

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 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): April 9, 2018

| Commission File Number | Exact Name of Registrant as Specified in Charter; State of Incorporation; Address and Telephone Number | IRS Employer Identification Number |
|------------------------|---|---------------------------------------|
| 1-8962 | Pinnacle West Capital Corporation (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix, AZ 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, AZ 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). 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 7.01 Regulation FD Disclosure.

Investor and Analyst Meetings

Pinnacle West Capital Corporation (“Pinnacle West”) will be participating in various meetings with securities analysts and investors on April 10 through April 11, 2018 and will be utilizing handouts during those meetings. Copies of the handouts are attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| Exhibit No. | Registrant(s) | Description |
|--------------------|--|---|
| 99.1 | Pinnacle West Arizona Public Service Company | Pinnacle West handouts for use at meetings on April 10 through April 11, 2018 |

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: April 9, 2018

By: /s/ James R. Hatfield
James R. Hatfield
Executive Vice President and
Chief Financial Officer

ARIZONA PUBLIC SERVICE COMPANY
(Registrant)

Dated: April 9, 2018

By: /s/ James R. Hatfield
James R. Hatfield
Executive Vice President and
Chief Financial Officer



**POWERING GROWTH
DELIVERING VALUE**

Investor Meetings | April 10 & 11, 2018

PINNACLE WEST
CAPITAL CORPORATION



FORWARD LOOKING STATEMENTS

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" 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: 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, customer and sales growth (or decline), and the effects of energy conservation measures and distributed generation; 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 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 extend the rights for continued power plant operations; 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, 2017, 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.

VALUE PROPOSITION

We are executing on our financial and operational objectives ...

Operational Excellence

- ✓ Top decile safety performance among peers
- ✓ APS operates the Palo Verde Generating Station
- ✓ Disciplined cost management

Financial Strength

- ✓ Annual dividend growth target of 6%, subject to declaration at Board of Directors' discretion
- ✓ Strong credit ratings and balance sheet
- ✓ Rate base growth of 6-7%

Leverage Economic Growth

- ✓ Arizona's long-term growth fundamentals remain largely intact, including population growth, job growth and economic development
- ✓ By 2032 we expect to add approximately 550,000 new customers¹

Pinnacle West combines a solid foundation and a clear strategy to build shareholder value through our core utility business

... while also advocating to ensure Pinnacle West and Arizona have a sustainable energy future

Integrating Technology to Modernize the Grid

- ✓ At the forefront of utilities studying and deploying advanced infrastructure to enable reliable and cost-efficient integration of emerging technologies into the grid and with customers

Taking Steps to Address Rate Design

- ✓ Worked with Arizona Corporation Commission and key stakeholders to modernize rates
- ✓ Comprehensive rate review agreement approved in August 2017, enabling investment in smarter, cleaner energy infrastructure

SUSTAINABILITY

APS's vision is to create a sustainable energy future for Arizona

Pinnacle West and APS have adopted a strategic framework that supports our operating foundation



Five critical areas of our sustainability efforts

Carbon Management

- 50% of our diverse energy mix is **carbon-free**
- Plan to **reduce carbon intensity by 23%** over the next 15 yrs

Energy Innovation

- **More than 1,300 MW** of installed solar capacity
- Plan to add over **500 MW of energy storage** by 2032

Safety & Security

- **70% reduction** in OSHA recordable injuries over past 10 yrs
- Remain **top decile for safety performance** in the U.S. electric utilities industry

Water Resources

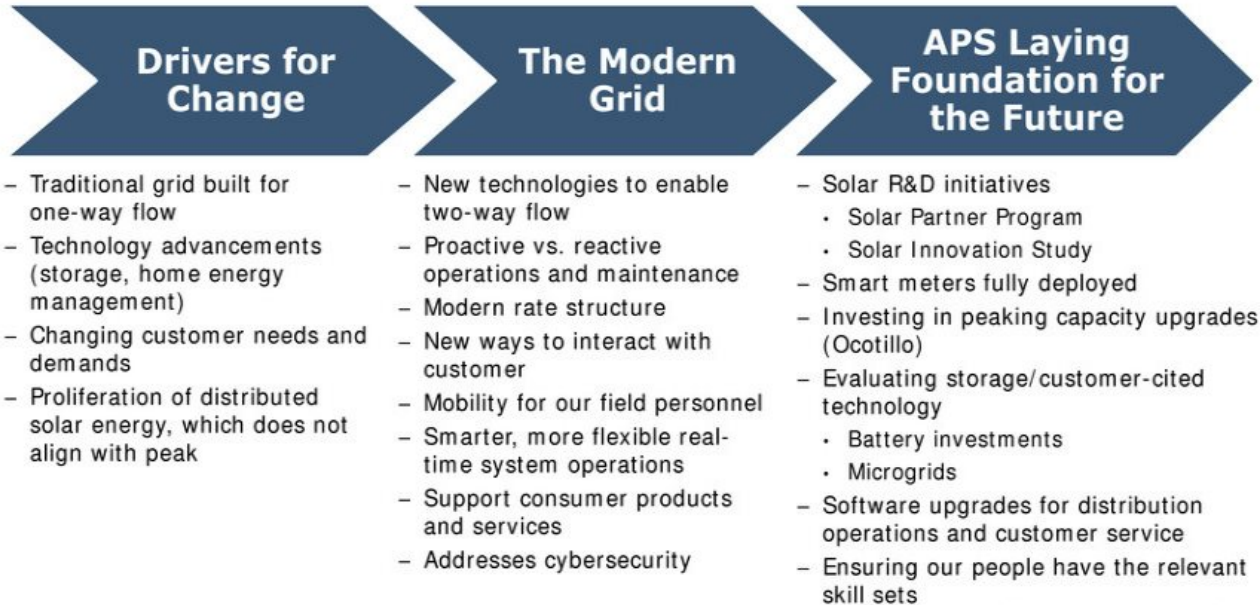
- **14% reduction** in groundwater use since 2014
- **20B gallons of water recycled** each year to cool Palo Verde

People

- Avg. **employee tenure of 13 yrs** due to strong talent strategy
- More than 20% of our employees are **veterans**

THE GRID IS EVOLVING – DRIVING NEW INVESTMENTS IN TECHNOLOGY

Grid stability, power quality and reliability remain the core of a sustainable electrical system. APS is at the forefront of utilities designing and planning for the next generation electric grid. New technology advances and changing customer needs are transforming the way we use the grid.



