

PINNACLE WEST CAPITAL CORP

Form U-3A-2

March 01, 2004

Adopted November 9, 1939

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) 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.

(2) 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.

(3) 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.

(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 7025 East Greenway Parkway, Suite 100, Scottsdale, Arizona 85254, 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.

(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 waste-water 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. Spring Valley Development, 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.

(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. SunCor holds a 68% interest in Club West Golf Course LLC.

(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.

(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.

(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 real property in Washington, Utah. SunCor holds a 50% interest in Coral Canyon HD, L.L.C.

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 holds a 99.8% interest in NAC Holding Inc.

(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. is a wholly-owned subsidiary of NAC Holding Inc.

(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 holds a 21.7% interest in the Phoenix Suns Limited Partnership.

(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 a Canadian company, 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 2.2% interest in Nxt Phase.

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 a Nevada 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 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, except the Four Corners Generating Station (Four Corners), and all of APS' distribution facilities, 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.

Claimant's present generating facilities have capacity as follows:

APS Net Accredited Capacity

APS present generating facilities have an accredited capacity as follows:

	<u>Capacity(kW)</u>
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
	<u>1,712,000</u>
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
	<u>1,178,000</u>
Nuclear:	
29.1% owned or leased Units 1, 2, and 3 at Palo Verde	1,113,000
	<u>9,191</u>
Hydro and Solar	9,191
	<u>4,012,191</u>
Total APS facilities	<u>4,012,191</u>

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 and two combined cycle units at West Phoenix	1,710,000
One combustion turbine unit	80,000

Total Pinnacle West Energy facilities

1,790,000

APS transmission facilities consist of approximately 4,955 pole miles of overhead lines and approximately 34 miles of underground lines, all of which are located within the State of Arizona. APS distribution facilities consist of approximately 12,118 pole miles of overhead lines and approximately 12,998 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, and financial instruments and is not maintained in a format identifying the state in which the sales and purchases are made or the amount of their associated revenues or expenses.

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

35,877,401,000 kwh of electric energy sold at wholesale or retail

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.

65,494,700 kwh of electric energy was distributed at retail outside Arizona

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.

6,811,664,000 kwh of electric energy was sold at wholesale outside Arizona or at state line

27,418,677 Mcf. of natural or manufactured gas sold at wholesale outside Arizona or at state line

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.

6,852,001,000 kwh of electric energy was purchased outside Arizona or at state line

82,654,779 Mcf. of natural or manufactured gas purchased outside Arizona or at state line

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 is in the process of developing the Silverhawk Power Plant Project, which is a 570 MW combined-cycle plant located 20 miles north of Las Vegas, Nevada. The plant is currently under construction. 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:

\$313,045,000	short-term debt (financed at Pinnacle West Capital Corporation)
15,835,000	intercompany payables
3,709,000	paid in capital (equity)
<hr/>	
\$332,589,000	
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- (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) Pinnacle West Energy 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 Pinnacle West Energy payment of \$5,376,400 for the purchase of Construction Turbines.
- (c) Pinnacle West Energy, as assignor, remains liable for GenWest's obligations under a Program Parts, Shop Repairs and Scheduled Outage Services Agreement for Combustion Turbines in the amount of \$65,880,902.

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

- (1) capitalization:

\$313,045,000	short-term debt (financed at Pinnacle West Capital Corporation)
3,709,000	paid in capital (equity)
\$316,754,000	

- (2) earnings:

	\$93,561	interest earnings
	(8,393)	other taxes
	\$85,168	

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) Engineering, Procurement and Construction Agreement between GenWest, LLC and Arizona Public Service Company (APS) for construction of the Silverhawk Switchyard, pursuant to which, APS will construct the switchyard for the Silverhawk Power Plant. The contract price is \$5,800,000.
- (2) 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. No other fees have been paid to date.
- (3) Contract for Services for Silverhawk SSR Study between GenWest, LLC and APS, pursuant to which APS will analyze potential sub-synchronous resonance at Silverhawk. The contract is a variable price contract with a not to exceed price of \$15,000.

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 1st day of March, 2004.

Pinnacle West Capital Corporation
(Name of Claimant)

By /s/ Barbara M. Gomez
Barbara M. Gomez
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:

