

PINNACLE WEST NYSE-PNW						RECENT PRICE	76.41	P/E RATIO	16.3	(Trailing: 16.6 Median: 17.0)	RELATIVE P/E RATIO	0.92	DIV'D YLD	4.7%	VALUE LINE								
TIMELINESS 4 Lowered 7/12/24		SAFETY 3 Lowered 1/19/24		TECHNICAL 3 Raised 7/5/24		BETA .95 (1.00 = Market)		<div>High: 61.9 71.1 73.3 82.8 92.5 92.6 99.8 105.5 88.5 80.6 86.0 78.9</div> <div>Low: 51.5 51.2 56.0 62.5 75.8 73.4 81.6 60.1 62.8 59.0 68.6 65.2</div> <div>LEGENDS</div> <div>26.3 x Dividends p sh</div> <div>Relative Price Strength</div> <div>Options: Yes</div> <div>Shaded area indicates recession</div>								Target Price Range			2027 2028 2029				
18-Month Target Price Range								<div>Low-High Midpoint (% to Mid)</div> <div>\$57-\$86 \$72 (-5%)</div>								200 160 100 80 60 50 40 30 20							
2027-29 PROJECTIONS								<div>Ann'l Total Return</div> <div>High 120 Price 80 Gain (+55%) Ann'l Total Return 15% (+5%) 6%</div>								100 80 60 50 40 30 20							
Institutional Decisions								<div>3Q2023 4Q2023 1Q2024</div> <div>to Buy 225 240 234</div> <div>to Sell 250 253 268</div> <div>Hld's(000) 97254 97685 110427</div> <div>Percent shares traded 30 20 10</div>								100 80 60 50 40 30 20							
2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025								© VALUE LINE PUB. LLC 27-29															
33.37 32.50 30.01 29.67 30.09 31.35 31.58 31.50 31.42 31.90 32.93 30.87 31.81 33.66 38.21 41.40 42.05 42.85								Revenues per sh 46.40															
8.13 8.08 6.85 7.52 7.92 8.15 8.09 8.09 9.39 9.92 10.37 10.69 10.97 11.84 11.50 11.95 12.50 13.10								"Cash Flow" per sh 15.45															
2.12 2.26 3.08 2.99 3.50 3.66 3.58 3.92 3.95 4.43 4.54 4.77 4.87 5.47 4.26 4.41 4.70 5.00								Earnings per sh A 6.10															
2.10 2.10 2.10 2.10 2.67 2.23 2.33 2.44 2.56 2.70 2.87 3.04 3.23 3.36 3.43 3.49 3.55 3.61								Div'd Decl'd per sh B 3.80															
9.46 7.64 7.03 8.26 8.24 9.36 8.38 9.84 11.64 12.80 10.73 10.76 11.93 13.04 15.09 16.28 16.80 16.80								Cap'l Spending per sh 17.25															
34.16 32.69 33.86 34.98 36.20 38.07 39.50 41.30 43.15 44.80 46.59 48.30 49.96 52.26 53.45 54.47 59.85 60.55								Book Value per sh C 70.25															
100.89 101.43 108.77 109.25 109.74 110.18 110.57 110.98 111.34 111.75 112.10 112.44 112.76 113.01 113.17 113.42 116.00 119.00								Common Shs Outst'g D 125.00															
16.1 13.7 12.6 14.6 14.3 15.3 15.9 16.0 18.7 19.3 17.8 19.4 16.7 14.1 17.1 17.4								Avg Ann'l P/E Ratio 16.5															
.97 .91 .80 .92 .91 .86 .84 .81 .98 .97 .96 1.03 .86 .76 .99 .97								Relative P/E Ratio .90															
6.2% 6.8% 5.4% 4.8% 5.3% 4.0% 4.1% 3.9% 3.5% 3.2% 3.5% 3.3% 4.0% 4.3% 4.7% 4.5%								Avg Ann'l Div'd Yield 3.8%															
CAPITAL STRUCTURE as of 3/31/24								3491.6 3495.4 3498.7 3565.3 3691.2 3471.2 3587.0 3803.8 4324.4 4696.0 4880 5100								Revenues (\$mill) 5800							
Total Debt \$9210.4 mill. Due in 5 Yrs \$2225.0 mill.								397.6 437.3 442.0 497.8 511.0 538.3 550.6 618.7 483.6 501.6 540 590								Net Profit (\$mill) 760							
LT Debt \$7541.9 mill. LT Interest \$375.0 mill.								34.2% 34.3% 33.9% 32.5% 20.2% -- 12.1% 14.8%								Income Tax Rate 14.0%							
(Total Interest Coverage: 2.6x)								11.6% 11.8% 14.1% 13.9% 15.2% 9.3% 9.5% 10.1%								AFUDC % to Net Profit 19.0%							
Leases, Uncapitalized Annual rentals \$19.2 mill.								41.0% 43.0% 45.6% 48.9% 47.0% 47.1% 52.8% 53.9%								Long-Term Debt Ratio 52.0%							
Pension Assets-12/23 \$2835.5 mill.								59.0% 57.0% 54.4% 51.1% 53.0% 52.9% 47.2% 46.1%								Common Equity Ratio 48.0%							
Oblig \$2908.1 mill.								7398.7 8046.3 8825.4 9796.4 9861.1 10263 11948 12820								Total Capital (\$mill) 18350							