GRID INVESTMENTS

Modernizing the distribution grid with advanced technology investments – resulting in improved reliability for customers and more efficient operations

Grid Operations & Investment

\$1.6 Billion from 2018-2020

Integrated Volt/VAR Control (IVVC)



Controls regulators and capacity banks to manage power quality such as power factor and voltage.

Advanced Distribution Management System



Integrated operational platform. Increases efficiency and life of distribution system; improves safety and communication; increases ability to manage overall reliability; and enables Distributed Energy Resources (DER).

Smart Meters



Substation Health Monitoring



New technologies such as APS's Transformer Oil Analysis & Notification (TOAN) system leverage advances in communications and sensing to remotely monitor health of transformers, enabling proactive maintenance actions to prevent critical failures.

Strategic Fiber



Supervisory Controlled Switches



Automated switches that can be controlled from Distribution Operations Center (DOC). Allows operations to manage load without sending field personnel to manually operate the switch.

STORAGE PROJECTS

Energy storage is an important part of our Integrated Resource Plan



Punkin Center Battery Storage Project

- 2 MW / 8 MWH lithium ion battery
- Anticipated in service April 2018
- Defers the rebuild of around 20 miles of 21 kV distribution line for approximately 5-10 years
- Acts as generating capacity to the system
- Helps regulate the voltage on the feeder



APS, First Solar Battery Storage Project

- 50 MW battery energy storage; 65 MW solar
- 15-year power purchase agreement
- Anticipated in service in 2021
- APS will be able to store power and deliver energy during peak hours (3-8pm)

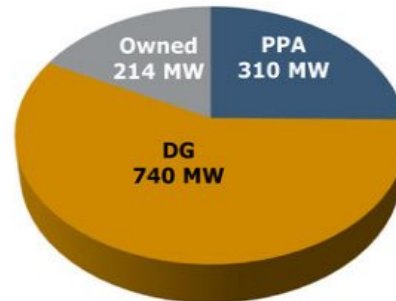
RENEWABLE RESOURCES

APS is a leader in solar

APS currently has 1,583 MW of renewable resources:

- Solar* 1,264 MW
- Wind 289 MW
- Biomass 14 MW
- Geothermal 10 MW
- Biogas 6 MW

APS Solar Portfolio*



Owned solar includes 170 MW AZ Sun Program, 4 MW of other APS owned utility scale solar and 40 MW Red Rock Solar Plant; Distributed Generation (DG) includes 25 MW of APS owned; PPA is primarily 250 MW Solana Concentrated Solar Facility.



Yuma Foothills
Solar
35 MW



Aragonne Mesa
Wind
90 MW



Snowflake
Biomass
14 MW



Salton Sea
Geothermal
10 MW



Glendale Landfill
Biogas
3 MW

* As of 12/31/17 as reported in the 2017 Form 10-K – with additional 72 MW under development

DEMAND SIDE MANAGEMENT (DSM)

2018 DSM Plan shifts the focus to align with APS's changing resource needs

School Bus Electrification

- Pilot program to electrify school buses that can charge in the middle of the day

Managed EV Charging Program

- Fleet, workplace and multifamily charging infrastructure
- Utility controlled providing additional demand response

Reverse Demand Response Pilot

- Customers take advantage of negative pricing events

Energy Storage Initiative Expansion

- Focus on C&I energy storage and control

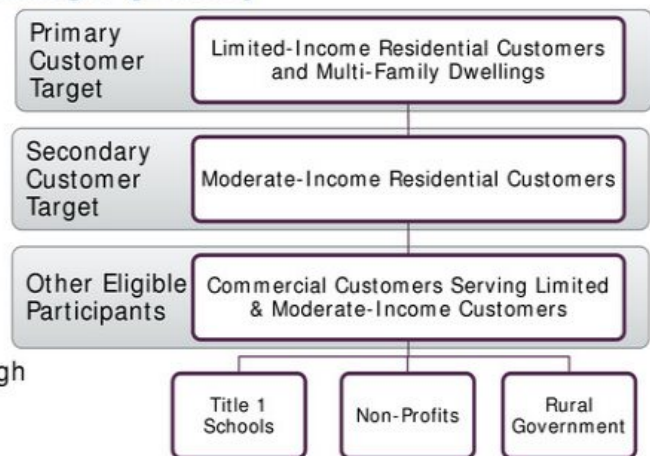
2018 DSM Plan introduces new high value pilot programs to utilize the mid-day overproduction of energy

APS Solar Partner Program (Installations Complete)

- Installed 10 MW of APS-owned residential PV systems with advanced controllable inverters that can vary power output
- 4 MWh of grid-tied battery storage on 2 of the participating feeders

APS Solar Communities (Construction to begin Q2 2018)

- Deploy utility owned photovoltaic solar generation connected directly to the distribution system
- All solar assets will use advanced inverters
- Program spend of \$10-\$15 million in direct capital costs each year for the three-year program period
- Program costs recovered annually through the Renewable Energy Surcharge



