	\$ 740,530
Operating Expenses		
Fuel and purchased power	188,521	230,588
Operations and maintenance	221,318	245,634
Depreciation and amortization	154,079	148,707
Taxes other than income taxes	56,768	55,090
Other expenses	822	427
Total	<u>621,508</u>	<u>680,446</u>
Operating Income	<u>40,422</u>	<u>60,084</u>
Other Income (Deductions)		
Allowance for equity funds used during construction	7,697	11,188
Pension and other postretirement non-service credits - net	13,911	5,114
Other income	12,569	7,169
Other expense	(4,784)	(4,358)
Total	<u>29,393</u>	<u>19,113</u>
Interest Expense		
Interest charges	59,234	60,653
Allowance for borrowed funds used during construction	(4,076)	(6,665)
Total	<u>55,158</u>	<u>53,988</u>
Income Before Income Taxes	14,657	25,209
Income Taxes	<u>(20,209)</u>	<u>2,418</u>
Net Income	34,866	22,791
Less: Net income attributable to noncontrolling interests	4,873	4,873
Net Income Attributable To Common Shareholders	<u>\$ 29,993</u>	<u>\$ 17,918</u>
Weighted-Average Common Shares Outstanding - Basic	112,594	112,337
Weighted-Average Common Shares Outstanding - Diluted	112,862	112,735
Earnings Per Weighted-Average Common Share Outstanding		
Net income attributable to common shareholders - basic	\$ 0.27	\$ 0.16
Net income attributable to common shareholders - diluted	\$ 0.27	\$ 0.16

PINNACLE WEST
CAPITAL CORPORATION

POWERING GROWTH
DELIVERING VALUE

First Quarter 2020 Results
May 8, 2020



FORWARD LOOKING STATEMENTS AND NON-GAAP FINANCIAL MEASURES

This presentation contains forward-looking statements based on current expectations, including statements regarding our earnings guidance and financial outlook and goals. These forward-looking statements are often identified by words such as “estimate,” “predict,” “may,” “believe,” “plan,” “expect,” “require,” “intend,” “assume,” “project,” “anticipate,” “goal,” “seek,” “strategy,” “likely,” “should,” “will,” “could,” and similar words. Because actual results may differ materially from expectations, we caution you not to place undue reliance on these statements. A number of factors could cause future results to differ materially from historical results, or from outcomes currently expected or sought by Pinnacle West or APS. These factors include, but are not limited to: the potential effects of the continued COVID-19 pandemic, including on demand for energy, economic growth, our employees and contractors, supply chain, expenses, capital markets, capital projects, operations and maintenance activities, uncollectable accounts, liquidity, cash flows, or other unpredictable events; our ability to manage capital expenditures and operations and maintenance costs while maintaining high reliability and customer service levels; variations in demand for electricity, including those due to weather seasonality, the general economy or social conditions, customer and sales growth (or decline), the effects of energy conservation measures and distributed generation, and technological advancements; power plant and transmission system performance and outages; competition in retail and wholesale power markets; regulatory and judicial decisions, developments and proceedings; new legislation, ballot initiatives and regulation, including those relating to environmental requirements, regulatory policy, nuclear plant operations and potential deregulation of retail electric markets; fuel and water supply availability; our ability to achieve timely and adequate rate recovery of our costs, including returns on and of debt and equity capital investments; our ability to meet renewable energy and energy efficiency mandates and recover related costs; risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainty; current and future economic conditions in Arizona, including in real estate markets; the direct or indirect effect on our facilities or business from cybersecurity threats or intrusions, data security breaches, terrorist attack, physical attack, severe storms, droughts, or other catastrophic events, such as fires, explosions, pandemic health events, or similar occurrences; the development of new technologies which may affect electric sales or delivery; the cost of debt and equity capital and the ability to access capital markets when required; environmental, economic and other concerns surrounding coal-fired generation, including regulation of greenhouse gas emissions; volatile fuel and purchased power costs; the investment performance of the assets of our nuclear decommissioning trust, pension, and other postretirement benefit plans and the resulting impact on future funding requirements; the liquidity of wholesale power markets and the use of derivative contracts in our business; potential shortfalls in insurance coverage; new accounting requirements or new interpretations of existing requirements; generation, transmission and distribution facility and system conditions and operating costs; the ability to meet the anticipated future need for additional generation and associated transmission facilities in our region; the willingness or ability of our counterparties, power plant participants and power plant land owners to meet contractual or other obligations or continue or discontinue power plant operations consistent with our corporate interests; and restrictions on dividends or other provisions in our credit agreements and ACC orders. These and other factors are discussed in Risk Factors described in Part I, Item 1A of the Pinnacle West/APS Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and in Part II, Item 1A in of the Pinnacle West/APS Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, which you should review carefully before placing any reliance on our financial statements, disclosures or earnings outlook. Neither Pinnacle West nor APS assumes any obligation to update these statements, even if our internal estimates change, except as required by law.

In this presentation, references to net income and earnings per share (EPS) refer to amounts attributable to common shareholders.

