

PINNACLE WEST CAPITAL CORP

Form U-3A-2

February 28, 2005

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File No. 69-306

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM U-3A-2

**Statement by Holding Company
Claiming Exemption under Rule U-3A-2
from the Provisions of the
Public Utility Holding Company Act of 1935**

To Be Filed Annually Prior to March 1

Pinnacle West Capital Corporation

(Name of Company)

hereby files with the Securities and Exchange Commission, pursuant to Rule 2, its statement claiming exemption as a holding company from the provisions of the Public Utility Holding Company Act of 1935, and submits the following information:

1. Name, state of organization, location and nature of business of Claimant and every subsidiary thereof, other than any exempt wholesale generator (EWG) or foreign utility company in which Claimant directly or indirectly holds an interest.

Pinnacle West Capital Corporation (Claimant), having been incorporated on February 20, 1985 under the laws of the State of Arizona and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, was organized principally to acquire and hold securities of other corporations for investment purposes. The following are the subsidiaries of the Claimant:

a. Arizona Public Service Company (APS or the Company) is engaged principally in serving electricity in the State of Arizona. Incorporated in 1920 under the laws of the State of Arizona and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, APS became a subsidiary of the Claimant pursuant to a corporate restructuring plan approved by the Company s shareholders on April 18, 1985.

(1) APS Foundation, Inc. - an Arizona non-profit corporation, having been incorporated on December 22, 1981, and having its principal executive offices at 400 North 5th Street, Phoenix, Arizona 85004, was organized primarily to make distributions to charitable organizations.

(2) AXIOM Power Solutions, Inc. (AXIOM) an Arizona corporation, having been incorporated on October 29, 1996 and having its principal executive offices at 400 E. Van Buren, Phoenix, Arizona 85004, was organized primarily to sell security and energy management products and services. AXIOM is a wholly-owned subsidiary of APS.

(3) Bixco, Inc. (Bixco) an Arizona corporation, having been incorporated on June 4, 1971 and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, was organized primarily to conduct exploration activities for energy resources and other valuable minerals. Subsequent to the sale of its oil and natural gas properties in 1981, Bixco has been inactive. Bixco is a wholly-owned subsidiary of APS.

(4) Powertree Carbon Co., LLC (Powertree) - PowerTree Carbon Company, LLC (Powertree) - a Delaware limited liability company, having been formed on June 9, 2003 and having its registered office in the State of Delaware at 222 Delaware Avenue, P.O. Box 2306, Wilmington, New Castle County, Delaware 19899, was organized primarily to invest in and develop forestation and reforestation projects designed to sequester carbon from the atmosphere, where such projects are not inconsistent with the development and enhancement of wildlife, and to secure the legal rights associated with such sequestration. APS holds about 3% interest in Powertree.

(5) PWENewco, Inc. (PWENewco) an Arizona corporation, having been incorporated on January 30, 2001 and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, was organized primarily to own real and personal property. PWENewco is a wholly-owned subsidiary of APS.

b. APSES Holdings, Inc. a Delaware corporation, having been incorporated on March 24, 2003 and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, was organized as a holding company for APS Energy L.P.

(1) APS Energy L.P. an Arizona limited partnership, having been formed on January 29, 2003 and having its principal executive offices at 400 North 5th Street, Phoenix, Arizona 85004 was organized to sell energy, products and services. APSES Holdings, Inc. holds a 99% interest in APS Energy L.P.

c. APS Energy Services Company, Inc. (APSES) an Arizona corporation, having been incorporated on November 6, 1998 and having its principal executive offices at 400 E. Van Buren, Phoenix, Arizona 85004, was organized primarily to sell energy, products and services. APSES is a wholly-owned subsidiary of the Claimant. APSES holds a 1% interest in APS Energy L.P.

(1) Northwind Phoenix LLC a Delaware limited liability company, having been formed on December 14, 1999 and having its principal executive offices at 400 E. Van Buren, Phoenix, Arizona 85004, was organized primarily to provide district cooling services to customers in downtown Phoenix, Arizona. Northwind Phoenix LLC is a wholly-owned subsidiary of APSES.

(a) Tucson District Energy LLC an Arizona limited liability corporation having been acquired by Northwind Phoenix LLC on May 31, 2001. Tucson District Energy LLC is a wholly-owned subsidiary of Northwind Phoenix LLC.

d. SunCor Development Company (SunCor) an Arizona corporation, having been incorporated on June 30, 1965 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, is a wholly-owned subsidiary of Claimant engaged primarily in the owning, holding and development of real property.

(1) SunCor Golf, Inc. (SunCor Golf) an Arizona corporation, having been incorporated on December 31, 1986 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, operates family fun parks, resorts and golf properties. SunCor Golf is a wholly-owned subsidiary of SunCor.

(a) Westworld Golf Course LLC an Arizona limited liability company, having been formed on September 8, 1998 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to engage in golf course operations. Westworld Golf Course LLC is a wholly owned subsidiary of SunCor Golf, Inc.

(2) Golden Heritage Homes, Inc. (Golden Heritage Homes) an Arizona corporation, having been incorporated on May 14, 1986 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, sells single family residential real property. Golden Heritage Homes is a wholly-owned subsidiary of SunCor.

(a) Golden Heritage Construction, Inc. (GH Construction) an Arizona corporation, having been incorporated on December 30, 1993 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to serve as a general residential contractor. GH Construction became a wholly-owned subsidiary of Golden Heritage Homes, Inc. on January 1, 1996.

(i) Golden Heritage Construction Nevada, LLC an Arizona limited liability company, having been formed on February 14, 2003 and having a registered office c/o CT Corporation, 3225 North Central Avenue, Phoenix, Arizona 85012, was organized to apply for and hold a Nevada contractors license. Golden Heritage Construction Nevada, LLC is a wholly-owned subsidiary of Golden Heritage Construction, Inc.

(b) Heritage Financial Services, LLC an Arizona limited liability company, having been formed on August 19, 1998 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to provide mortgage services to residential home buyers. Heritage Financial Services, LLC is a wholly-owned subsidiary of Golden Heritage Homes, Inc.

(3) SCM, Inc. (SCM) an Arizona corporation, having been incorporated on May 14, 1991 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to participate in real estate joint ventures and other real estate related activities. SCM is a wholly-owned subsidiary of SunCor and is currently inactive.

(4) SunCor Realty & Management Company (SunCor Realty) an Arizona corporation, having been incorporated on April 1, 1994 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to

participate in real estate management and other real estate related activities. SunCor Realty is a wholly-owned subsidiary of SunCor.

(5) Palm Valley Golf Club, Inc. (Palm Valley Golf) an Arizona corporation, having been incorporated on January 23, 1996 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to hold title to the Palm Valley Golf Course located in Goodyear, Arizona. Palm Valley Golf is a wholly-owned subsidiary of SunCor.

(6) Rancho Viejo de Santa Fe, Inc. (Rancho Viejo) a New Mexico corporation, having been incorporated on March 18, 1996 and having its principal executive offices at 1590B Pacheco Street, Santa Fe, New Mexico 87502, was organized to engage in real estate development in New Mexico. Rancho Viejo is a wholly-owned subsidiary of SunCor.

(a) Ranchland Utility Company (Ranchland) a New Mexico corporation, having been incorporated on September 5, 1997 and having its principal executive offices at 1590B Pacheco Street, Santa Fe, New Mexico 87502, is a wastewater utility. Ranchland is a wholly-owned subsidiary of Rancho Viejo.

(b) Rancho Viejo Village Center, LLC a New Mexico limited liability company, having been formed on March 4, 2003 and having its principal executive offices at 1590B Pacheco Street, Santa Fe, New Mexico 87502, was organized to own and invest in real estate in New Mexico. Rancho Viejo Village Center, LLC is a wholly-owned subsidiary of Rancho Viejo.

(7) SunCor Idaho, LLC, formerly known as Spring Valley Development, LLC an Idaho limited liability company, having been formed on July 22, 2003 and having its principal executive offices at 485 E. Riverside Drive, Suite 300, Eagle, Idaho 83616, was organized to engage in real estate development in Idaho. SunCor Idaho, LLC is a wholly-owned subsidiary of SunCor.