Pfd Stock None								11194 11809 12714 13445 14030 14523 15159 15987								Net Plant (\$mill) 23050							
Common Stock 113,558,885 shs.								6.4% 6.4% 6.0% 6.1% 6.2% 6.3% 5.5% 5.8%								Return on Total Cap'l 5.5%							
as of 4/25/24								9.1% 9.5% 9.2% 9.9% 9.8% 9.9% 9.8% 10.5%								Return on Shr. Equity 8.5%							
MARKET CAP: \$8.4 billion (Mid Cap)								9.1% 9.5% 9.2% 9.9% 9.8% 9.9% 9.8% 10.5%								Return on Com Equity E 8.5%							
ELECTRIC OPERATING STATISTICS								3.5% 3.9% 3.5% 4.2% 3.9% 3.8% 3.5% 4.2%								Retained to Com Eq 3.0%							
								62% 59% 62% 58% 60% 61% 64% 60%								All Div'ds to Net Prof 62%							
BUSINESS: Pinnacle West Capital Corporation is a holding company for Arizona Public Service Company (APS), which supplies electricity to 1.4 million customers in most of Arizona, except about half of the Phoenix metro area, the Tucson metro area, and Mohave County in northwestern Arizona. Discontinued SunCor real estate subsidiary in '10. Electric revenue breakdown: residential, 49%; commercial/industrial, 44%; other, 7%. Generating sources: gas, 25%; nuclear, 25%; coal, 18%; renewables, 2%; purchased, 30%. Fuel costs: 38% of revenues. '23 reported deprec. rate: 2.98%. Has 6,133 employees. Chairman, President & CEO: Jeffrey B. Guldner. Inc.: AZ. Address: 400 North Fifth St., P.O. Box 53999, Phoenix, AZ 85072-3999. Tel.: 602-250-1000. Internet: www.pinnaclewest.com.								Year to date, Pinnacle West is outperforming the electric utility peer group. The stock is up nearly 7% in 2024 versus a 2% decline in the Value Line Utility Index. Good news on the regulatory front earlier this year likely accounts for the decent run for the stock. A revamped state commission, which has some new members and a different chairperson (due to term limits), heeded the recommendation of a state administrative law judge who consulted on the latest general rate case (GRC). The newly established ROE of 9.55% (up from 8.7% previously) plus an additional fair value increment (FVI) of .25% passed by a 4-1 vote. According to Pinnacle's CEO, assuming certain criteria are met for the FVI to kick in, the company's effective ROE will be 9.85%. The net effect of the GRC lifts the company's earning power by over \$1.00 per share. We've raised our rating on the Arizona regulatory climate back to "average." The 2021 GRC decision landed it in the below-average camp when the company's ROE was cut from 10.0% to 8.7%. The company is off to a solid operational start to 2024 that we see continuing. First-quarter customer growth was up 1.8%, year over year. For the full year, management is looking for an increase of 1.5% to 2.5%. Pinnacle's weather-normalized volume growth came in at 5.9% in the March period, driven by strong demand from commercial and industrial customers. Management expects a 2%-3% volume gain for 2024 in aggregate. Overall, Pinnacle has a premium service area in terms of growth from interstate migration and rising energy demand from a thriving economy. One notable example is the investments Taiwan Semiconductor is making in the Phoenix metro area with tens of billions of dollars budgeted for increasing its semiconductor fabrication capacity. For Pinnacle West, there really is no lack of capital investment prospects to drive rate-base growth. Expansions, modernization and reliability work to keep the A/C on in the desert are a high priority. Patient utility investors should target a better entry point on this stock. We think it would offer good long-term value when trading at or just below the midpoint of our 18-month Target Price Range.								Anthony J. Glennon July 19, 2024							