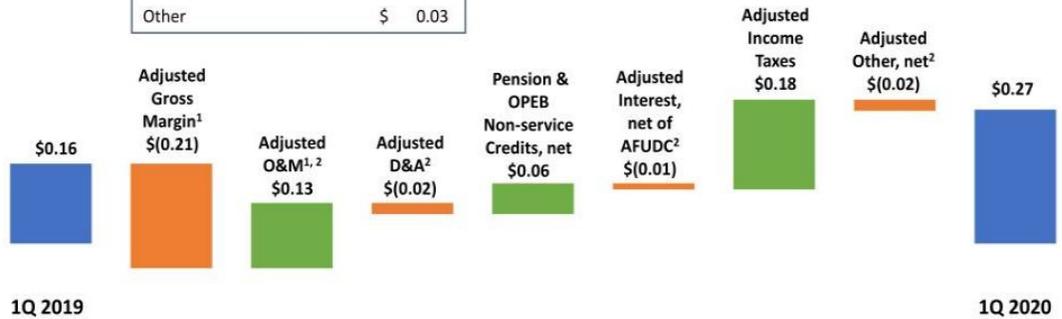
We present “gross margin” per diluted share of common stock. Gross margin refers to operating revenues less fuel and purchased power expenses. Gross margin is a “non-GAAP financial measure,” as defined in accordance with SEC rules. The appendix contains a reconciliation of this non-GAAP financial measure to the referenced revenue and expense line items on our Consolidated Statements of Income, which are the most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles in the United States of America (GAAP). We view gross margin as an important performance measure of the core profitability of our operations, and is used by our management in analyzing the operations of our business. We believe that investors benefit from having access to the same financial measures that management uses.

We present “adjusted gross margin” and “adjusted operations and maintenance” that have been adjusted to exclude costs and offsetting operating revenues associated with renewable energy and demand side management programs. We also present “adjusted D&A,” “adjusted interest, net of AFUDC,” and “adjusted other, net” that have been adjusted for the deferral impacts of the Four Corner’s Selective Catalytic Reduction (SCR) equipment and the Ocotillo Modernization Project. We also present “adjusted income taxes” that shows the impact of tax reform. Adjusted gross margin, adjusted operations and maintenance, adjusted D&A, adjusted interest, net of AFUDC, adjusted other, net, and adjusted income taxes are “non-GAAP financial measures,” as defined in accordance with SEC rules. The appendix contains a reconciliation to show the exclusion of costs and offsetting operating revenues associated with renewable energy and demand side management programs, the deferral impacts of the Four Corners SCR equipment and the Ocotillo Modernization Project, and the impact of tax reform. We believe the information provided in the reconciliation provides investors with useful indicators of our results that are comparable among periods because they exclude the effects of unusual items that may occur on an irregular basis, such as the installation of the SCR equipment, the Ocotillo Modernization Project and tax reform impacts, and exclude the effects of programs that overstate our gross margin.

EPS VARIANCES

1st Quarter 2020 vs. 1st Quarter 2019

Gross Margin	
Transmission	\$ (0.01)
Weather	\$ (0.08)
Federal Tax Reform	\$ (0.15)
Other	\$ 0.03



¹ Excludes costs and offsetting operating revenues associated with renewable energy and demand side management programs.

² Driver adjusted for the deferral impacts of the Four Corners Selective Catalytic Reduction (SCR) equipment and Ocotillo Modernization Project.

See non-GAAP reconciliation in Appendix.

2020 EPS GUIDANCE

Key Factors & Assumptions as of May 8, 2020

	2020
Adjusted gross margin ^{1,2} (operating revenues, net of fuel and purchased power expenses)	\$2.48 – \$2.54 billion
<ul style="list-style-type: none"> Retail customer growth about 1.5-2.5% Weather-normalized retail electricity sales volume about 1-2% higher compared to prior year (excludes potential data center load growth) Assumes normal weather 	
Adjusted operating and maintenance (O&M) ^{1,2}	\$830 – \$850 million
Other operating expenses (depreciation and amortization, deferrals, and taxes other than income taxes)	\$830 – \$850 million
Other income (pension and other post-retirement non-service credits, other income and other expense)	\$70 – \$80 million
Interest expense , net of allowance for borrowed and equity funds used during construction (Total AFUDC ~\$35 million)	\$235 – \$245 million
Net income attributable to noncontrolling interests	\$20 million
Effective tax rate	14%
Average diluted common shares outstanding	112.8 million
EPS Guidance ³	\$4.75 – \$4.95
<p>¹ Excludes O&M of \$65 million, and offsetting revenues, associated with renewable energy and demand side management programs.</p> <p>² The Covid-19 disconnect suspension and summer disconnection moratorium and revised policies are currently estimated to result in a decrease of approximately \$20 million to \$30 million of pre-tax income in 2020 depending on certain assumptions, including customer behavior.</p> <p>³ Guidance range assumes impacts from Covid-19 dissipate by the end of the second quarter and customer and sales growth resume once the economy normalizes.</p>	

FINANCIAL OUTLOOK

Key Factors & Assumptions as of May 8, 2020

Gross Margin – Customer and Sales Growth (2020-2022)

Assumption	Impact
Retail customer growth	<ul style="list-style-type: none">Expected to average about 1.5-2.5% annuallyStrength in Arizona and U.S. economic conditions
Weather-normalized retail electricity sales volume growth (excludes potential data center load growth)	<ul style="list-style-type: none">About 1.0–2.0%

Gross Margin – Related to 2017 Rate Review Order

Assumption	Impact
Lost Fixed Cost Recovery (LFCR)	<ul style="list-style-type: none">Offsets 30-40% of revenues lost due to ACC-mandated energy efficiency and distributed renewable generation initiatives
Environmental Improvement Surcharge (EIS)	<ul style="list-style-type: none">Ability to recover up to \$14 million annually of carrying costs for government-mandated environmental capital expenditures (cumulative per kWh cap rate of \$0.00050)
Power Supply Adjustor (PSA)	<ul style="list-style-type: none">100% recoveryIncludes certain environmental chemical costs and third-party battery storage
Transmission Cost Adjustor (TCA)	<ul style="list-style-type: none">TCA is filed each May and automatically goes into rates effective June 1Transmission revenue is accrued each month as it is earned
APS Solar Communities	<ul style="list-style-type: none">Additions to flow through RES until next base rate case

Property Tax Rate Deferral: APS is allowed to defer for future recovery (or credit to customers) the Arizona property tax expense above (or below) the 2015 test year caused by changes to the applicable composite property tax rate.