(8) Golf de Mexico, S.A. de C.V. (Golf de Mexico) a Mexican variable capital corporation, having been incorporated on December 1, 1992 in Tijuana, Baja California, Mexico and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to operate and manage the Real del Mar Golf Course in Mexico. Golf de Mexico has been inactive since 1997.

(9) Type Two, Inc. an Arizona corporation, having been incorporated on March 29, 1990 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to hold and lease non-irrigation water rights. SunCor holds a 30% interest in Type Two Inc.

(10) Stone Ridge- Prescott Valley LLC an Arizona limited liability company, having been formed on January 26, 2001 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop a master-planned community with golf course located in Prescott Valley, Arizona. SunCor holds a 60% interest in Stone Ridge Prescott Valley LLC.

(a) Stone Ridge Golf Course LLC an Arizona limited liability company, having been formed on April 16, 2002 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to own and operate a golf course located in Prescott Valley, Arizona. Stone Ridge Golf Course LLC is a wholly-owned subsidiary of Stone Ridge Prescott Valley LLC.

(b) StoneRidge Commercial, L.L.C. an Arizona limited liability company, having been formed on October 26, 2004 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to acquire, own, improve, develop, lease, manage, operate and eventually sell at a profit the real property and planned improvements known as StoneRidge Commercial located in Prescott Valley, Arizona. SunCor holds a 60% interest in StoneRidge Commercial, L.L.C.

(11) Hayden Ferry Lakeside LLC an Arizona limited liability company, having been formed on April 10, 2000 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop, manage and sell a mixed-use residential, office, hotel and retail commercial development in Tempe, Arizona. Hayden Ferry Lakeside LLC is a wholly-owned subsidiary of SunCor.

(a) Lakeside Residential Communities, L.L.C. an Arizona limited liability company, having been formed on January 20, 2004 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop, manage and sell a residential condominium project. Lakeside Residential Communities,

L.L.C. is a wholly-owned subsidiary of Hayden Ferry Lakeside LLC.

(i) Edgewater at Hayden Ferry Lakeside, L.L.C. an Arizona limited liability company, having been formed on January 20, 2004 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop, manage and sell a residential condominium project. Edgewater at Hayden Ferry Lakeside, L.L.C. is a wholly-owned subsidiary of Lakeside Residential Communities, L.L.C.

(ii) BV at Hayden Ferry Lakeside, L.L.C. an Arizona limited liability company, having been formed on January 20, 2004 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop, manage and sell a residential condominium project. BV at Hayden Ferry Lakeside, L.L.C. is a wholly-owned subsidiary of Lakeside Residential Communities, L.L.C.

(12) Club West Golf Course LLC an Arizona limited liability company, having been formed on August 28, 2000 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to own and operate Foothills Club West Golf Course in Phoenix, Arizona. Club West Golf Course LLC is a wholly-owned subsidiary of SunCor.

(13) Scottsdale Mountain LLP an Arizona limited liability partnership, having been formed on April 27, 1992 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop, manage and sell 1,389 acres in McDowell Mountain, Scottsdale, Arizona as a master-planned community. SunCor holds a 65% interest in Scottsdale Mountain LLP.

(14) SunRidge Canyon LLC an Arizona limited liability company, having been formed on June 24, 1994 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop, manage and sell a 50 acre golf-oriented master planned community located in Scottsdale, Arizona. SunRidge Canyon LLC is a wholly-owned subsidiary of SunCor. The only asset remaining in this LLC is the golf course.

(15) Sedona Golf Resort LLC an Arizona limited liability company, having been formed on February 6, 1995 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop, manage and sell a 300-acre golf oriented master-planned community in Sedona, Arizona. SunCor holds a 50% interest in Sedona Golf Resort LLC. The only asset remaining in this LLC is the golf course.

(16) Kabuto/SunCor Joint Venture an Arizona general partnership, having been formed on October 15, 1990 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop and sell the Village of Litchfield Greens, a residential community located in Litchfield Park, Arizona. SunCor holds a 70% interest in Kabuto/SunCor Joint Venture.

(17) Centrepoint Associates LLC an Arizona limited liability company, having been formed on October 29, 1988 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop and manage a 60 acre commercial property as a shopping center on Elliot Road in Tempe, Arizona. SunCor holds a 50% interest in Centrepoint Associates LLC.

(18) Hidden Hills of Scottsdale LLC an Arizona limited liability company, having been formed on October 21, 1996 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop a single family residential area consisting of 320 acres located in Scottsdale, Arizona. Hidden Hills of Scottsdale LLC is a wholly-owned subsidiary of SunCor.

(19) Talavi Associates LLC an Arizona limited liability company, having been formed on November 20, 1997 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop 33 acres located in Glendale, Arizona as an office and light industrial complex. SunCor holds a 50% interest in Talavi Associates LLC.

(20) Coral Canyon Town Center LLC a Utah limited liability company, having been formed on April 19, 2002 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to develop and improve office property of an anticipated two story building located in Washington, Utah. SunCor holds a 75% interest in Coral Canyon Town Center LLC.

(21) Coral Canyon HD, L.L.C. a Utah limited liability company, having been formed on February 4, 2004 and having its principal executive offices at c/o SunCor Development Company, 2303 North Coral Canyon Boulevard, Washington, Utah 84780, was organized to acquire, own, improve, develop, market, manage, operate, lease and sell commercial property in Washington, Utah. SunCor holds a 50% interest in Coral Canyon HD, L.L.C.

(22) Foothills Sewer Company, Inc. (Foothills) an Idaho corporation, having been incorporated on August 18, 2004 and having its principal executive offices at 300 North 6th Street, Boise, Idaho 83702, was organized to be the wastewater facility for the Avimor master-planned community in Boise, Idaho. Foothills is a wholly-owned subsidiary of SunCor.

(23) Highland Water Company, Inc. (Highland) an Idaho corporation, having been incorporated on August 18, 2004 and having its principal executive offices at 300 North 6th Street, Boise, Idaho 83702, was organized to be utilized as the water service company serving the Avimor master-planned community in Boise, Idaho. Highland is a wholly-owned subsidiary of SunCor.

(24) Palm Valley Professional Plaza, LLC an Arizona limited liability company, having been formed on July 9, 2004 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to own, develop, and manage an office condominium project in Goodyear, Arizona. Palm Valley Professional Plaza, LLC is a wholly-owned subsidiary of SunCor.

(25) Riverside Distribution Center, LLC (Riverside) an Arizona limited liability company, having been formed on January 23, 2004 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to acquire, own, finance, improve, and sell at a profit a 501,275 square foot warehouse and ancillary facilities known as the Riverside Distribution Center in Phoenix, Arizona. SunCor owns a 50% interest in Riverside.

(26) SDC Prescott Valley LLC an Arizona limited liability company, having been formed on April 6, 2004 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to acquire, own, develop, market, and sell real property in Prescott Valley, Arizona. SDC Prescott Valley, LLC is a wholly-owned subsidiary of SunCor.

(27) SDC Prescott LLC an Arizona limited liability company, having been formed on April 6, 2004 and having its principal executive offices at 80 East Rio Salado Parkway, Tempe, Arizona 85281, was organized to acquire, own, develop, market, and sell real property at Prescott Lakes in Prescott, Arizona. SDC Prescott, LLC is a wholly-owned subsidiary of SunCor.

d. El Dorado Investment Company an Arizona corporation, having been incorporated on July 27, 1983 and having its principal executive offices at 400 North 5th Street, MS 9988, Phoenix, Arizona 85004, is a wholly-owned subsidiary of Claimant engaged primarily in the acquisition and holding of stocks and securities of other companies for investment purposes.

(1) Underground Imaging Technologies, LLC an Arizona limited liability corporation, having been formed on April 11, 2001 and having its principal executive offices at 1210 Vermeer Road East, Pella, Iowa 50219 was organized to develop subsurface imaging applications. El Dorado holds a 50% interest in Underground Imaging Technologies, LLC.

(2) NAC Holding Inc. a Delaware corporation, having been incorporated on August 26, 1968 and having its principal executive offices at 3930 East Jones Bridge Road, Norcross, Georgia 30092, was organized to provide a variety of services to the nuclear industry. El Dorado held a 99.8% interest in NAC Holding Inc. (All stock was sold in 2004.)