RESOURCE PLANNING*

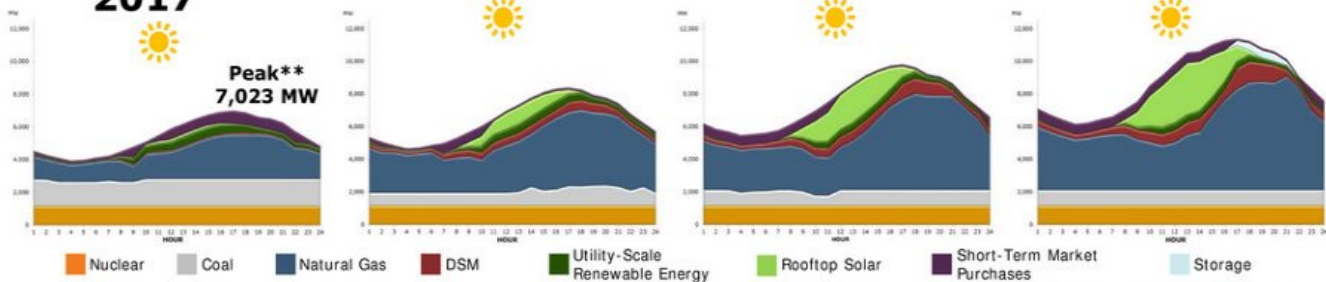
| Peak** | 8,405 MW | 9,835 MW | 11,410 MW |
|---|---|---|---|
| Resource Reductions (Retirements, Expirations) | 2017-2022 -487 MW Ocotillo steam unit retirements and Navajo contract expiration -509 MW PPA expirations | 2017-2027 -872 MW Ocotillo steam unit retirements, Navajo contract expiration and Cholla coal retirement -1,120 MW PPA expirations | 2017-2032 -872 MW Ocotillo steam unit retirements, Navajo contract expiration and Cholla coal retirement -1,133 MW PPA expirations |
| Resource Additions | 2017-2022 2,704 MW Natural gas generating units, short-term market purchases, DSM, microgrids, rooftop solar and storage | 2017-2027 5,206 MW Natural gas generating units, short-term market purchases, DSM, microgrids, rooftop solar and storage | 2017-2032 6,923 MW Natural gas generating units, short-term market purchases, DSM, microgrids, rooftop solar, storage and wind |
| Peak Load Growth | 2022 3.4% 2017-2022 20% | 2027 3.1% 2017-2027 40% | 2032 3.0% 2017-2032 62% |

Reference Year
2017**

2022

2027

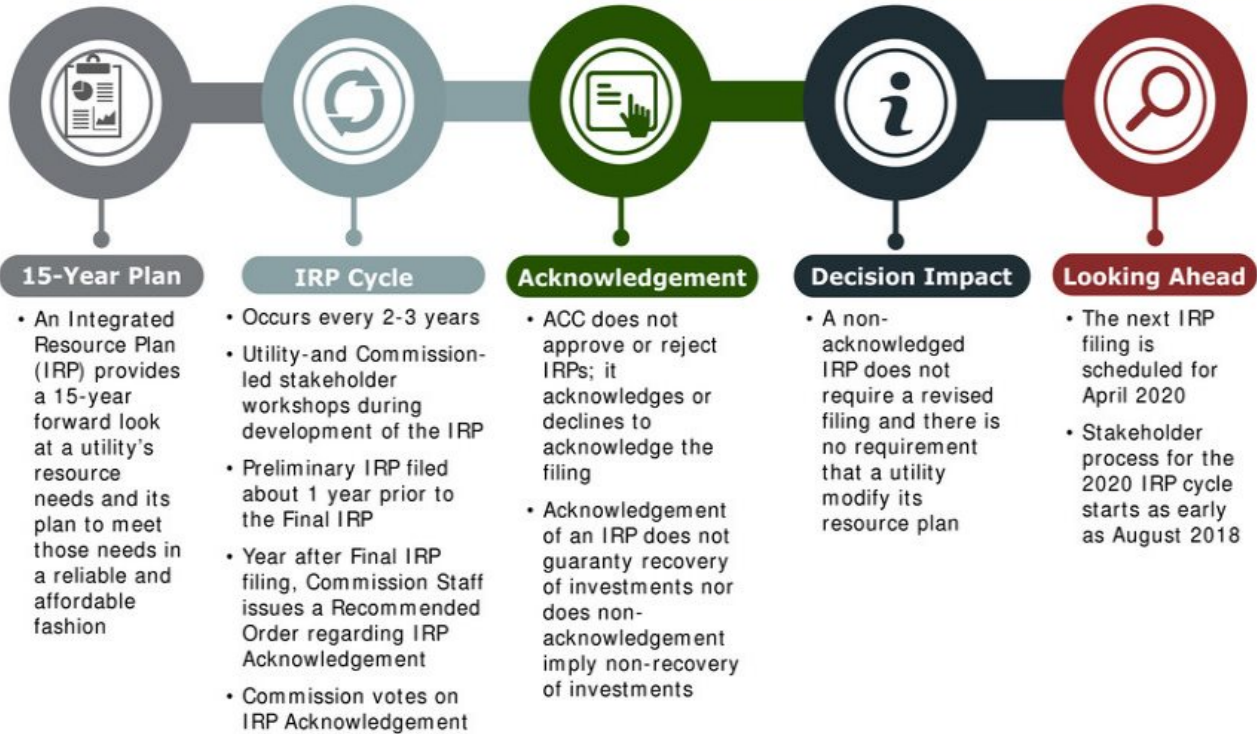
2032



* Data shown is based on the 2017 Integrated Resource Plan filed April 10, 2017.
 ** Normal weather peak, includes planning reserves

INTEGRATED RESOURCE PLAN

The ACC can acknowledge the filing of an IRP, but they do not approve IRP's





APPENDIX

PINNACLE WEST
CAPITAL CORPORATION



SENIOR MANAGEMENT TEAM

Our management team has more than 100 combined years of creating shareholder value in the energy industry

Don Brandt

Chairman of the Board, President and Chief Executive Officer, Pinnacle West & APS



- Joined Pinnacle West in 2002
- Elected to Pinnacle West Board and named Chairman, CEO in 2009
- Recognized industry leader with 30+ years in the nuclear and energy industries
- Vice Chairman of the Institute of Nuclear Power Operations and Chairman of the Nuclear Energy Institute

Jim Hatfield

Executive Vice President and Chief Financial Officer, Pinnacle West & APS



- Joined as SVP and CFO in 2008 from OGE Energy Corp.
- Responsible for corporate functions including finance, investor relations, and risk management
- 37+ years of financial experience in the utility and energy business

We maintain a robust pipeline of talent to serve our complex operations and facilitate effective succession planning in a highly competitive talent environment

Bob Bement succeeded Randy Edington as Chief Nuclear Officer in October 2016

Mark Schiavoni

Executive Vice President and Chief Operating Officer, APS



- Joined APS in 2009 from Exelon Corp.
- Appointed COO in 2014
- Oversees operations for non-nuclear activities
- Significant leadership experience in the energy industry
- Retiring from APS effective August 20, 2018

Jeff Guldner

Executive Vice President, Public Policy & General Counsel, Pinnacle West & APS



- Joined APS in 2004 from Snell & Wilmer
- Appointed EVP and GC, April 2017
- Responsible for overseeing regulatory and government affairs and legal activities
- Significant experience in public utility and energy law and regulation