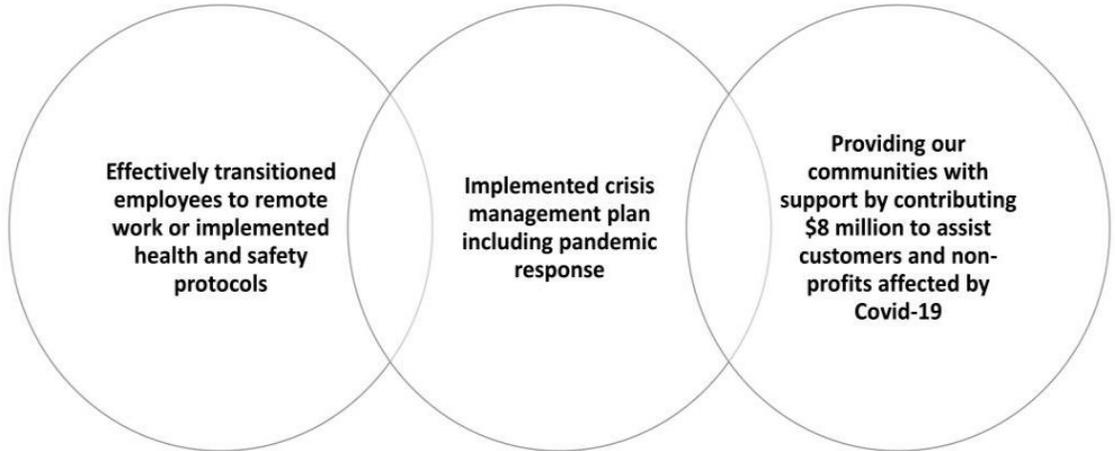
Outlook Through 2020: Goal of earning more than 9.5% Return on Equity (earned Return on Equity based on average Total Shareholder's Equity for PNW consolidated, weather-normalized)



COVID-19 EVENTS AND ENERGY UPDATE

Our top priority is to provide reliable service to our customers while maintaining the health and safety of our employees

Our Company has made preparations and is executing our plan to effectively manage the current environment and mitigate future impacts.



PINNACLE WEST PROFILE

We are a financially healthy company well positioned to succeed in achieving our long-term goals

- ✓ Strong balance sheet
 - ✓ Sufficient liquidity
 - ✓ De-risked pension plan through liability driven investment strategy
 - ✓ Sales weighted heavily in the Q3 hot summer months
 - ✓ Large residential population provides potential for offset to lower C&I usage
 - ✓ 2020 guidance included an estimate for an increase in bad debt over 2019 related to the summer disconnect moratorium
 - ✓ Lean initiative implemented in 2019 to accelerate O&M reductions
 - ✓ All essential operations work and investments continue, including summer preparedness
 - ✓ Currently no material supply chain risk
-



ENERGY USAGE AND SALES

**Second half of March and April show decrease in C&I and increase in residential.
Too soon to reach conclusions on usage trends.**

From March 13th through April 30th the EPS impact from the net reduction in load was **\$(0.10)** compared to original expectations

Customer	Estimated EPS impact 1% change in <i>annual</i> sales
Residential	\$0.09
Commercial	\$0.07
Industrial	\$0.01
Total	\$0.16 - \$0.20

YoY Approximate Sales Growth ¹	January 1 – March 12	March 13 – April 30
All Classes	1%	(7)%
Residential	2%	7%
C&I	(1)%	(14)%

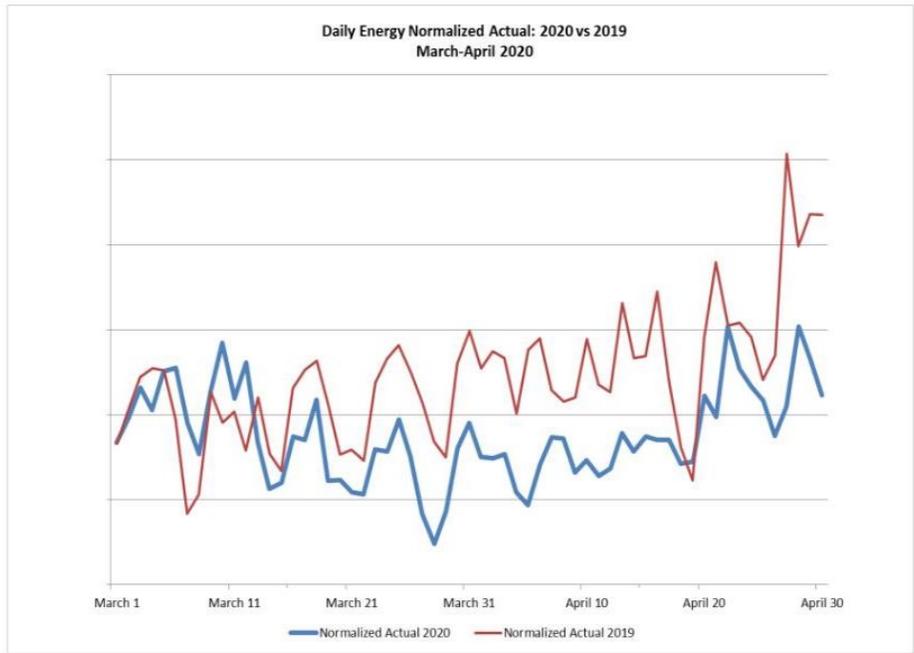
¹ Weather normalized.