(a) NAC International Inc. a Delaware corporation, having been incorporated on January 3, 1994 and having its principal executive offices at 3930 East Jones Bridge Road, Norcross, Georgia 30092, was organized to provide a variety of services to the nuclear industry. NAC International Inc. was a wholly-owned subsidiary of NAC Holding Inc. (All stock was sold in 2004.)

(3) Phoenix Suns Limited Partnership an Arizona limited partnership, having been formed on July 1, 1993 and having its principal executive offices at 201 East Jefferson Street, Phoenix, Arizona 85004, was organized to own a percentage interest in the Phoenix Suns professional basketball team. El Dorado held a 21.7% interest in the Phoenix Suns Limited Partnership. (Interest was sold in 2004.)

(4) AZ PB Partnership an Arizona partnership, having been formed on June 26, 1995 and having its principal executive offices at 401 East Jefferson Street, Phoenix, Arizona 85004, was

organized to own a percentage interest in a professional baseball team. El Dorado holds a 1.7% interest in AZ PB Partnership.

(5) El Dorado Ventures III a California general partnership, formed on May 9, 1991 and having its principal executive offices at 2884 Sand Hill Road, Suite 121, Menlo Park, California 94025, was organized to invest in emerging companies with exceptional growth potential. El Dorado holds a 24.4% interest in El Dorado Ventures III.

(6) Phoenix Downtown Theater LLC an Arizona limited liability company, formed on February 4, 1999 and having its principal executive offices at 2400 East Arizona Biltmore Circle, Suite 1270, Phoenix, Arizona 85016, was organized to own and manage a theater. El Dorado owns a 6.9% interest in Phoenix Downtown Theater LLC.

(7) Nxt Phase Corporation a Canadian company, formed on August 17, 2004 and having its principal executive offices at 3040 East Broadway, Vancouver, British Columbia V5M 1Z4, was organized to manufacture digital and fiber optic control and measurement devices for the power industry. El Dorado owns a 19% interest in Nxt Phase.

(8) Acoustic Locating Services, LLC a Delaware limited liability company, formed on December 7, 2004 and having its principal executive offices at 400 N. Fifth Street, MS 9988, Phoenix, Arizona 85004, was organized to provide sewer locating services. El Dorado owns a 100% interest in Acoustic Locating Services.

(9) Arizona Business Accelerator (AzBA) an Arizona corporation, formed on June 29, 2004 and having its principal executive offices at 201 E. Washington, Suite 1408, Phoenix, AZ 85004, was organized to encourage innovative technology development throughout Arizona. El Dorado owns a 17% interest in AzBA.

(10) PowerOneData, Inc. a Delaware corporation, formed on March 24, 2000 and having its principal executive offices at 2600 N. Central Ave, Suite 1750, Phoenix, AZ 85004, was organized to design and manufacture automated meter reading systems. El Dorado owns a 8.96% interest in PowerOneData.

(11) Severon Corporation a Delaware corporation, formed on March 14, 2001 and having its principal executive offices at 3305 NW Alcock Drive, Hillsboro, OR 97124, was organized to design and manufacture monitoring devices for critical electrical generation assets. El Dorado owns a 13.1% interest in Severon.

e. Pinnacle West Energy Corporation (PWEC) an Arizona corporation, having been incorporated on September 27, 1999 and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, was

organized primarily for the development, production and sale of wholesale energy. PWEC is a wholly-owned subsidiary of the Claimant.

(1) GenWest, LLC (GenWest) a Delaware limited liability corporation, formed on March 6, 2001 and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, was organized to own, build and operate power plants and participate in other activities which are necessary or advisable to accomplish the foregoing process. GenWest, LLC is a wholly-owned subsidiary of Pinnacle West Energy.

(2) APACS Holdings LLC an Arizona limited liability corporation, formed on August 29, 2001 and having its principal executive offices at 400 North Fifth Street, Phoenix, Arizona 85004, was organized for a gas storage facility. APACS Holdings LLC is a wholly-owned subsidiary of Pinnacle West Energy.

2. A brief description of the properties of Claimant and each of its subsidiary public utility companies used for the generation, transmission and distribution of electric energy for sale, or for the production, transmission and distribution of natural or manufactured gas, indicating the location of principal generating plants, transmission lines, producing fields, gas manufacturing plants and electric and gas distribution facilities, including all such properties which are outside the state in which Claimant and its subsidiaries are organized and all transmission or pipelines which deliver or receive electric energy or gas at the borders of such state.

Neither the Claimant nor any of its subsidiaries own property used for the production, transmission and distribution of natural or manufactured gas at retail. APS and PWEC, each a public utility company as that term is defined in the Public Utility Holding Company Act of 1935, are the only two of Claimant's subsidiaries (other than the EWG) that own property used for the generation, transmission and distribution of electric energy for sale.

Exhibit C attached hereto shows the location of (i) APS' major generating plants (including those owned jointly with others), principal transmission lines (including those operated for others) and interconnections of transmission lines with out-of-state utilities at state lines; and (ii) PWEC's major generating plants. All of such facilities, and all of APS' distribution facilities, except (i) the Four Corners Generating Station (Four Corners) and associated transmission lines, (ii) the Silverhawk Power Plant (Silverhawk), and (iii) a portion of the Marketplace/Mead/Phoenix transmission line, are located within the State of Arizona. Four Corners is a mine-mouth power plant, located in the northwest corner of New Mexico, near the city of Farmington, approximately 40 miles east of the Arizona-New Mexico border. Silverhawk is a 570 MW combined cycle power plant located 20 miles north of Las Vegas, Nevada.

Claimant's present generating facilities have capacity as follows:

APS Net Accredited Capacity

APS present generating facilities have an accredited capacity as follows:

| | Capacity(kW) |
|--|------------------|
| Coal: | |
| Units 1, 2, and 3 at Four Corners | 560,000 |
| 15% owned Units 4 and 5 at Four Corners | 222,000 |
| Units 1, 2, and 3 at Cholla Plant | 615,000 |
| 14% owned Units 1, 2, and 3 at the Navajo Plant | 315,000 |
| | 1,712,000 |
| Gas or Oil: | |
| Two steam units at Ocotillo and two steam units at Saguaro | 430,000 |
| Eleven combustion turbine units | 493,000 |
| Three combined cycle units | 255,000 |
| | 1,178,000 |
| Nuclear: | |
| 29.1% owned or leased Units 1, 2, and 3 at Palo Verde | 1,107,000 |
| Hydro and Solar | 9,510 |
| Total APS facilities | 4,006,510 |

Pinnacle West Energy Permitted Capacity

PWEC's present generating facilities have a permitted capacity as follows:

| | |
|--|------------------|
| Gas or Oil: | |
| Two combined cycle units at Redhawk, two combined cycle units at West Phoenix and 75% ownership of one combined cycle unit at Silverhawk | 2,138,000 |
| One combustion turbine unit at Saguaro | 80,000 |
| Total Pinnacle West Energy facilities | 2,218,000 |

APS transmission facilities consist of approximately 5,419 pole miles of overhead lines and approximately 37 miles of underground lines, 5,250 miles of which are located within the State of Arizona and 169 miles of which are

not located in the State of Arizona. APS distribution facilities consist of approximately 12,211 pole miles of overhead lines and approximately 13,727 miles of underground lines, all of which are located within the State of Arizona.

3. The following information for the last calendar year with respect to Claimant and each of its subsidiary public utility companies:

(The following data excludes marketing and trading activities for non-public utility companies, interaffiliate transfers (except sales by APS to APS Energy Services Company, Inc., a competitive retail affiliate) and financial instruments.

a. Number of kwh of electric energy sold (at retail or wholesale), and Mcf. of natural or manufactured gas distributed at retail.

49,801,676,000 kwh of electric energy sold at wholesale or retail (with total sales of \$3,135,835,000)

0 Mcf. of natural or manufactured gas distributed at retail

b. Number of kwh of electric energy and Mcf. of natural or manufactured gas distributed at retail outside the state in which each such company is organized.

66,271,000 kwh of electric energy was distributed at retail outside Arizona (with total sales of \$3,614,000)

0 Mcf. of natural or manufactured gas distributed at retail outside Arizona

c. Number of kwh of electric energy and Mcf. of natural or manufactured gas sold at wholesale outside the state in which each such company is organized, or at the state line.