Bob Bement

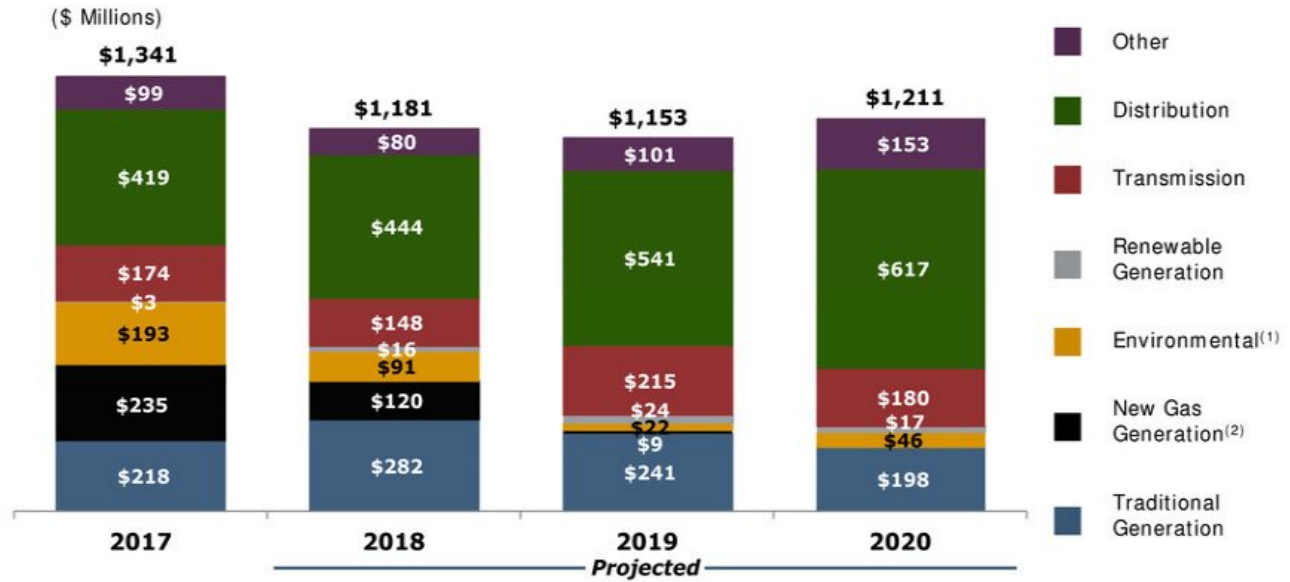
Executive Vice President and Chief Nuclear Officer, APS



- Joined APS in 2007 from Arkansas Nuclear One
- Promoted from SVP of Site Operations to EVP and Chief Nuclear Officer in 2016
- Responsible for all nuclear-related activities associated with Palo Verde
- Seasoned nuclear industry expert serving on several industry committees

APS CAPITAL EXPENDITURES

Capital expenditures are funded primarily through internally generated cash flow



- The chart does not include capital expenditures related to 4CA's 7% interest in the Four Corners Power Plant Units 4 and 5 of \$29 million in 2017, \$15 million in 2018, \$7 million in 2019 and \$6 million in 2020.
- 2018 – 2020 as disclosed in 2017 Form 10-K.

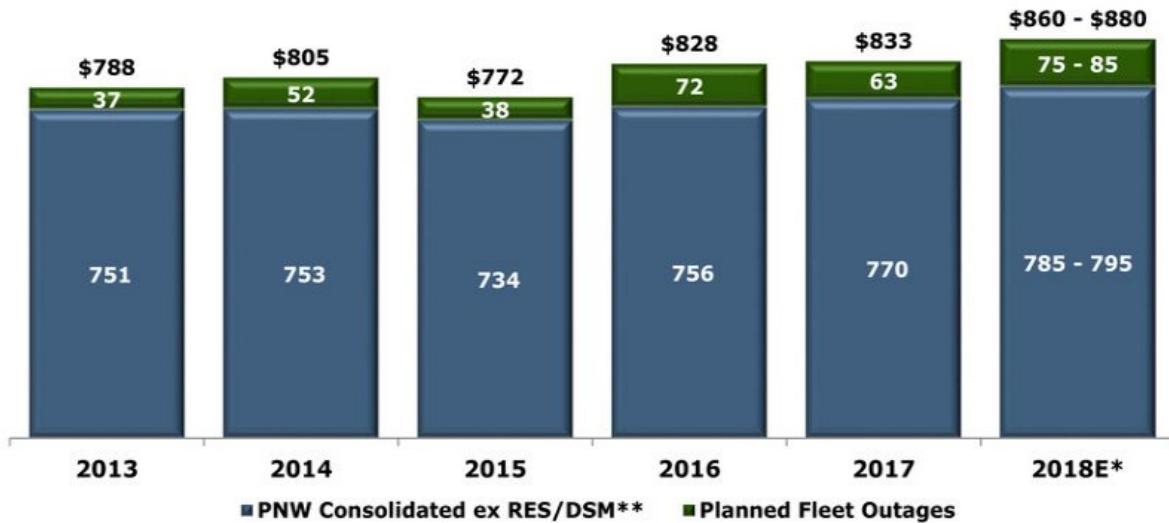
⁽¹⁾ Includes Selective Catalytic Reduction controls at Four Corners with in-service dates of Q4 2017 (Unit 5) and Q1 2018 (Unit 4)

⁽²⁾ Ocotillo Modernization Project: 2 units scheduled for completion in Q4 2018, 3 units scheduled for completion in Q1 2019

OPERATIONS & MAINTENANCE

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

(\$ Millions)



* 2018 excludes impacts related to the adoption of the new accounting standard regarding the presentation of pension and postretirement benefit costs. See Notes 2 and 7 in the 2017 Form 10-K for additional information.

** Excludes RES/DSM of \$137 million in 2013, \$103 million in 2014, \$96 million in 2015, \$83 million in 2016, \$91 million in 2017 and \$85 million in 2018E.