<u>Barbara M. Gomez</u>	<u>Vice President and Treasurer</u>
(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, 2003	PINNACLE WEST		PINNACLE WEST			ELIMINATIONS &		TOTAL
	PARENT	APS	ENERGY	SUNCOR	DORADO	EL	ESADJUSTMENTS	
OPERATING REVENUES								
Regulated electricity segment	\$ 1	\$1,999,390	\$ 70,498				\$ (91,814)(a)	\$1,978,075
Marketing and trading segment	97,016	105,541	13,110			197,711	(21,492)(a)	391,886
Real estate segment				361,604				361,604
Other revenues					58,358	27,929		86,287
Total	97,017	2,104,931	83,608	361,604	58,358	225,640	(113,306)	2,817,852
OPERATING EXPENSES								
Regulated electricity segment purchased power and fuel	6,086	606,251	(3,870)				(91,147)(a)	517,320
Marketing and trading segment purchased power and fuel	91,960	97,180	4,810			161,695	(10,783)(a)	344,862
Operations and maintenance	(1,792)	513,604	32,187			16,109	(11,376)(a)	548,732
Real estate operations segment				304,599			1,375(b)	305,974
Depreciation and amortization	6,046	389,240	33,020	5,305	3,003	1,529		438,143
Taxes other than Income taxes	(22)	108,852	1,413				27(b)	110,270
Other expenses					47,244	23,254		70,498
Total	102,278	1,715,127	67,560	309,904	50,247	202,587	(111,904)	2,335,799
OPERATING INCOME	(5,261)	389,804	16,048	51,700	8,111	23,053	(1,402)	482,053
OTHER								
Allowance for equity funds used during construction		14,240						14,240
Other income	275,705	20,277	196	25,414	559		(286,588)(c)	35,563
Other expenses	(5,743)	(12,962)	(1,202)		(694)		27(b)	(20,574)

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Total	<u>269,962</u>	<u>21,555</u>	<u>(1,006)</u>	<u>25,414</u>	<u>(135)</u>		<u>(286,561)</u>	<u>29,229</u>
INTEREST EXPENSE								
Interest charges	38,752	150,947	35,116	6,433	687	179	(27,524)(c)	204,590
Capitalized interest	<u>1,244</u>	<u>(7,379)</u>	<u>(17,863)</u>	<u>(3,892)</u>		<u>(179)</u>	<u>(1,375)(b)</u>	<u>(29,444)</u>
Total	<u>39,996</u>	<u>143,568</u>	<u>17,253</u>	<u>2,541</u>	<u>687</u>		<u>(28,899)</u>	<u>175,146</u>
INCOME BEFORE INCOME TAXES								
	<u>224,705</u>	<u>267,791</u>	<u>(2,211)</u>	<u>74,573</u>	<u>7,289</u>	<u>23,053</u>	<u>(259,064)</u>	<u>336,136</u>
INCOME TAXES	<u>(15,874)</u>	<u>86,854</u>	<u>(876)</u>	<u>28,452</u>		<u>7,004</u>		<u>105,560</u>
INCOME FROM CONTINUING OPERATIONS								
Income from discontinued operations net of income taxes of \$6,529				<u>10,003</u>				<u>10,003</u>
NET INCOME (LOSS)	<u>\$240,579</u>	<u>\$ 180,937</u>	<u>\$ (1,335)</u>	<u>\$ 56,124</u>	<u>\$ 7,289</u>	<u>\$ 16,049</u>	<u>\$(259,064)</u>	<u>\$ 240,579</u>

EXPLANATIONS OF ELIMINATIONS AND ADJUSTMENTS

(a) Elimination of intercompany sales of electricity.

(b) Reclassification of certain expenses.

(c) Elimination of intercompany interest.

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

December 31, 2003	PINNACLE WEST		PINNACLE WEST		EL		ELIMINATIONS &		TOTAL
	PARENT	APS	ENERGY	SUNCORDORADO	APS	ES	ADJUSTMENTS		
ASSETS									
CURRENT ASSETS									
Cash and cash equivalents	\$ 81,725	\$ 112,002	\$ 1,298	\$ 25,885	\$ 5,871	\$ 1,998	\$	\$	\$ 228,779
Customer and other receivables	608,442	258,424	57,395	16,987	12,181	42,722	(630,419)(a)		365,732
Allowance for doubtful accounts	(1,200)	(3,743)				(4,280)			(9,223)
Accrued utility revenues		71,501				17,128			88,629
Materials and supplies (at average cost)		80,682	15,417						96,099
Fossil fuel (at average cost)		28,360	7						28,367
Assets from risk management and trading activities	45,182	52,448							97,630
Other current assets	2,442	6,969	4,812	34,174	511	672	23,454(b)		73,034
Total current assets	736,591	606,643	78,929	77,046	18,563	58,240	(606,965)		969,047
INVESTMENTS AND OTHER ASSETS									
Real estate investments net				355,312			(11,990)(b,c)		343,322
Assets from risk management and trading activities long term	120,945	18,001							138,946
Decommissioning trust accounts		240,645							240,645
Other assets	3,041,818	561,984	243	1,812	3,038	417	(3,520,496)(a,b,d)		88,816

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Total investments and other	<u>3,162,763</u>	<u>820,630</u>	<u>243</u>	<u>357,124</u>	<u>3,038</u>	<u>417</u>	<u>(3,532,486)</u>	<u>811,729</u>
PROPERTY, PLANT AND EQUIPMENT								
Plant in service and held for future use	25,018	8,826,033	1,022,737		20,470	31,086		9,925,344
Less accumulated depreciation and amortization	<u>4,951</u>	<u>3,089,645</u>	<u>48,835</u>	<u></u>	<u>15,066</u>	<u>2,178</u>		<u>3,160,675</u>