PRELIMINARY WEATHER-NORMALIZED ENERGY TREND

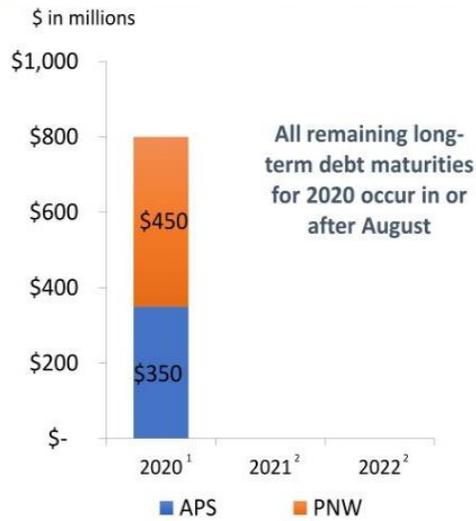


Friday, March 13: date when the trend in normalized load begins to change



STRONG BALANCE SHEET AND HEALTHY LIQUIDITY

Near-Term Long-Term Debt Maturities



¹ 2020 maturities include \$150 million of APS 2.2% notes repaid in January 2020.

² No long-term debt maturities in 2021 and 2022.

Liquidity and Financing Activity

- \$1.2 billion revolver capacity
 - As of May 1st have drawn down \$310 million
- Option to increase revolver capacity by \$500 million
- Expect *up to* \$1.0 billion of term debt issuance at APS and \$450 million at PNW in 2020
- All PNW long-term debt matures in November or December 2020
- \$150 million of APS debt repaid in January
- \$200 million APS Term Loan matures in August 2020

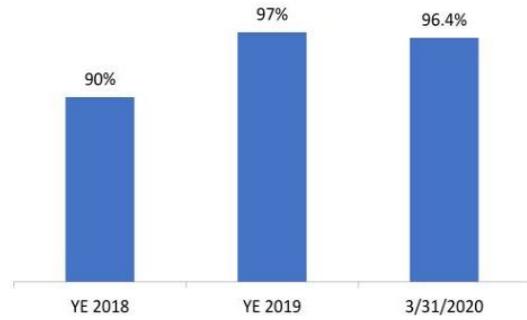


PENSION PLAN

Well funded pension plan with investment strategy that mitigates funding status volatility

- Liability driven investment strategy helps reduce funded status volatility
- Approximately 65% of the pension portfolio is in fixed income assets
- Hedge 100% of interest rate volatility using Treasury futures contracts

Pension Funded Status





OPERATIONS AND SUPPLY CHAIN

Our operations team has health and safety protocols consistent with our pandemic crisis management plan in place

Crisis Preparedness

- Executing effectively under our crisis management and business continuity plans
- Employee safety top priority with remote working policies and social distancing protocols in place

Operations

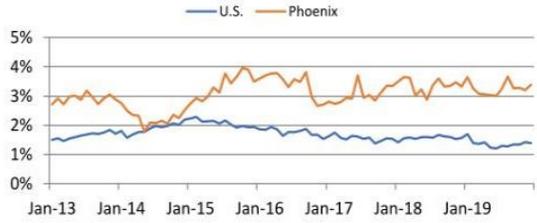
- Essential planned work and capital investments continue
- Preparing for summer peak season
- Some non-essential planned work postponed to later in 2020

Supply Chain

- Conducted contract review to confirm adequacy of summer resource needs
- Solicited supplier input to identify market risks associated with 800+ high volume suppliers, including critical suppliers
- Currently no material supply chain risk
- Mitigation plans are in place

ECONOMIC INDICATORS

Year over Year Employment Growth

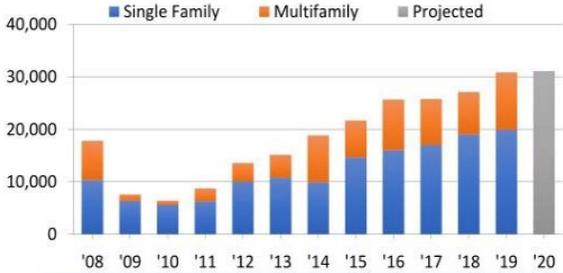


Arizona's job growth ranked second in the nation in 2019¹

Maricopa County ranked #1 in U.S. for population growth for third straight year²

Arizona is the 3rd fastest-growing state in the U.S. according to Census data.³

Single Family & Multifamily Housing Permits
Maricopa County



¹ U.S. Bureau of Labor Statistics December 2019

² U.S. Census Bureau April 2019

³ Census Bureau, Population Division, Release date December 2019



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ECONOMIC DEVELOPMENT

FUTURE EXPANSIONS

- White Claw/Mark Anthony Brewing Inc. announced plans to build a 916,000-square-foot facility co-located next to Red Bull in Glendale creating an estimated 200 jobs.
- Red Bull announced a 700,000-square-foot distribution center, in addition to the 700,000 square foot facility announced in 2019, adding an estimated 115 new jobs and an additional \$84 million in capital investment.
- Nacero Inc. made public plans to build a \$3.3 billion natural gas to gasoline manufacturing facility in Casa Grande. The project is expected to encompass a total of 1,038 acres.
- Ball Corporation announced plans to build a second location within the Phoenix metropolitan area next to the Red Bull and White Claw manufacturing facilities in Glendale. Ball plans to invest \$300 million and create 190 jobs. This is in addition to their current 500,000-square-foot facility located in Goodyear.