TAX REFORM

Tax Cuts and Jobs Act provides benefits to both our customers and shareholders

Regulatory Steps

- Received ACC approval of \$119M annual rate reduction reflecting lower corporate tax rate through the Tax Expense Adjustor Mechanism (TEAM)
- Second filing under the TEAM expected later in 2018 to return excess deferred income taxes to customers
- FERC guidance on the rate reduction for transmission customers expected in 2018

Key Impacts

| 2017 Tax Reform Impacts (\$ millions) | Income Tax Expense | Regulatory Liability |
|---|--------------------|----------------------|
| Revaluation of Regulated Deferred Taxes (includes gross up) | | \$1,520 |
| Revaluation of Non-Regulated Deferred Taxes | \$9 | |
| Total PNW Impacts | \$9 | \$1,520 |

| Recap of Excess Deferred Taxes (\$ millions) | As of December 31, 2017 |
|---|-------------------------|
| Total Regulated Excess Deferred Taxes | \$1,140 |
| Depreciation Related Excess Deferred Taxes (to be returned over the life of property) | \$1,020 - \$1,040 |
| Non-Depreciation Related Excess Deferred Taxes | \$100 - \$120 |

Rate Base Growth

- Higher incremental rate base of \$150 million per year in 2018 and 2019

Continued Interest Deductibility

- Majority of Pinnacle West debt likely allocable to regulated operations and excluded from any limitation

Cash Taxes

- Minimal cash tax payments through 2018 due to existing \$85M in tax credit carryforwards

ECONOMIC INDICATORS

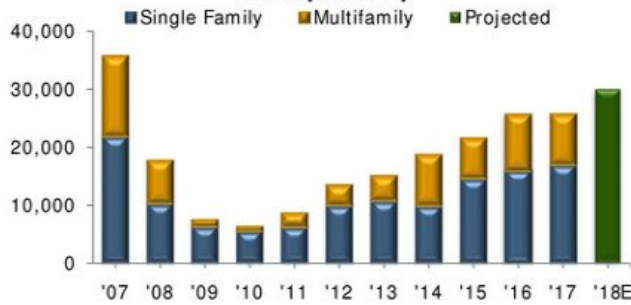
Arizona and Metro Phoenix remain attractive places to live and do business

Year over Year Employment Growth¹



¹ Employment data is based on CPS as of December 2017

Single Family & Multifamily Housing Permits
Maricopa County

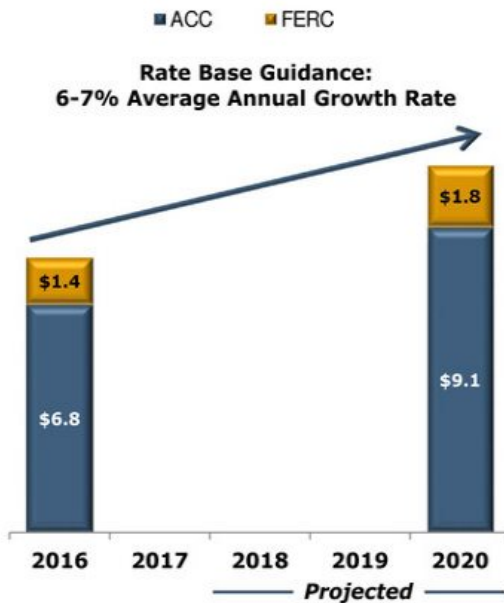


- ✓ Arizona population surpassed 7 million in 2017
- ✓ Arizona # 1 state in the country in 2017 for in-bound moves
- *North American Moving Services January 2018*
- ✓ 2017 housing construction at highest level since 2007
- ✓ Above-average job growth in tourism, health care, manufacturing, financial services, and construction
- ✓ Vacancy rates in office and retail space have fallen to pre-recessionary levels
- ✓ Maricopa County ranked # 1 in U.S. for population growth in 2016
- *U.S. Census Bureau March 2017*
- ✓ Scottsdale ranked best place in the U.S. to find a new job in 2017; 4 other valley cities ranked in Top 20
- *WalletHub January 2017*

RATE BASE

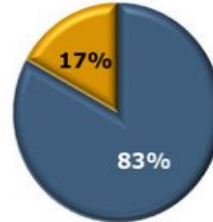
APS's revenues come from a regulated retail rate base and meaningful transmission business

APS Rate Base Growth
Year-End



Total Approved Rate Base

■ Generation & Distribution ■ Transmission



| | ACC | FERC |
|----------------------------|-------------------------|------------|
| Rate Effective Date | 8/19/2017 | 6/1/2017 |
| Test Year Ended | 12/31/2015 ¹ | 12/31/2016 |
| Rate Base | \$6.8B | \$1.4B |
| Equity Layer | 55.8% | 55% |
| Allowed ROE | 10.0% | 10.75% |

¹ Adjusted to include post test-year plant in service through 12/31/2016

Rate base \$ in billions, rounded

BALANCE SHEET STRENGTH

Long-Term Debt Maturity Schedule



Credit Ratings ⁽¹⁾

- A- or equivalent ratings or better at S&P, Moody's and Fitch

2017 Major Financing Activities

- \$250 million re-opening in March of APS's outstanding 4.35% senior unsecured notes due November 2045
- \$300 million 10-year 2.95% APS senior unsecured notes issued in September
- \$300 million 3-year 2.25% PNW senior unsecured notes issued in November

2018 Major Financing Activities

- Currently expect up to \$600 million of long-term debt issuance at APS

⁽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.