12,921,994,000 kwh of electric energy was sold at wholesale outside Arizona or at state line (with total sales of \$627,659,000)

23,073,925 Mcf. of natural or manufactured gas sold at wholesale outside Arizona or at state line (with total sales of \$123,208,000)

d. Number of kwh of electric energy and Mcf. of natural or manufactured gas purchased outside the state in which each such company is organized or at the state line.

13,735,096,000 kwh of electric energy was purchased outside Arizona or at state line (with total sales of \$657,880,000)

65,765,000 Mcf. of natural or manufactured gas purchased outside Arizona or at state line (with total sales of \$354,079,000)

4. The following information for the reporting period with respect to Claimant and each interest it holds directly or indirectly in an EWG or a foreign utility company, stating monetary amounts in United States dollars:

a. Name, location, business address and description of the facilities used by the EWG or foreign utility company for the generation, transmission and distribution of electric energy for sale or for the distribution at retail of natural or manufactured gas.

GenWest, LLC owns an undivided seventy-five percent (75%) interest in the Silverhawk Power Plant Project, including the Silverhawk switchyard, which is a 570 MW combined-cycle plant, located 20 miles north of Las Vegas, Nevada. The business address for the Silverhawk Power Plant is as follows:

GenWest, LLC
 400 North Fifth Street, Mail Station 8983
 Phoenix, Arizona 85004
 Attention: Warren Kotzmann

b. Name of each system company that holds an interest in such EWG or foreign utility company; and description of the interest held.

GenWest, LLC is an EWG. It is wholly owned by Pinnacle West Energy Corporation, which in turn is a wholly owned subsidiary of the Claimant.

c. Type and amount of capital invested, directly or indirectly, by the holding company claiming exemption; any direct or indirect guarantee of the security of the EWG or foreign utility company by the holding company claiming exemption; and any debt or other financial obligation for which there is recourse, directly or indirectly, to the holding company claiming exemption or another system company, other than the EWG or foreign utility company.

(1) type and amount of capital invested, directly or indirectly, by the holding company:

| | | |
|----|-------------|---|
| \$ | (863,000) | short-term debt (financed at Pinnacle West Energy Corporation) |
| | 867,000 | inter-company payables |
| | 299,093,000 | paid in capital and retained earnings (equity) |
| \$ | 299,097,000 | |

- (2) any direct or indirect guarantee of the security of the EWG or foreign utility company by the holding company claiming exemption:

none

- (3) any debt or other financial obligation for which there is recourse, directly or indirectly, to the holding company claiming exemption or another system company, other than the EWG or foreign utility company:

(a) PWE guarantee up to \$45,658,036 of GenWest performance under The Engineering Procurement and Construction Agreement for building the Silverhawk Power Plant.

(b) Pinnacle West Capital Corporation guarantee of PWE payment of \$5,376,400 for the purchase of Construction Turbines.

NOTE: With respect to both of these guarantees, the amounts due to the third party vendors from GenWest have been paid in full.

d. Capitalization and earnings of the EWG or foreign utility company during the reporting period.

- (1) capitalization:

| | | |
|----|-------------|--|
| \$ | (863,000) | short-term debt (financed at PWE) |
| | 299,093,000 | paid in capital and retained earnings (equity) |
| \$ | 298,230,000 | |

- (2) earnings:

| | | |
|----|-------------|--------------------------------------|
| \$ | 7,575,000 | pre-tax income |
| | (1,495,000) | other taxes primarily property taxes |
| | 0 | income taxes |
| \$ | 6,080,000 | |

e. Identify any service, sales or construction contract(s) between the EWG or foreign utility company and a system company, and describe the services to be rendered or goods sold and fees or revenues under such agreement(s).

- (1) Limited Liability Company Agreement of GenWest, LLC by and among Pinnacle West Energy Corporation as sole Member and Pinnacle West Energy Corporation in its capacity as the initial Manager of GenWest, LLC, dated February 27, 2001. PWEC made an initial capital contribution of \$1,000 prior to 2004. No other fees have been paid to date.
- (2) Facility Operating and Maintenance Agreement dated as of April 18, 2002 between Pinnacle West Energy Corporation as Operating Agent and GenWest, LLC and Southern Nevada Water Authority, as Participants in the Silverhawk Power Plant, pursuant to which, Pinnacle West Energy Corporation serves as the Operating Agent of the Silverhawk Power Plant. GenWest, LLC paid PWEC \$4,235,935.
- (3) Contract No. 81825, between GenWest, LLC and Pinnacle West Capital Corporation, pursuant to which GenWest sold to Pinnacle West Capital Corporation all of its rights to the output of the Silverhawk Power Plant. Revenues for 2004 were \$18,702,325.
- (4) Agency Agreement between Southern Nevada Water Authority, GenWest, LLC and Pinnacle West Energy Corporation dated as of July 1, 2004, pursuant to which, Southern Nevada Water Authority and GenWest appointed Pinnacle West Energy Corporation to act as its agent in connection with certain specified contracts. No fees or revenues.
- (5) Kern River Gas Transmission Company Agency Delegation Agreement between Kern River Gas Transmission Company, GenWest, LLC and Pinnacle West Capital Corporation, pursuant to which GenWest delegated its responsibility under the Operational Balancing Agreement to Pinnacle West Capital Corporation. No fees or revenues.

EXHIBIT A

A consolidating statement of income and surplus of the Claimant and its subsidiary companies for the last calendar year, together with a consolidating balance sheet of Claimant and its subsidiary companies as of the close of such calendar year.

Exhibit A hereto includes consolidating statements of income and consolidating balance sheets for the Claimant and the following of its subsidiaries: Arizona Public Service Company, SunCor Development Company, El Dorado Investment Company, APS Energy Services Company, Inc. and Pinnacle West Energy Corporation. Subsidiaries have been consolidated for financial reporting purposes in accordance with Statement of Financial Accounting Standards No. 94, Consolidation of All Majority-Owned Subsidiaries. Also included are consolidating statements of income and consolidating balance sheets for: SunCor Development Company and its subsidiaries, Pinnacle West Energy Corporation and its subsidiaries, APS Energy Services Company, Inc. and its subsidiaries, and El Dorado Investment Company and its subsidiaries.

EXHIBIT B

An organizational chart showing the relationship of each EWG or foreign utility company to associate companies in the holding-company system.

Exhibit B hereto includes an organizational chart of the holding-company system, including each EWG.

The above-named Claimant has caused this statement to be duly executed on its behalf by its authorized officer on this 25th day of February, 2005.

Pinnacle West Capital Corporation

(Name of Claimant)

By /s/ Barbara M. Gomez

Barbara M. Gomez
Vice President & Treasurer

[CORPORATE SEAL]

Attest:

/s/ Betsy A. Pregulman

Betsy A. Pregulman
Associate Secretary

Name, title and address of officer to whom notices and correspondence concerning this statement should be addressed:

Barbara M. Gomez Vice President and
Treasurer

(Name) (Title)

400 North Fifth Street, Station 9996, Phoenix, Arizona 85004
(Address)

EXHIBIT A

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATING INCOME STATEMENT (dollars in thousands)
(UNAUDITED)