OUR APPROACH FOCUSES ON FOUR MAIN AREAS

Business Attraction & Expansion - constructive engagement with economic development community partners and timely, strategic engagement with economic development prospects, site selectors, and local developers

Community Development - provide financial and strategic economic development support in both rural and metro communities

Entrepreneurial Support - advance the entrepreneurial ecosystem by supporting the strategies of organizations that are making an impact, whether through job creation, capital raised, quality programming or helping to change the perception of the region

Infrastructure Support - drive commercial real estate development by working closely with developers and the Arizona State Land Department to make large commercial land parcels "shovel ready"

What others are saying:

- [Census report ranks Arizona 3rd in percentage growth rate](#); AZ Business Magazine, Jan. 2, 2020
- [Arizona gaining as top state for newcomers, study says](#); Arizona Republic, Jan. 2, 2020
- [Electric-car maker breaks ground in Casa Grande as competition grows](#); Capitol Media Services (AZ Capitol Times), Dec. 3, 2019

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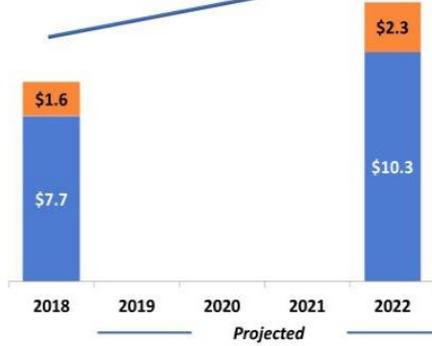
RATE BASE

APS's revenues come from a regulated retail rate base and meaningful transmission business

APS Rate Base Growth
Year-End

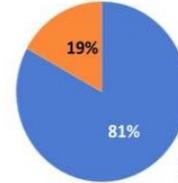
■ ACC ■ FERC

Long-term Rate Base Guidance:
6-7% Average Annual Growth



Total Approved Rate Base

■ Generation & Distribution ■ Transmission



	ACC	FERC
Rate Effective Date	8/19/2017	6/1/2019
Test Year Ended	12/31/2015 ^{1, 2}	12/31/2018
Rate Base	\$6.8B	\$1.6B
Equity Layer	55.8%	54.6%
Allowed ROE	10.0%	10.75%

¹ Adjusted to include post test-year plant in service through 12/31/2016
² On 10/31/19 APS filed an ACC general rate case with a proposed \$8.9B rate base for an adjusted test year ended 6/30/19.

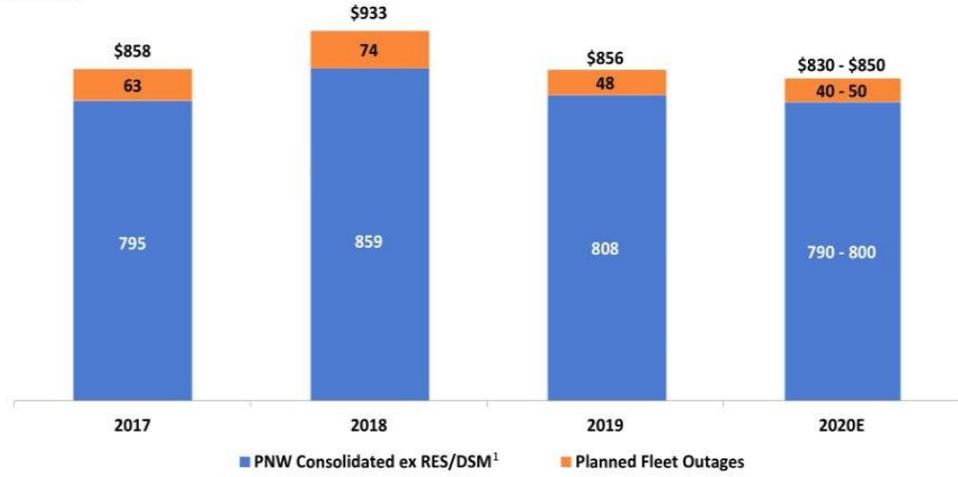
Rate base \$ in billions, rounded



OPERATIONS & MAINTENANCE

Goal is to keep O&M per kWh flat, adjusted for planned outages

\$ in millions



¹ Excludes RES/DSM of \$91 million in 2017, \$104 million in 2018, \$86 million in 2019, and \$65 million in 2020E.

2020 PLANNED OUTAGE SCHEDULE

Coal, Nuclear, and Large Gas Planned Outages

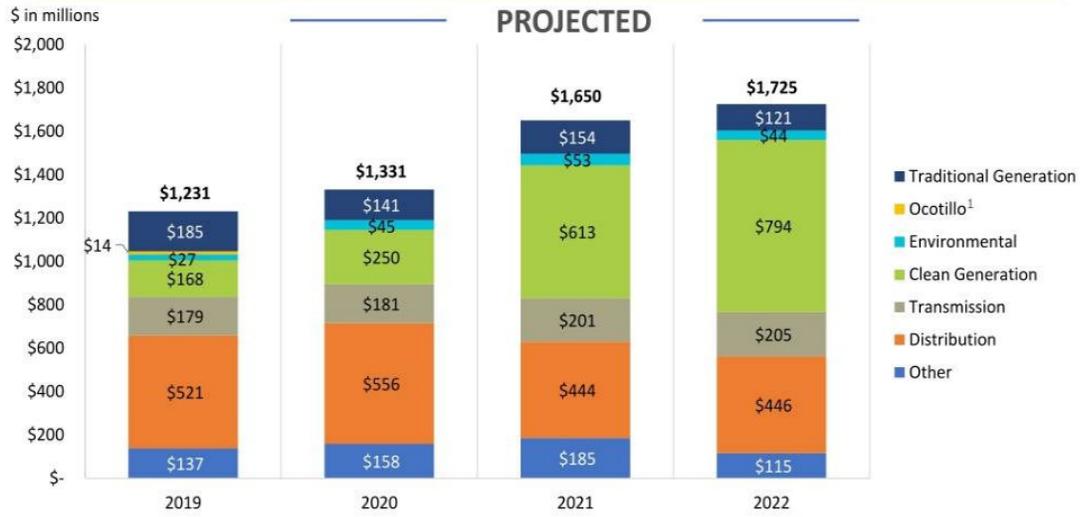
Q1			Q2			Q4		
Plant	Unit	Estimated Duration in Days	Plant	Unit	Estimated Duration in Days	Plant	Unit	Estimated Duration in Days
Four Corners*	5	46	Four Corners*	5	29	Palo Verde	1	44
			Palo Verde	2	30			

*Outage duration spans Q1-Q2. Number of days noted per quarter.