FOUR CORNERS SCR RATE RIDER

APS will file for a rate increase
in April 2018

Key Components of APS's Anticipated Request

| Financial | Cost of Capital | Bill Impact |
|---|---|---|
| <ul style="list-style-type: none"> Consistent with prior disclosed estimates | <ul style="list-style-type: none"> 7.85% Return on Rate Base² <ul style="list-style-type: none"> Weighted Average Cost of Capital (WACC) | <ul style="list-style-type: none"> Rate rider applied as a percentage of base rates for all applicable customers |
| <ul style="list-style-type: none"> \$390 million¹ direct costs vs. \$400 million² contemplated in APS's recent rate case | <ul style="list-style-type: none"> 5.13% Return on Deferral² <ul style="list-style-type: none"> Embedded Cost of Debt | <ul style="list-style-type: none"> ~\$65 million revenue requirement |
| <ul style="list-style-type: none"> \$40 million¹ in indirect costs (overhead, AFUDC) | <ul style="list-style-type: none"> 5% Depreciation Rate <ul style="list-style-type: none"> 20 year useful life (2038-depreciation study) | <ul style="list-style-type: none"> ~2% bill impact |
| | <ul style="list-style-type: none"> 5 Year Deferral Amortization | |

¹ Estimate as of December 31, 2017

² Based on 2017 Rate Review Order

OCOTILLO MODERNIZATION PROJECT AND FOUR CORNERS SCRs

- Included in the 2017 Rate Review Order*, APS has been granted Accounting Deferral Orders for two large generation-related capital investments
 - Ocotillo Modernization Project: Retiring two aging, steam-based, natural gas units, and replacing with 5 new, fast-ramping, combustion turbine units
 - Four Corners Power Plant: Installing Selective Catalytic Reduction (SCR) equipment to comply with Federal environmental standards

| | Ocotillo Modernization Project | Four Corners SCRs |
|--------------------------------|---|---|
| In-Service Dates | Units 6, 7 – Fall 2018 Units 3, 4 and 5 – Spring 2019 | Unit 5 – Late 2017 Unit 4 – Spring 2018 |
| Total Cost (APS) | \$500 million | \$400 million |
| Estimated Cost Deferral | \$45 million (through 2019) | \$30 million (through 2018) |
| Accounting Deferral | <ul style="list-style-type: none"> – Cost deferral from date of commercial operation to the effective date of rates in next rate case – Includes depreciation, O&M, property taxes, and capital carrying charge¹ | <ul style="list-style-type: none"> – Cost deferral from time of installation to incorporation of the SCR costs in rates using a step increase beginning in 2019 – Includes depreciation, O&M, property taxes, and capital carrying charge¹ |

¹ APS will calculate the capital carrying charge using the 5.13% embedded cost of debt established in the 2017 Rate Review Order.

ARIZONA CORPORATION COMMISSION

Term to January 2019

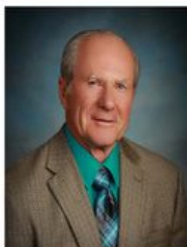


**Tom
Forese (R)
Chairman**



**Justin
Olson (R)****

Terms to January 2021



**Bob
Burns (R)***



**Boyd
Dunn (R)**



**Andy
Tobin (R)**

Other State Officials

**ACC Executive Director – Ted Vogt
RUCO Director – David Tenney**

* Term limited - elected to four-year terms (limited to two consecutive)

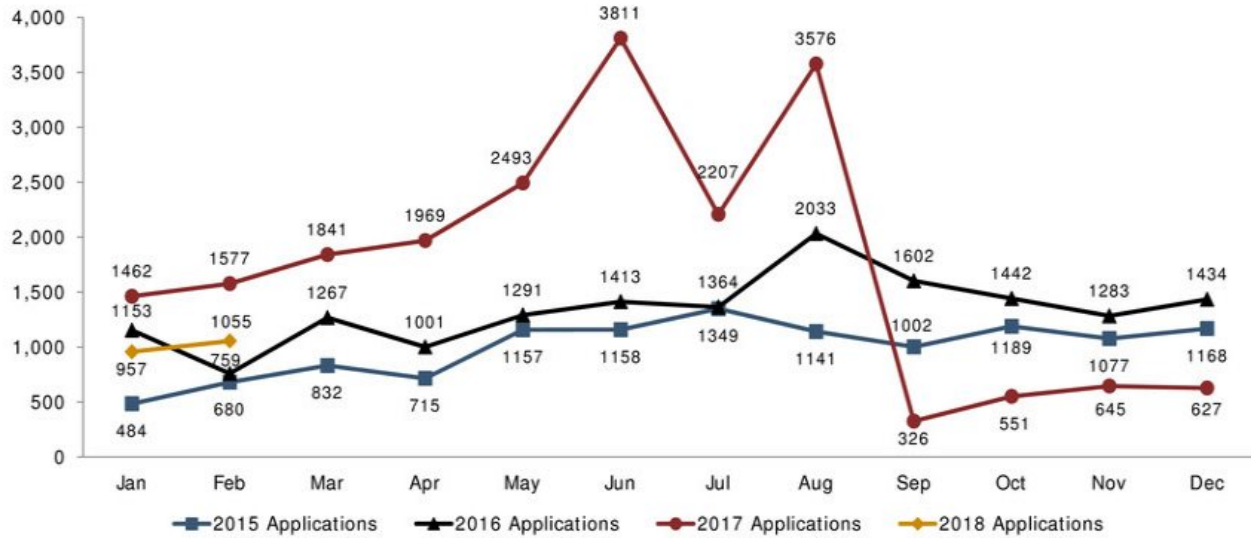
** Governor Doug Ducey appointed Justin Olson to fill the remainder of former Commissioner Doug Little's term.

2018 KEY DATES

| ACC Key Dates / Docket # | Q1 | Q2 | Q3 | Q4 |
|--|--|--|---|----------------|
| Key Recurring Regulatory Filings | | | | |
| Lost Fixed Cost Recovery E-01345A-11-0224 | File Feb 15 | Implement May 1 | | |
| Transmission Cost Adjustor E-01345A-11-0224 | | File May 15 Implement Jun 1 | | |
| 2019 DSM/EE Implementation Plan TBD | | Jun 1: File 2019 Plan 2018 DSM Decision Expected Q2 | | |
| 2019 RES Implementation Plan TBD | | 2018 RES Decision Expected Q2 | Jul 1: File 2019 Plan | |
| APS Rate Review/ Four Corners SCR Step Increase E-01345A-16-0036 | Feb: Customer Transition Begins | May 1: File Year Two RCP Export Rate Apr: File Four Corners SCR Request | Sep 1: Year Two RCP Export Rate Implemented | |
| Resource Planning and Procurement E-00000V-15-0094 | ACC declined to acknowledge Arizona utility's IRPs | | Workshops begin for APS 2020 IRP | |
| Review and Modification of Current Net Metering Rules RE-00000A-17-0260 | | Staff Draft Rules Expected Q2 | | |
| Modification of the Federal Tax Reform Rate Adjustment AU-00000A-17-0379 | Implemented March 1 | | | |
| Clean Resources Energy Standard and Tariff E-00000Q-16-0289 | Staff Notice of Inquiry opened February 22 | Responses to NOI due April 23 | | |
| Other Key Dates | Q1 | Q2 | Q3 | Q4 |
| Arizona State Legislature | In session Jan 8 – End of Q2 | | | |
| Elections | | | Aug 28: Primary | Nov 6: General |