| Year ended December 31, 2004 | PINNACLE WEST PARENT COMPANY | | PINNACLE WEST ENERGY SUNCOR | | | ELIMINATIONS and ADJUSTMENTS | | TOTAL |
|--|------------------------------|--------------|-----------------------------|---------|--------|------------------------------|-----------------|--------------|
| | WEST | APS | WEST ENERGY | SUNCOR | DORADO | EL SERVICES | | |
| OPERATING REVENUES | | | | | | | | |
| Regulated electricity segment | \$ | \$ 2,051,602 | \$ 45,469 | \$ | \$ | \$ | \$ (61,824) (a) | \$ 2,035,247 |
| Marketing and trading segment | 145,744 | 145,519 | 47,839 | | | 173,588 | (50,820) (a) | 461,870 |
| Real estate segment | | | | 359,792 | | | | 359,792 |
| Other revenues | | | | | | 42,816 | | 42,816 |
| Total | 145,744 | 2,197,121 | 93,308 | 359,792 | | 216,404 | (112,644) | 2,899,725 |
| OPERATING EXPENSES | | | | | | | | |
| Regulated electricity segment purchased power and fuel | 12,265 | 612,300 | 1,624 | | | | (58,756) (a) | 567,433 |
| Marketing and trading segment purchased power and fuel | 120,629 | 150,954 | 1,790 | | | 159,594 | (50,820)(a) | 382,147 |
| Operations and maintenance | (6,243) | 540,277 | 49,435 | | | 17,435 | (4,347) (a) | 596,557 |
| Real estate operations segment | | | | 288,646 | | | 1,254(b) | 289,900 |
| Depreciation and amortization | 9,623 | 336,648 | 46,787 | 6,202 | | 1,845 | | 401,105 |
| Taxes other than income taxes | | 114,265 | 7,779 | | | | 172(b) | 122,216 |
| Other expenses | | | | | | 34,108 | | 34,108 |
| Total | 136,274 | 1,754,444 | 107,415 | 294,848 | | 212,982 | (112,497) | 2,393,466 |
| OPERATING INCOME | 9,470 | 442,677 | (14,107) | 64,944 | | 3,422 | (147) | 506,259 |
| OTHER | | | | | | | | |
| Allowance for equity funds used during construction | | 4,885 | | | | | | 4,885 |
| Other income | 248,530 | 30,593 | 1,489 | 5,123 | 34,538 | 2,783 | (269,067)(c) | 53,989 |
| Other expenses | (5,740) | (13,816) | (1,056) | | (959) | (111) | 172(b) | (21,510) |
| Total | 242,790 | 21,662 | 433 | 5,123 | 33,579 | 2,672 | (268,895) | 37,364 |
| INTEREST EXPENSE | | | | | | | | |

| | | | | | | | | |
|--|-------------------|-------------------|--------------------|------------------|------------------|-----------------|---------------------|-------------------|
| Interest charges | 25,042 | 151,837 | 38,158 | 5,942 | 324 | 1,612 | (27,056)(c) | 195,859 |
| Capitalized interest | 1,193 | (7,155) | (5,225) | (3,805) | | (65) | (1,254)(b) | (16,311) |
| Total | 26,235 | 144,682 | 32,933 | 2,137 | 324 | 1,547 | (28,310) | 179,548 |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | | | | | | | | |
| | 226,025 | 319,657 | (46,607) | 67,930 | 33,255 | 4,547 | (240,732) | 364,075 |
| INCOME TAXES | (19,929) | 120,030 | | 27,067 | | 1,689 | | 128,857 |
| INCOME FROM CONTINUING OPERATIONS | | | | | | | | |
| | 245,954 | 199,627 | (46,607) | 40,863 | 33,255 | 2,858 | (240,732) | 235,218 |
| Income from discontinued operations-net of income taxes of \$5,480 | (2,759) | | | 3,865 | 6,871 | | | 7,977 |
| NET INCOME (LOSS) | \$ 243,195 | \$ 199,627 | \$ (46,607) | \$ 44,728 | \$ 40,126 | \$ 2,858 | \$ (240,732) | \$ 243,195 |

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- (a) Elimination of intercompany sales of electricity.
- (b) Reclassification of certain expenses.
- (c) Elimination of intercompany interest and income.

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATING BALANCE SHEETS (dollars in thousands)
(UNAUDITED)

| December 31, 2004 | PINNACLE WEST PARENT COMPANY | | PINNACLE WEST ENERGY SUNCORPORADO | | | APS ELIMINATIONS ENERGY and EL SERVICES ADJUSTMENTS | | | TOTAL |
|--|------------------------------|----------------|-----------------------------------|---------------|------------|---|--------------------|-----|------------------|
| | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | |
| ASSETS | | | | | | | | | |
| CURRENT ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 90,721 | \$ 230,750 | \$ 25 | \$ 23,045 | \$ | \$ | \$ | \$ | \$ 344,541 |
| Customer and other receivables | 184,214 | 277,618 | 44,769 | 11,196 | 47 | 23,057 | (169,031) (a) | | 371,870 |
| Allowance for doubtful accounts | (1,200) | (3,444) | | | | (252) | | | (4,896) |
| Accrued utility revenues | | 76,154 | | | | 17,073 | | | 93,227 |
| Materials and supplies (at average cost) | | 83,893 | 17,440 | | | | | | 101,333 |
| Fossil fuel (at average cost) | | 20,506 | 6 | | | | | | 20,512 |
| Assets from risk management and trading activities | 96,466 | 70,430 | | | | | | | 166,896 |
| Other current assets | 1,869 | 9,262 | 3,838 | 31,413 | 139 | (389) | | | 46,132 |
| Total current assets | 372,070 | 765,169 | 66,078 | 65,654 | 186 | 39,489 | (169,031) | | 1,139,615 |
| INVESTMENTS AND OTHER ASSETS | | | | | | | | | |
| Real estate investments - net | | | | 368,651 | | | 1,874(b) | | 370,525 |
| Assets from risk management and trading activities - long term | 204,218 | 20,123 | | | | | | | 224,341 |
| Decommissioning trust accounts | | 267,700 | | | | | | | 267,700 |
| Other assets | 3,348,991 | 559,853 | 491 | 3,417 | 23,309 | 415 | (3,829,266)(a,b,c) | | 107,210 |

| | | | | | | | | |
|--|---------------------|---------------------|---------------------|-------------------|------------------|------------------|-----------------------|---------------------|
| Total investments and other | 3,553,209 | 847,676 | 491 | 372,068 | 23,309 | 415 | (3,827,392) | 969,776 |
| PROPERTY, PLANT AND EQUIPMENT | | | | | | | | |
| Plant in service and held for future use | 12,790 | 9,119,666 | 1,322,403 | | | 31,048 | | 10,485,907 |
| Less accumulated depreciation and amortization | 1,176 | 3,266,181 | 95,369 | | | 3,228 | | 3,365,954 |
| Total | 11,614 | 5,853,485 | 1,227,034 | | | 27,820 | | 7,119,953 |
| Construction work in progress | 20 | 249,243 | 1,378 | | | 7,478 | | 258,119 |
| Intangible assets, net of accumulated amortization | 340 | 104,442 | 110 | | | 1,335 | | 106,227 |
| Nuclear fuel, net of accumulated amortization | | 51,188 | | | | | | 51,188 |
| Net property, plant and equipment | 11,974 | 6,258,358 | 1,228,522 | | | 36,633 | | 7,535,487 |
| DEFERRED DEBITS | | | | | | | | |
| Regulatory assets | | 135,051 | | | | | | 135,051 |
| Other deferred debits | | 92,298 | 8,292 | 13,512 | | | (9,756) (b) | 104,346 |
| Total deferred debits | | 227,349 | 8,292 | 13,512 | | | (9,756) | 239,397 |
| TOTAL ASSETS | \$ 3,937,253 | \$ 8,098,552 | \$ 1,303,383 | \$ 451,234 | \$ 23,495 | \$ 76,537 | \$ (4,006,179) | \$ 9,884,275 |

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

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

PINNACLE WEST CAPITAL CORPORATION
CONSOLIDATING BALANCE SHEETS (dollars in thousands)
(UNAUDITED)

| | PINNACLE WEST PARENT COMPANY | | PINNACLE WEST ENERGY SUNCOR | | PINNACLE WEST ENERGY SUNCOR RADCO SERVICES ELIMINATIONS and ADJUSTMENTS | | | TOTAL |
|---|-------------------------------------|------------------|------------------------------------|----------------|--|-----------------|-------------------------------------|------------------|
| December 31, 2004 | | APS | ENERGY | SUNCOR | RADCO | SERVICES | ELIMINATIONS and ADJUSTMENTS | |
| LIABILITIES AND EQUITY | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | |
| Accounts payable | \$ 95,698 | \$ 215,076 | \$ 19,381 | \$ 30,340 | \$ 27 | \$ 13,002 | | \$ 373,524 |
| Accrued taxes | 16,212 | 292,521 | (89,900) | 34,102 | (5,974) | (1,350) | | 245,611 |
| Accrued interest | 5,283 | 33,332 | 5,325 | 180 | | | (5,325) (a) | 38,795 |
| Short-term borrowings | | | | 71,031 | 19,457 | 2,771 | (22,228) (a) | 71,031 |
| Current maturities of long-term debt | 165,133 | 451,247 | | 785 | | | | 617,165 |
| Customer deposits | | 51,804 | | 3,754 | | | | 55,558 |
| Deferred income taxes | | 9,057 | | | | | | 9,057 |
| Liabilities from risk management and trading activities | 79,114 | 34,292 | | | | | | 113,406 |
| Other current liabilities | 67,441 | 91,441 | 7,398 | 36,123 | 1,169 | 15,496 | (117,320)(a,b) | 101,748 |
| Total current liabilities | 428,881 | 1,178,770 | (57,796) | 176,315 | 14,679 | 29,919 | (144,873) | 1,625,895 |
| LONG-TERM DEBT LESS CURRENT MATURITIES | | | | | | | | |
| | 302,702 | 2,267,094 | 500,000 | 15,189 | | | (500,000) (a) | 2,584,985 |
| DEFERRED CREDITS AND OTHER | | | | | | | | |
| Liabilities from risk management and trading activities - long-term | 143,138 | 13,124 | | | | | | 156,262 |