APS CAPITAL EXPENDITURES

Capital expenditures will support our growing customer base and utilization of advanced technology



• 2020 – 2022 as disclosed in the 2020 First Quarter Form 10-Q.

¹ Ocotillo Modernization Project: Units in service second quarter 2019.





PINNACLE WEST
CAPITAL CORPORATION

APPENDIX

CREDIT RATINGS AND METRICS

	APS	Pinnacle West
Corporate Credit Ratings¹		
Moody's	A2	A3
S&P	A-	A-
Fitch	A-	A-
Senior Unsecured¹		
Moody's	A2	A3
S&P	A-	BBB+
Fitch	A	A-

S&P rates the outlooks for APS and Pinnacle West as Stable. Fitch & Moody's rate the outlooks for both as Negative.

	2017	2018	2019
APS			
FFO / Debt	29.4%	24.5%	22.5%
FFO / Interest	7.5x	6.5x	6.4x
Debt / Capitalization	46.8%	47.0%	47.7%
Pinnacle West			
FFO / Debt	26.4%	22.1%	19.5%
FFO / Interest	7.1x	6.2x	5.9x
Debt / Capitalization	50.0%	51.4%	52.1%

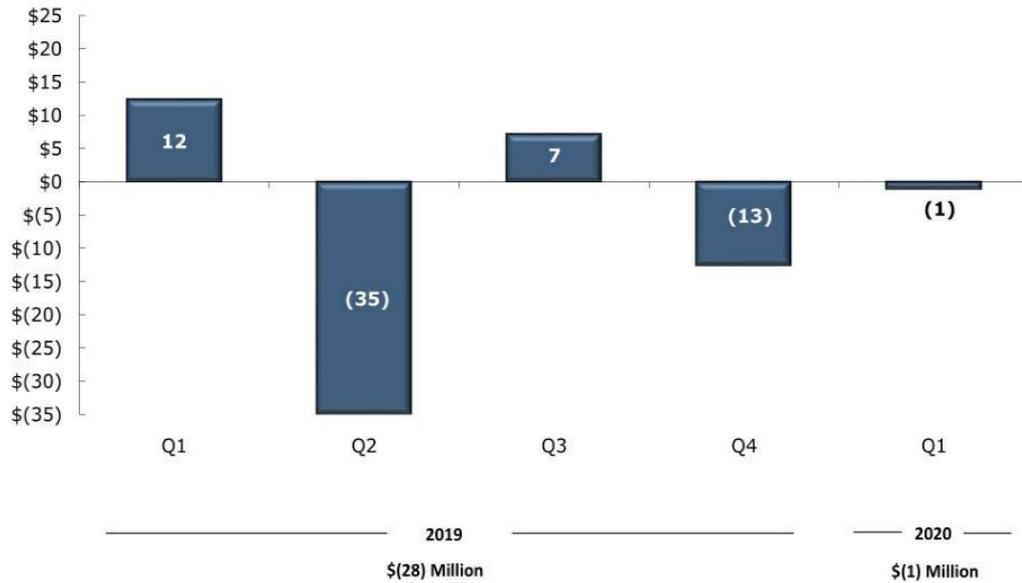
Source: Standard & Poor's

¹ We are disclosing credit ratings to enhance understanding of our sources of liquidity and the effects of our ratings on our costs of funds.

GROSS MARGIN EFFECTS OF WEATHER

\$ in millions pretax

Variances vs. Normal



PINNACLE WEST
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All periods recalculated to current 10-year rolling average (2008 – 2017)

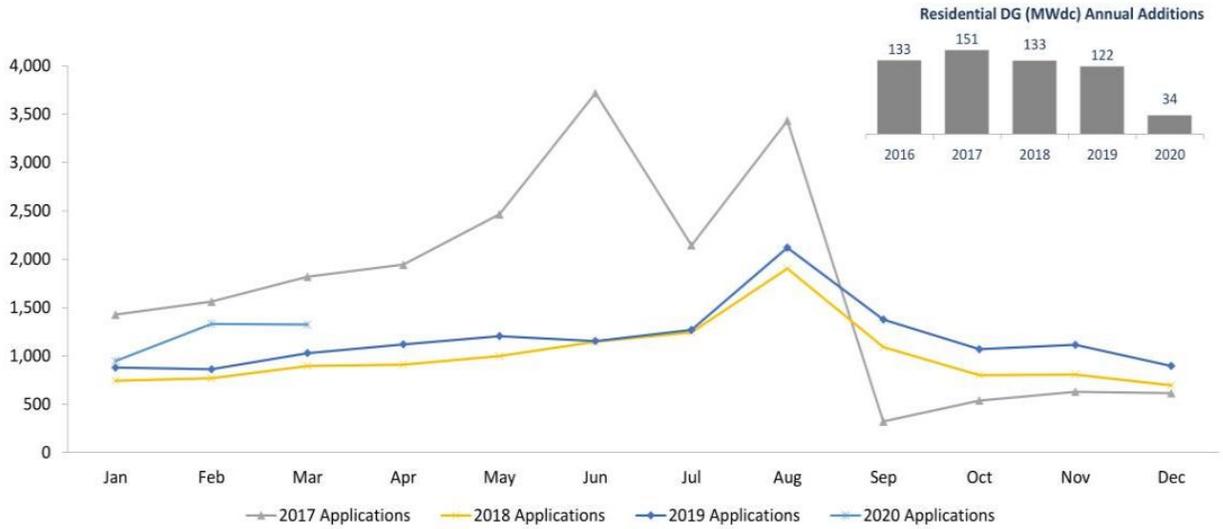
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RENEWABLE ENERGY AND DEMAND SIDE MANAGEMENT EXPENSES¹



¹ Renewable energy and demand side management expenses are offset by adjustment mechanisms

RESIDENTIAL PV APPLICATIONS¹



¹ Monthly data equals applications received minus cancelled applications. As of March 31, 2020, approximately 107,800 residential grid-tied solar photovoltaic (PV) systems have been installed in APS's service territory, totaling approximately 869 MWdc of installed capacity. Excludes APS Solar Partner Program residential PV systems.