RESIDENTIAL PV APPLICATIONS*

Residential DG (MWdc) Annual Additions

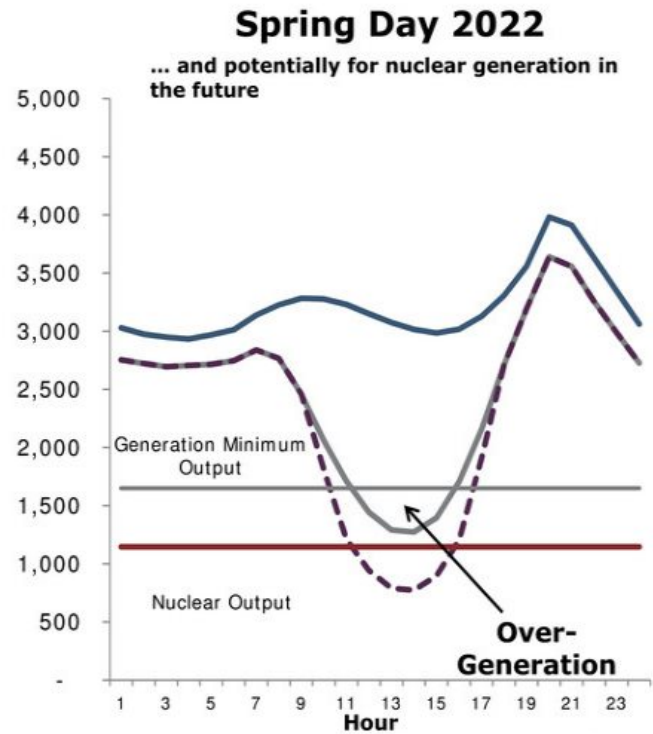
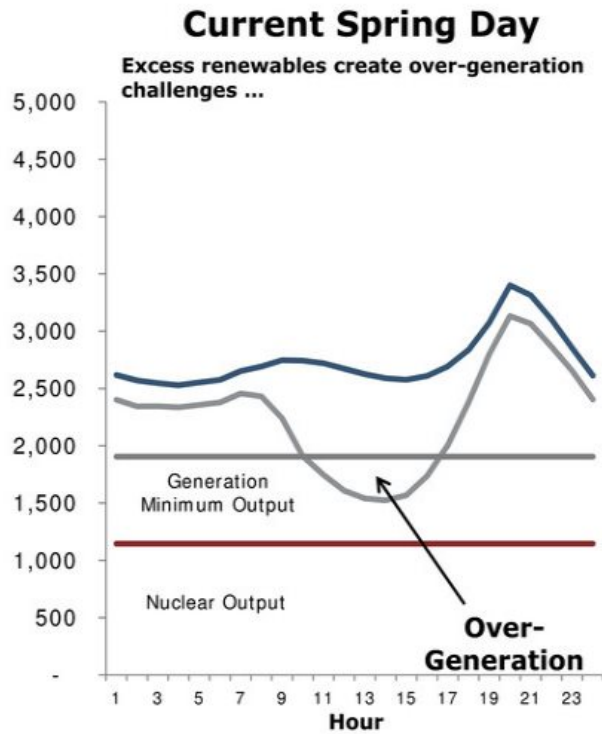


* Monthly data equals applications received minus cancelled applications. As of February 28, 2018, approximately 76,000 residential grid-tied solar photovoltaic (PV) systems have been installed in APS's service territory, totaling approximately 597 MWdc of installed capacity. Excludes APS Solar Partner 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.

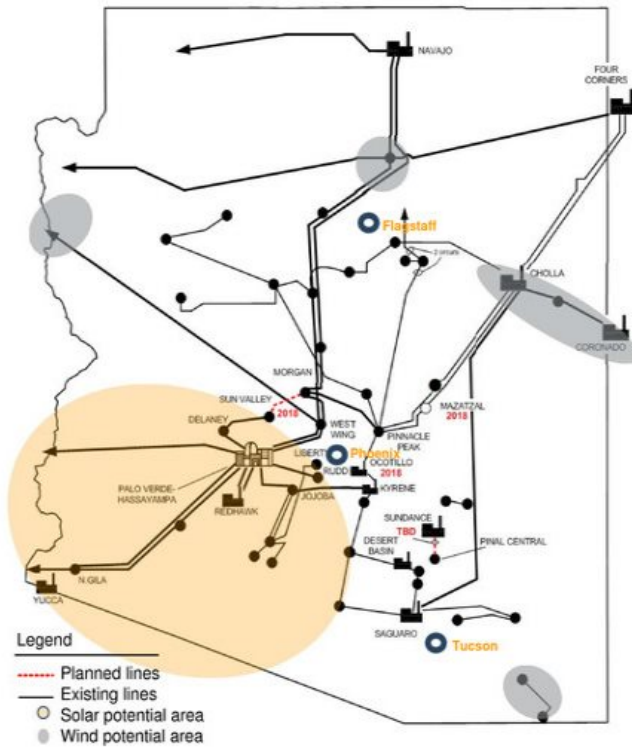
THE "DUCK CURVE"

Distributed generation is changing the load shape of the grid



APS TRANSMISSION

Strategic transmission investment is essential to maintain reliability and deliver diversified resources to customers



- 10-Year Transmission Plan filed January 2018 (115 kV and above)
 - 52 miles of new lines
 - 13 bulk transformer additions
- Also includes:
 - Sun Valley-Morgan 500kV (2018)
 - North Gila-Orchard 230kV (2021)
 - Cholla Synchronous Condenser (2019)
- Transmission investment diversifies regulatory risk
 - Constructive regulatory treatment
 - FERC formula rates and retail adjustor