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| | | | | | | | | |
|---|----------------|------------------|---------------|---------------|--|--------------|-----------------|------------------|
| Deferred income taxes | 35,436 | 1,108,571 | 91,315 | | | 2,250 | (10,019) (b) | 1,227,553 |
| Regulatory liabilities | | 506,646 | | | | | | 506,646 |
| Unamortized gain-sale of utility plant | | 50,333 | | | | | | 50,333 |
| Pension liability | 23,228 | 203,668 | 590 | 6,696 | | 263 | | 234,445 |
| Liability for asset retirements | | 251,612 | | | | | | 251,612 |
| Other | 912 | 286,332 | (302) | 33,773 | | (209) | (24,158) (b) | 296,348 |
| Total deferred credits and other | 202,714 | 2,420,286 | 91,603 | 40,469 | | 2,304 | (34,177) | 2,723,199 |

COMMON STOCK EQUITY

| | | | | | | | | |
|--|------------------|------------------|----------------|----------------|--------------|---------------|--------------------|------------------|
| Common stock | 2,242,148 | 1,424,966 | 821,294 | 150,054 | 14,046 | 29,467 | (2,912,928)(c) | 1,769,047 |
| Treasury Stock | (428) | | | | | | | (428) |
| Accumulated other comprehensive income (loss): | | | | | | | | |
| Minimum pension liability adjustment | (10,701) | (71,087) | | | | | | (81,788) |
| Derivative instruments | 40,916 | 18,327 | | | | | | 59,243 |
| Total accumulated other comprehensive income (loss) | 30,215 | (52,760) | | | | | | (22,545) |
| Retained earnings | 731,021 | 860,196 | (51,718) | 69,207 | (5,230) | 14,847 | (414,201)(c) | 1,204,122 |
| Total common stock equity | 3,002,956 | 2,232,402 | 769,576 | 219,261 | 8,816 | 44,314 | (3,327,129) | 2,950,196 |

TOTAL LIABILITIES AND EQUITY

\$ 3,937,253 \$ 8,098,552 \$ 1,303,383 \$ 451,234 \$ 23,495 \$ 76,537 \$ (4,006,179) \$ 9,884,275

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

(a) Elimination of intercompany receivables and payables.

(b) Miscellaneous reclassifications.

(c) Elimination of parent company investments in subsidiaries.

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PINNACLE WEST ENERGY CORPORATION
CONSOLIDATING INCOME STATEMENT (dollars in thousands)
(UNAUDITED)

| Year ended December 31, 2004 | PWEC | GEN WEST | ELIMINATIONS and ADJUSTMENTS | CONSOLIDATED |
|--|-------------|---------------------|---|---------------------|
| REVENUES | | | | |
| Electric revenue-native load | \$ 45,469 | \$ | \$ | \$ 45,469 |
| Electric revenue-marketing & trading | 29,137 | 18,702 | | 47,839 |
| Total | 74,606 | 18,702 | | 93,308 |
| COST OF REVENUES | | | | |
| Fuel for electric generation-native load | 1,597 | | | 1,597 |
| Fuel for electric generation-marketing & trading | 1,790 | | | 1,790 |
| Purchased power | 27 | | | 27 |
| Total | 3,414 | | | 3,414 |
| GROSS MARGIN | 71,192 | 18,702 | | 89,894 |
| OTHER OPERATING EXPENSES (REVENUE) | | | | |
| Operations and maintenance | 45,199 | 4,236 | | 49,435 |
| Depreciation and amortization | 39,833 | 6,954 | | 46,787 |
| Other taxes | 6,284 | 1,495 | | 7,779 |
| Total | 91,316 | 12,685 | | 104,001 |
| OPERATING MARGIN | (20,124) | 6,017 | | (14,107) |
| INTEREST AND OTHER EXPENSES | | | | |
| Interest expense | 38,158 | 5,320 | (5,320) (a) | 38,158 |
| Capitalized interest | (374) | (4,851) | | (5,225) |
| Other interest & dividend income | (5,971) | (701) | 5,320(a) | (1,352) |
| Other expenses | 887 | 169 | | 1,056 |
| Investment (gain)/loss | (137) | | | (137) |
| Total | 32,563 | (63) | | 32,500 |

| | | | |
|-----------------------------------|--------------------|-----------------|--------------------|
| INCOME BEFORE INCOME TAXES | (52,687) | 6,080 | (46,607) |
| INCOME TAXES | | | |
| NET INCOME | \$ (52,687) | \$ 6,080 | \$ (46,607) |

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

(a) Elimination of intercompany interest.

A-4

PINNACLE WEST ENERGY CORPORATION
CONSOLIDATING BALANCE SHEET (dollars in thousands)
(UNAUDITED)

| December 31, 2004 | PWEC | GEN WEST | ELIMINATIONS and ADJUSTMENTS | CONSOLIDATED |
|---|---------------------|---------------------|---|---------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ (95) | \$ 120 | \$ | \$ 25 |
| Accounts receivable | 1,479 | 2,649 | | 4,128 |
| Intercompany receivable | 3,945 | 2,430 | 565(a) | 6,940 |
| Other special deposits | 33,701 | | | 33,701 |
| Materials and supplies (at average cost) | 16,708 | 732 | | 17,440 |
| Fossil fuel (at average cost) | 6 | | | 6 |
| Other | 3,646 | 192 | | 3,838 |
| Total current assets | 59,390 | 6,123 | 565 | 66,078 |
| Plant in service | 1,021,115 | 301,288 | | 1,322,403 |
| Intangible asset, net of accumulated amortization | 110 | | | 110 |
| Less accumulated depreciation and amortization | (88,415) | (6,954) | | (95,369) |
| Total | 932,810 | 294,334 | | 1,227,144 |
| Construction work in progress | 1,334 | 44 | | 1,378 |
| Utility plant-net | 934,144 | 294,378 | | 1,228,522 |
| Investments and other assets | | | | |
| Investment in sub-Gen West | 292,925 | | (292,925)(b) | |
| Other assets | 491 | | | 491 |
| Deferred debits | 2,046 | 6,246 | | 8,292 |
| Total non-current assets | 295,462 | 6,246 | (292,925) | 8,783 |
| TOTAL ASSETS | \$ 1,288,996 | \$ 306,747 | \$ (292,360) | \$ 1,303,383 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | \$ 12,997 | \$ 6,384 | \$ | \$ 19,381 |
| Intercompany payable | 6,405 | 867 | (297)(a) | 6,975 |
| Short term debt | | (863) | 863(a) | |

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| | | | | |
|--|---------------------|-------------------|---------------------|---------------------|
| Accrued taxes | (91,166) | 1,266 | | (89,900) |
| Accrued interest | 5,325 | | | 5,325 |
| Other | 423 | | | 423 |
| Total current liabilities | (66,016) | 7,654 | 566 | (57,796) |
| Deferred credits | | | | |
| Deferred income tax credit | 91,315 | | | 91,315 |
| Other deferred credits | (302) | | | (302) |
| Total deferred credits | 91,013 | | | 91,013 |
| Pension liability | | | | |
| Accumulated provision for SEBRP | 490 | | | 490 |
| Deferred credits pension | 100 | | | 100 |
| Total pension liability | 590 | | | 590 |
| Capitalization | | | | |
| Additional paid in capital | 821,295 | 292,925 | (292,926)(b) | 821,294 |
| Retained earnings | (57,886) | 6,168 | | (51,718) |
| Long term debt to associated companies | 500,000 | | | 500,000 |
| Total capitalization | 1,263,409 | 299,093 | (292,926) | 1,269,576 |
| TOTAL LIABILITIES AND EQUITY | \$ 1,288,996 | \$ 306,747 | \$ (292,360) | \$ 1,303,383 |

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

(a) Elimination of intercompany receivables and payables.