Note: www.arizonagoessolar.org logs total residential application volume, including cancellations. Solar water heaters can also be found on the site, but are not included in the chart above.

2020 KEY DATES

ACC Key Dates / Docket #	Q1	Q2	Q3	Q4
Power Supply Adjustor (PSA): E-01345A-16-0036	Effective: Feb 1			
Lost Fixed Cost Recovery: E-01345A-16-0036	Filed: Feb 14	Effective: May 1		
Transmission Cost Adjustor: E-01345A-16-0036		To be Filed: May 15 Effective: Jun 1		
2020 DSM/EE Implementation Plan: E-01345A-19-0148				
2020 RES Implementation Plan: E-01345A-19-0088				
2019 Rate Case: E-01345A-19-0236			Hearing Begins: Sept 30	
Resource Planning and Procurement: E-00000V-19-0034		IRP Due: Jun 26		
Resource Comparison Proxy (RCP): New Docket		Filed: May 1		
Possible Modification to Commission's Energy Rules: RU-00000A-18-0284	Workshops Mar 10, 11			
Modification to Retail Competition Rules: RE-00000A-18-0405	Workshops Feb 25, 26			
Proposed Termination of Service Rule Modifications: RU-00000A-19-0132	Workshop Jan 30			

2019 APS RATE CASE APPLICATION

Filed October 31, 2019

Docket Number: E-01345A-19-0236

Additional details, including filing, can be found at <http://www.pinnaclewest.com/investors>

Adjustor Changes and New Mechanisms Overview	
Formula Rate	- Proposed as an alternative to existing adjustor mechanisms
Deferral of Costs for Limited Income Program	- Allows for growth of program without requiring estimation of future enrollment
Property Tax Deferral	- Deferral of any increase or decrease in Arizona property taxes attributable to tax rate changes
Rate Design Overview	
Residential Rate Design	- Extend super off peak to residential demand rates - Subscription rate pilot
Commercial and Industrial Rate Design	- Propose AG-Y (access to market index pricing) program for medium and large general service customers
Customer Support Programs	- More ways to enroll in the program - Propose increasing funding of Crisis Bill from \$1.25M to \$2.5M

2019 RATE CASE KEY FINANCIALS

APS has requested a rate increase to become effective December 1, 2020

Test year ended June 30, 2019

Total Rate Base - Adjusted	\$11.12 Billion
ACC Rate Base - Adjusted	\$8.87 Billion
Allowed Return on Equity	10.15%
Capital Structure	
Long-term debt	45.3%
Common equity	54.7%
Base Fuel Rate (¢/kWh)	3.0168
Post-test year plant period	12 months

Overview of Rate Increase (\$ in Millions)

Total stated base rate increase (inclusive of existing adjustor transfers)	\$ 68.59	2.1%
Plus: Transfer to base rates of various adjustors already in effect	\$ 115.04	3.5%
Net Customer Bill Impact	\$ 183.63	5.6%

2019 RATE CASE KEY FINANCIALS

APS has requested a rate increase to become effective December 1, 2020

Overview of Rate Increase (\$ in Millions) - Key Components

Four Corners SCRs	\$	73
Ocotillo Modernization Project		100
Post-Test Year Plant Additions		66
Net Change in Other Items		64
Tax Expense Adjustor Termination		<u>(119)</u>
Total Revenue Request	\$	184

APS RATE CASE PROCEDURAL SCHEDULE

Arizona Public Service Company

Docket # E-01345A-19-0236

Application Filed October 31, 2019

Staff/Intervenor Direct Testimony (August 3, 2020)

Staff/Intervenor Direct Testimony (Rate Design) (August 10, 2020)

APS Rebuttal Testimony (September 1, 2020)

Staff/Intervenor Surrebuttal Testimony (September 15, 2020)

APS Rejoinder Testimony (September 23, 2020)

Pre-Hearing Conference (September 25, 2020)

Hearing Commences (September 30, 2020)

ARIZONA UTILITIES GENERAL RATE CASES

Tucson Electric Power Company Docket # E-01933A-19-0028	Southwest Gas Docket # G-01551A-19-0055
Application Filed April 1, 2019	Application Filed May 1, 2019
Hearing Commences (Jan 16, 2020)	Staff /Intervenor Direct Testimony (Revenue) (Feb 5, 2020)
Staff's late-filed testimony (April 10, 2020)	Staff/Intervenor Direct (Rate Design) (Feb 19, 2020)
Responsive testimony (May 8, 2020)	SWG Rebuttal Testimony (March 11, 2020)
Additional hearing dates (June 24-25, 2020)	Staff/Intervenor Surrebuttal Testimony (April 3, 2020)
Initial post-hearing briefs (July 14, 2020)	SWG Rejoinder Testimony (April 14, 2020)
Final post-hearing briefs (Aug 4, 2020)	Prehearing Conference (May 7, 2020)
	Hearing Commences (TBD)