GENERATION PORTFOLIO*

| | Plant | Location | No. of Units | Dispatch | COD | Ownership Interest ¹ | Net Capacity (MW) |
|---|---------------------|------------------------|--------------|--------------|-----------|---------------------------------|-------------------|
| NUCLEAR 1,146 MW | Palo Verde | Wintersburg, AZ | 3 | Base | 1986-1989 | 29.1% | 1,146 |
| COAL 1,672 MW | Cholla | Joseph City, AZ | 2 | Base | 1962-1980 | 100 | 387 |
| | Four Corners | Farmington, NM | 2 | Base | 1969-1970 | 63 | 970 |
| | Navajo | Page, AZ | 3 | Base | 1974-1976 | 14 | 315 |
| GAS - COMBINED CYCLE 1,871 MW | Redhawk | Arlington, AZ | 2 | Intermediate | 2002 | 100 | 984 |
| | West Phoenix | Phoenix, AZ | 5 | Intermediate | 1976-2003 | 100 | 887 |
| GAS - STEAM TURBINE 220 MW | Ocotillo | Tempe, AZ | 2 | Peaking | 1960 | 100 | 220 |
| GAS / OIL COMBUSTION TURBINE 1,088 MW | Sundance | Casa Grande, AZ | 10 | Peaking | 2002 | 100 | 420 |
| | Yucca | Yuma, AZ | 6 | Peaking | 1971-2008 | 100 | 243 |
| | Saguaro | Red Rock, AZ | 3 | Peaking | 1972-2002 | 100 | 189 |
| | West Phoenix | Phoenix, AZ | 2 | Peaking | 1972-1973 | 100 | 110 |
| | Ocotillo | Tempe, AZ | 2 | Peaking | 1972-1973 | 100 | 110 |
| | Fairview | Douglas, AZ | 1 | Peaking | 1972 | 100 | 16 |
| SOLAR 239 MW | Hyder & Hyder II | Hyder, AZ | - | As Available | 2011-2013 | 100 | 30 |
| | Paloma | Gila Bend, AZ | - | As Available | 2011 | 100 | 17 |
| | Cotton Center | Gila Bend, AZ | - | As Available | 2011 | 100 | 17 |
| | Chino Valley | Chino Valley, AZ | - | As Available | 2012 | 100 | 19 |
| | Foothills | Yuma, AZ | - | As Available | 2013 | 100 | 35 |
| | Distributed Energy | Multiple AZ Facilities | - | As Available | Various | 100 | 25 |
| | Gila Bend | Gila Bend, AZ | - | As Available | 2015 | 100 | 32 |
| | Luke Air Force Base | Glendale, AZ | - | As Available | 2015 | 100 | 10 |
| | Desert Star | Buckeye, AZ | - | As Available | 2015 | 100 | 10 |
| | Red Rock | Red Rock, AZ | - | As Available | 2016 | 100 | 40 |
| | Various | Multiple AZ Facilities | - | As Available | 1996-2006 | 100 | 4 |
| Total Generation Capacity | | | | | | | 6,236 MW |

* As disclosed in 2017 Form 10-K.

¹ Includes leased generation plants

PURCHASED POWER CONTRACTS*

| | Contract | Location | Owner/Developer | Status ¹ | PPA Signed | COD | Term (Years) | Net Capacity (MW) |
|--|------------------------------------|---------------------|----------------------|---------------------|------------|------|--------------|-------------------|
| SOLAR 310 MW | Solana | Gila Bend, AZ | Abengoa | IO | Feb-2008 | 2013 | 30 | 250 |
| | RE Ajo | Ajo, AZ | Duke Energy Gen Svcs | IO | Jan-2010 | 2011 | 25 | 5 |
| | Sun E AZ 1 | Prescott, AZ | SunEdison | IO | Feb-2010 | 2011 | 30 | 10 |
| | Saddle Mountain | Tonopah, AZ | SunEdison | IO | Jan - 2011 | 2012 | 30 | 15 |
| | Badger | Tonopah, AZ | PSEG | IO | Jan-2012 | 2013 | 30 | 15 |
| | Gillespie | Maricopa County, AZ | Recurrent Energy | IO | Jan-2012 | 2013 | 30 | 15 |
| WIND 289 MW | Aragonne Mesa | Santa Rosa, NM | Ingifen Asset Mgmt | IO | Dec-2005 | 2006 | 20 | 90 |
| | High Lonesome | Mountainair, NM | Foresight / EME | IO | Feb-2008 | 2009 | 30 | 100 |
| | Perrin Ranch Wind | Williams, AZ | NextEra Energy | IO | Jul-2010 | 2012 | 25 | 99 |
| GEOHERMAL 10 MW | Salton Sea | Imperial County, CA | Cal Energy | IO | Jan-2006 | 2006 | 23 | 10 |
| BIOMASS 14 MW | Snowflake | Snowflake, AZ | Novo Power | IO | Sep-2005 | 2008 | 15 | 14 |
| BIOGAS 6 MW | Glendale Landfill | Glendale, AZ | Glendale Energy LLC | IO | Jul-2008 | 2010 | 20 | 3 |
| | NW Regional Landfill | Surprise, AZ | Waste Management | IO | Dec-2010 | 2012 | 20 | 3 |
| INTER-UTILITY 540 MW | PacifiCorp Seasonal Power Exchange | - | PacifiCorp | IO | Sep-1990 | 1991 | 30 | 480 |
| | Not Disclosed | Not Disclosed | Not Disclosed | IO | May-2009 | 2010 | 10 | 60 |
| CONVENTIONAL TOLLING 1,695 MW | CC Tolling | Not Disclosed | Not Disclosed | IO | Aug-2007 | 2010 | 10 | 560 |
| | CC Tolling | Arlington, AZ | Arlington Valley | IO | Dec-2016 | 2020 | 6 | 565 |
| | CC Tolling | Not Disclosed | Not Disclosed | IO | Dec - 2017 | 2020 | 7 | 570 |
| DEMAND RESPONSE 25 MW | Demand Response | Not Disclosed | Not Disclosed | IO | Sep-2008 | 2010 | 15 | 25 |
| SOLAR PLUS BATTERY STORAGE 65 MW | Solar Plus Battery Storage | Arlington, AZ | First Solar | UD | Feb - 2018 | 2021 | 15 | 65 |
| Total Contracted Capacity | | | | | | | | 2,954 MW |

* As disclosed in 2017 Form 10-K.

¹ UD = Under Development; UC = Under Construction; IO = In Operation

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