(b) Elimination of investment in subsidiary.

A-5

SUNCOR DEVELOPMENT COMPANY
CONSOLIDATING INCOME STATEMENT (dollars in thousands)
(UNAUDITED)

| | HAYDEN FERRY | | | CLUB | | | | PV - DEV | KABUTO JV | HIDDEN MILLS | | | HF STONE | REDWOOD |
|------|--------------|------------|------|-------|-------|-----------|------------|----------|-----------|--------------|------------|-------|----------|---------|
| | CONDOS | ASSOCIATES | SMLP | PVGC | WEST | SANCTUARY | BRIDGEMORE | HB | | | COMMERCIAL | MILLS | HF | REDWOOD |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 106 | | | 445 | | | | | 107,236 | 67,483 | 18,428 | 20,665 | 2,497 | | 44,924 |
| | | | | | | | 449 | | | | | | | 2,684 |
| | | 721 | | 2,428 | 2,233 | 2,550 | 3,748 | | | | 9,884 | | 2,074 | 1,373 |
| 580 | | | | | | | | | | | 382 | | | |
| 686 | | 721 | 445 | 2,428 | 2,233 | 2,550 | 3,748 | 107,685 | 67,483 | 18,428 | 30,931 | 2,497 | 2,074 | 48,981 |
| | | | | | | | | | | | | | | |
| 419) | | | 266 | | | | | 82,511 | | | | | | 35,790 |
| | | | | | | | | | 28,041 | 7,215 | 9,534 | 2,092 | | 2,083 |
| | | 701 | | 2,628 | 2,248 | 2,179 | 2,970 | | | | 5,826 | | 1,465 | 1,652 |
| 96 | 102 | | 1 | | | | | 1,161 | 1,838 | 923 | 1,378 | | | 1,277 |
| 023 | 381 | | 6 | | | | | 4,694 | 1,479 | 754 | 2,091 | | | 2,239 |
| 422 | | | | | 186 | 431 | 298 | 7 | 41 | | 2,872 | | | 319 |
| 46 | | | 45 | | | | | | | 2,864 | | | | 2,193 |
| 168 | 483 | 701 | 318 | 2,628 | 2,434 | 2,610 | 3,285 | 88,805 | 31,399 | 11,756 | 21,701 | 2,092 | 1,465 | 45,553 |
| 482) | (483) | 20 | 127 | (200) | (201) | (60) | 463 | 18,880 | 36,084 | 6,672 | 9,230 | 405 | 609 | 3,428 |
| 502 | | | | | | | | | | | 2,484 | | | |
| 422 | | | 3 | | | | | | | 10 | 186 | | | 20 |
| 225 | | | | | | | | 324 | 729 | | | | | 29 |
| 149 | | | 3 | | | | | 324 | 729 | 10 | 2,670 | | | 49 |
| 741 | | | 46 | | 190 | 160 | 202 | 1,267 | 815 | | 1,540 | | | 434 |

| | | | | | | | | | | | | | | |
|------|---------|-------|-------|---------|---------|---------|--------|-----------|-----------|----------|-----------|--------|--------|----------|
| 942) | | | | | | | | (1,267) | (815) | | | | | (247) |
| 201) | | 46 | | 190 | 160 | 202 | | | | | 1,540 | | | 187 |
| 132) | (483) | 20 | 84 | (200) | (391) | (220) | 261 | 19,204 | 36,813 | 6,682 | 10,360 | 405 | 609 | 3,290 |
| 067 | | | | | | | | | | | | | | |
| 413) | | | | | | | | | | | 4,278 | | | |
| 612) | \$(483) | \$ 20 | \$ 84 | \$(200) | \$(391) | \$(220) | \$ 261 | \$ 19,204 | \$ 36,813 | \$ 6,682 | \$ 14,638 | \$ 405 | \$ 609 | \$ 3,290 |

SUNCOR DEVELOPMENT COMPANY
CONSOLIDATING BALANCE SHEETS (dollars in thousands)
(UNAUDITED)

| CLUB | | | | | | | | | | | | | | |
|---------------|---------------|------------------|-----------------|------------------|-----------------|------------------|------------------|-----------------|-------------------|-------------------|---------------------|------------------|-----------------|--------------|
| SASI | SMLP | PVGC | WEST | SANCTUARY | SUNRIDGE | GENE | HB | PV - DEV | KABUTO JV | COMMERCIAL | HIDDEN HILLS | HISTON | NERIDGE | HOISE |
| \$ 172 | \$ 537 | \$ 37 | \$ 10 | \$ (16) | \$ 2 | \$ (208) | \$ (1,705) | \$ 2,451 | \$ (2,283) | \$ (3) | \$ 359 | \$ 1,852 | \$ (76) | \$ |
| 62 | | 27 | (7) | 3 | 84 | (104) | 4,227 | 1,047 | 145 | 200 | 73 | 2,873 | | |
| | | | | | | 16,493 | | | | | | 4,750 | | |
| 234 | 537 | 64 | 3 | (13) | 86 | 16,181 | 2,522 | 3,498 | (2,138) | 197 | 432 | 9,475 | (76) | |
| 45 | | 10,249 | 7,656 | 10,048 | 9,057 | 354 | 93,605 | (89) | 103,218 | 4,158 | 18 | 31,401 | 3,345 | |
| 45 | | 10,249 | 7,656 | 10,048 | 9,057 | 354 | 93,605 | (89) | 103,218 | 4,158 | 18 | 31,401 | 3,345 | |
| | | 232 | 120 | 126 | 233 | 9 | 49 | | 1,905 | | 5 | 262 | | |
| \$ 279 | \$ 537 | \$ 10,545 | \$ 7,779 | \$ 10,161 | \$ 9,376 | \$ 16,544 | \$ 96,176 | \$ 3,409 | \$ 102,985 | \$ 4,355 | \$ 455 | \$ 41,138 | \$ 3,269 | \$ |
| \$ 75 | \$ (9) | \$ 7,255 | \$ 6,502 | \$ 2,414 | \$ 1,772 | \$ (40,844) | \$ (14,906) | \$ 474 | \$ 3,209 | \$ (9,330) | \$ 162 | \$ 11,540 | \$ 41 | \$ |

| | | | | | | | | | | | | | |
|---------------|---------------|------------------|-----------------|------------------|-----------------|------------------|------------------|-----------------|-------------------|-----------------|---------------|------------------|-----------------|
| | | | | | | | | | | 146 | | | |
| | | | | 2,084 | | | | | | 33,947 | | | |
| | 203 | 257 | | | 210 | | | | | | | | 92 |
| | | | | | | 2,374 | 190 | | | 266 | | | 603 |
| | | | | 79 | | | 31,907 | | | 223 | | | |
| 75 | (9) | 7,458 | 6,759 | 4,577 | 1,982 | (38,470) | 17,191 | 474 | 37,791 | (9,330) | 162 | 12,235 | 41 |
| | | | | | | | | | | | | | |
| | | 2,719 | 3,936 | (1) | 6,124 | | | | | | | | 2,046 |
| | | | | | | | | | | | | | |
| | | 2,719 | 3,936 | (1) | 6,124 | | | | | | | | 2,046 |
| | | | | | | | | | | | | | |
| 204 | 546 | 368 | (2,916) | 5,585 | 1,270 | 55,014 | 78,985 | 2,935 | 65,194 | 13,685 | 293 | 26,857 | 3,228 |
| | | | | | | | | | | | | | |
| 204 | 546 | 368 | (2,916) | 5,585 | 1,270 | 55,014 | 78,985 | 2,935 | 65,194 | 13,685 | 293 | 26,857 | 3,228 |
| | | | | | | | | | | | | | |
| \$ 279 | \$ 537 | \$ 10,545 | \$ 7,779 | \$ 10,161 | \$ 9,376 | \$ 16,544 | \$ 96,176 | \$ 3,409 | \$ 102,985 | \$ 4,355 | \$ 455 | \$ 41,138 | \$ 3,269 |