NON-GAAP MEASURE RECONCILIATION

	Three Months Ended March 31,										EPS Impact	
	2020 ¹	RES/ DSM	Four Corners and Ocotillo Deferrals ²	Income tax expense at statutory rate	Other	2020 Adjusted	2019 ¹	RES/ DSM	Four Corners and Ocotillo Deferrals ²	Income tax expense at statutory rate		2019 Adjusted
\$ in millions pretax, except per share amounts												
Operating revenues	\$ 662	\$ (26)	\$ -	\$ -	\$ -	\$ 636	\$ 741	\$ (31)	\$ -	\$ -	\$ 710	
Fuel and purchased power expenses	(189)	8	-	-	-	(181)	(231)	8	-	-	(223)	
Gross margin	473	(18)	-	-	-	455	510	(23)	-	-	487	\$(0.21)
Operations and maintenance	221	(18)	(1)	-	-	202	246	(24)	-	-	222	\$ 0.13
Depreciation and amortization	154	-	(4)	-	1	151	149	-	(1)	-	148	\$(0.02)
Other taxes	57	-	(3)	-	-	54	55	-	(1)	-	54	\$ -
Allowance for equity funds used during construction	(8)	-	-	-	-	(8)	(11)	-	-	-	(11)	
Interest charges	59	-	(9)	-	-	50	61	-	(5)	-	56	
Allowance for borrowed funds used during construction	(4)	-	-	-	-	(4)	(7)	-	-	-	(7)	
Interest expense, net of AFUDC	47	-	(9)	-	-	38	43	-	(5)	-	38	\$(0.01)
Other expenses (operating)	1	-	-	-	-	1	-	-	-	-	-	
Other income	(13)	-	9	-	2	(2)	(7)	-	5	-	(2)	
Other expense	5	-	-	-	2	7	4	-	-	-	4	
Renewable energy and demand side management and similar regulatory programs, net	-	-	-	-	-	-	-	1	-	-	1	
Other	(7)	-	9	-	4	6	(3)	1	5	-	3	\$(0.02)
Income taxes	(20)	-	-	(4)	-	(24)	2	-	-	(6)	(4)	\$ 0.18

¹ Line items from Condensed Consolidated Statements of Income.

² See Note 4, Regulatory Matters, in Form 10-Q for the period ended March 31, 2020 for total Four Corners and Ocotillo deferral impacts.

NON-GAAP MEASURE RECONCILIATION

	<u>2020 Guidance</u>
\$ in millions pretax	
Operating revenues¹	\$ 3,570 - \$ 3,640
Fuel and purchased power expenses¹	<u>(1,030) - (1,040)</u>
Gross margin	2,540 - 2,600
Adjustments:	
Renewable energy and demand side management programs	<u>(65) - (65)</u>
Adjusted gross margin	<u>\$ 2,475 - \$ 2,535</u>
Operations and maintenance¹	\$ 895 - \$ 915
Adjustments:	
Renewable energy and demand side management programs	<u>(65) - (65)</u>
Adjusted operations and maintenance	<u>\$ 830 - \$ 850</u>

¹ Line items from Consolidated Statements of Income.

CONSOLIDATED STATISTICS

	3 Months Ended March 31,		
	2020	2019	Incr (Decr)
ELECTRIC OPERATING REVENUES (Dollars in Millions)			
Retail			
Residential	\$ 325	\$ 352	(26)
Business	303	333	(29)
Total Retail	628	684	(56)
Sales for Resale (Wholesale)	15	36	(22)
Transmission for Others	16	15	1
Other Miscellaneous Services	2	4	(2)
Total Electric Operating Revenues	\$ 661	\$ 740	(79)
ELECTRIC SALES (GWH)			
Retail			
Residential	2,510	2,577	(67)
Business	3,161	3,200	(39)
Total Retail	5,672	5,778	(106)
Sales for Resale (Wholesale)	807	846	(40)
Total Electric Sales	6,478	6,624	(146)
RETAIL SALES (GWH) - WEATHER NORMALIZED			
Residential	2,488	2,468	20
Business	3,203	3,178	25
Total Retail Sales	5,692	5,646	45
Retail sales (GWH) (% over prior year)	0.8%	1.0%	(0.2)%
AVERAGE ELECTRIC CUSTOMERS			
Retail Customers			
Residential	1,144,738	1,120,307	24,430
Business	138,023	134,943	3,080
Total Retail	1,282,761	1,255,250	27,510
Wholesale Customers	46	53	(6)
Total Customers	1,282,807	1,255,303	27,504
Total Customer Growth (% over prior year)	2.2%	1.9%	0.3%
RETAIL USAGE - WEATHER NORMALIZED (KWh/Average Customer)			
Residential	2,173	2,203	(30)
Business	23,210	23,551	(341)

Numbers may not foot due to rounding.

CONSOLIDATED STATISTICS

	3 Months Ended March 31,		
	2020	2019	Incr (Decr)
ENERGY SOURCES (GWH)			
Generation Production			
Nuclear	2,405	2,512	(107)
Coal	1,407	1,773	(367)
Gas, Oil and Other	2,082	1,848	234
Renewables	114	118	(4)
Total Generation Production	6,008	6,252	(244)
Purchased Power			
Conventional	212	224	(12)
Resales	6	24	(18)
Renewables	535	460	75
Total Purchased Power	753	708	45
Total Energy Sources	6,760	6,960	(199)
POWER PLANT PERFORMANCE			
Capacity Factors - Owned			
Nuclear	96%	101%	(5)%
Coal	39%	49%	(11)%
Gas, Oil and Other	25%	27%	(2)%
Solar	23%	24%	(1)%
System Average	40%	46%	(6)%
WEATHER INDICATORS - RESIDENTIAL			
Actual			
Cooling Degree-Days	-	-	-
Heating Degree-Days	525	605	(80)
Average Humidity	0%	0%	0%
10-Year Averages (2007 - 2016)			
Cooling Degree-Days	-	-	-
Heating Degree-Days	441	441	-
Average Humidity	0%	0%	-