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

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

EL DORADO INVESTMENT COMPANY
CONSOLIDATING INCOME STATEMENT (dollars in thousands)
(UNAUDITED)

| Year ended December 31, 2004 | EL DORADO | NAC | ELIMINATIONS and ADJUSTMENTS | TOTAL |
|---|----------------------|------------|---|--------------|
| REVENUES | | | | |
| NAC revenue | \$ | \$ 31,254 | \$ (31,254)(c) | \$ |
| Equity in earnings of investees | 273 | | (753)(a) | (480) |
| Partnership income | 266 | | | 266 |
| Interest income | 2,088 | | (2,088)(b) | |
| Gain (loss) on investment | 38,624 | | (4,030)(c) | 34,594 |
| CMA revenue | 111 | | | 111 |
| Miscellaneous income | 47 | | | 47 |
| Total | 41,409 | 31,254 | (38,125) | 34,538 |
| OTHER EXPENSES AND DEDUCTIONS | | | | |
| NAC operating expenses | | 21,463 | (21,463)(c) | |
| Depreciation and amortization | | 1,097 | (1,097)(c) | |
| Interest expense and other | 324 | 2,221 | (2,221)(c) | 324 |
| General and administrative net | 959 | 5,133 | (5,133)(c) | 959 |
| Total | 1,283 | 29,914 | (29,914) | 1,283 |
| INCOME BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS | | | | |
| | 40,126 | 1,340 | (8,211)(c) | 33,255 |
| INCOME TAXES | | | | |
| | | 148 | (148)(c) | |
| TOTAL DISCONTINUED OPERATIONS | | | | |
| | | | 6,871(c) | 6,871 |
| NET INCOME | | | | |
| | \$ 40,126 | \$ 1,192 | \$ (1,192) | \$ 40,126 |

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

- (a) Elimination of equity in earnings of subsidiary.
- (b) Elimination of intercompany interest income and expense.
- (c) NAC was sold in the fourth quarter of 2004 and was reclassified as discontinued operations.

EL DORADO INVESTMENT COMPANY
CONSOLIDATING BALANCE SHEETS (dollars in thousands)
(UNAUDITED)

| December 31, 2004 | EL DORADO |
|--|----------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Accounts receivable | \$ 47 |
| Other assets | 139 |
| Total current assets | 186 |
| INVESTMENTS AND OTHER ASSETS | |
| Investments | 23,309 |
| Total investments and other | 23,309 |
| TOTAL ASSETS | \$ 23,495 |
| LIABILITIES AND EQUITY | |
| CURRENT LIABILITIES | |
| Accounts payable and accrued liabilities | \$ 27 |
| Accounts payable - PWCC | 1,169 |
| Intercompany loan payable -PWCC | 19,457 |
| Taxes payable | (5,974) |
| Total current liabilities | 14,679 |
| EQUITY | |
| Common stock | 10 |
| Additional paid in capital | 14,036 |
| Retained earnings | (5,230) |
| Total equity | 8,816 |
| TOTAL LIABILITIES AND EQUITY | \$ 23,495 |

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

Note: NAC was sold in the fourth quarter of 2004 and was reclassified as discontinued operations.

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APS ENERGY SERVICES
CONSOLIDATING INCOME STATEMENT (dollars in thousands)
(UNAUDITED)

| Year ended December 31, 2004 | APSES | NORTHWIND | ADJUSTMENTS | ELIMINATIONS and | Total |
|-------------------------------------|--------------|------------------|--------------------|-----------------------------|--------------|
| OPERATING REVENUES | | | | | |
| Electric sales | \$ 173,588 | \$ | \$ | | \$ 173,588 |
| Products and services | 36,618 | | | | 36,618 |
| Northwind | | 5,806 | | | 5,806 |
| Other | 392 | | | | 392 |
| Total | 210,598 | 5,806 | | | 216,404 |
| OPERATING EXPENSES | | | | | |
| Electric sales | 159,594 | | | | 159,594 |
| Products and services | 31,080 | | | | 31,080 |
| Northwind | | 2,995 | | | 2,995 |
| Other | 33 | | | | 33 |
| Total | 190,707 | 2,995 | | | 193,702 |
| GROSS MARGIN | 19,891 | 2,811 | | | 22,702 |
| OTHER OPERATING EXPENSES | | | | | |
| Labor | 7,484 | 1,023 | | | 8,507 |
| Other O&M | 7,684 | 1,244 | | | 8,928 |
| Depreciation and amortization | 930 | 915 | | | 1,845 |
| Total | 16,098 | 3,182 | | | 19,280 |
| OPERATING INCOME | 3,793 | (371) | | | 3,422 |
| INTEREST AND OTHER EXPENSES | | | | | |
| Interest on long-term debt | | | 12 | | 12 |
| Interest on short-term borrowings | 1,599 | | 1 | | 1,600 |
| Capitalized interest | (65) | | | | (65) |
| Other income | (2,656) | | | (1) | (2,657) |
| Other expense | 111 | | | | 111 |
| Investment (gain)/loss | 257 | | | (383) (a) | (126) |

| | | | | |
|-----------------------------------|-----------------|-----------------|---------------|-----------------|
| Total | (754) | 13 | (384) | (1,125) |
| INCOME BEFORE INCOME TAXES | 4,547 | (384) | 384 | 4,547 |
| INCOME TAXES | 1,689 | | | 1,689 |
| NET INCOME | \$ 2,858 | \$ (384) | \$ 384 | \$ 2,858 |

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

(a) Elimination of equity in earnings of subsidiary.

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APS ENERGY SERVICES
CONSOLIDATING BALANCE SHEET (dollars in thousands)
(UNAUDITED)

| December 31, 2004 | APSES | NORTHWIND | ELIMINATIONS and ADJUSTMENTS | Total |
|--|------------------|------------------|------------------------------------|------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ (551) | \$ 551 | \$ | \$ |
| Customer & other receivables | 24,873 | 1,082 | (2,898)(a) | 23,057 |
| Allowance for doubtful accounts | (252) | | | (252) |
| Accrued revenue | 17,073 | | | 17,073 |
| Other current assets | (389) | | | (389) |
| Total current assets | 40,754 | 1,633 | (2,898) | 39,489 |
| INVESTMENTS | 27,884 | | (27,469)(b) | 415 |
| Property, plant & equipment | 915 | 30,133 | | 31,048 |
| Less accumulated depreciation and amortization | (838) | (2,390) | | (3,228) |
| Total | 77 | 27,743 | | 27,820 |
| Construction work in progress | 5,143 | 2,335 | | 7,478 |
| Intangible assets, net of accumulated amortization | 1,335 | | | 1,335 |
| Total property net | 6,555 | 30,078 | | 36,633 |
| TOTAL ASSETS | \$ 75,193 | \$ 31,711 | \$ (30,367) | \$ 76,537 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | \$ 11,685 | \$ 1,317 | \$ | \$ 13,002 |
| Accrued taxes | (1,377) | 27 | | (1,350) |
| Short-term borrowings | 2,771 | | | 2,771 |
| Other current liabilities | 15,496 | 2,898 | (2,898)(a) | 15,496 |
| Total current liabilities | 28,575 | 4,242 | (2,898) | 29,919 |
| Deferred income taxes | 2,250 | | | 2,250 |
| Other deferred credits | (209) | | | (209) |
| Pension liability | 263 | | | 263 |
| Total non-current liabilities | 2,304 | | | 2,304 |
| EQUITY | | | | |
| Common stock | 1 | | | 1 |
| Equity | 29,466 | 27,809 | (27,809)(b) | 29,466 |

| | | | | |
|---------------------------------------|------------------|------------------|--------------------|------------------|
| Retained earnings | 14,847 | (340) | 340(b) | 14,847 |
| Total equity | 44,314 | 27,469 | (27,469) | 44,314 |
| TOTAL LIABILITIES & EQUITY | \$ 75,193 | \$ 31,711 | \$ (30,367) | \$ 76,537 |

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

(a) Elimination of intercompany receivables and payables.

(b) Elimination of investment in subsidiary.

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B-1

SUNCOR ORGANIZATIONAL CHART

B-2

EXHIBIT C

C-1