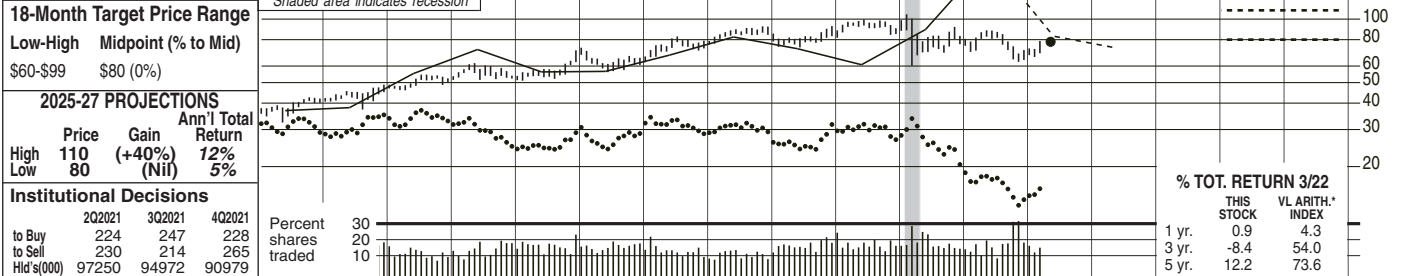


PINNACLE WEST NYSE-PNW

RECENT PRICE **78.21** P/E RATIO **19.9** (Trailing: 14.3; Median: 17.0) RELATIVE P/E RATIO **1.12** DIV'D YLD **4.4%** VALUE LINE

TIMELINESS 4 Raised 3/18/22	High: 48.9	54.7	61.9	71.1	73.3	82.8	92.5	92.6	99.8	105.5	88.5	80.5	Target Price Range
SAFETY 2 Lowered 10/22/21	Low: 37.3	45.9	51.5	51.2	56.0	62.5	75.8	73.4	81.6	60.1	62.8	66.1	2025 2026 2027
TECHNICAL 5 Lowered 3/25/22	LEGENDS 0.58 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded area indicates recession												
BETA .90 (1.00 = Market)	18-Month Target Price Range Low-High Midpoint (% to Mid) \$60-\$99 \$80 (0%)												



2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27
34.03	35.07	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	34.95	36.75	Revenues per sh	39.00
9.70	9.29	8.13	8.08	6.85	7.52	7.92	8.15	8.09	9.09	9.39	9.79	11.41	11.13	10.86	12.23	11.05	11.75	"Cash Flow" per sh	14.00
3.17	2.96	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	3.95	4.30	Earnings per sh ^A	5.50
2.03	2.10	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	3.44	3.52	Div'd Decl'd per sh ^B	3.80
7.59	9.37	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	14.10	14.10	Cap'l Spending per sh	14.50
34.48	35.15	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	52.80	53.55	Book Value per sh ^C	59.25
99.96	100.49	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	113.00	113.00	Common Shs Outst'g ^D	118.00
13.7	14.9	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	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	17.5
.74	.79	.97	.91	.80	.92	.91	.86	.84	.81	.98	.97	.96	1.03	.86	.77			Relative P/E Ratio	.95
4.7%	4.8%	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%			Avg Ann'l Div'd Yield	4.0%

CAPITAL STRUCTURE as of 12/31/21
 Total Debt \$7355.7 mill. Due in 5 Yrs \$1892.0 mill.
 LT Debt \$6913.7 mill. LT Interest \$244.1 mill.
 (LT interest earned: 3.9x)

Leases, Uncapitalized Annual rentals \$13.1 mill.

Pension Assets-12/21 \$3812.0 mill.
 Oblig \$3716.8 mill.

Pfd Stock None

Common Stock 112,931,929 shs.
 as of 2/17/22

MARKET CAP: \$8.8 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2019	2020	2021
% Change Retail Sales (KWH)	-4	+5.4	+2.8
Avg. Indust. Use (MWH)	714	583	808
Avg. Indust. Revs. per KWH (c)	7.88	7.49	8.11
Capacity at Peak (Mw)	8241	9094	8726
Peak Load, Summer (Mw)	7115	7660	7580
Annual Load Factor (%)	47.1	45.5	45.9
% Change Customers (yr-end)	+2.0	+2.1	+2.2

Fixed Charge Cov. (%) 286 318 317

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '19-'21 of change (per sh)

	10 Yrs.	5 Yrs.	Est'd '19-'21
Revenues	.5%	.5%	3.5%
"Cash Flow"	4.5%	5.0%	3.5%
Earnings	6.0%	5.5%	1.5%
Dividends	4.5%	5.5%	3.0%
Book Value	4.0%	4.0%	3.0%

QUARTERLY REVENUES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	740.5	869.5	1190.8	670.4	3471.2
2020	661.9	929.6	1254.5	741.0	3587.0
2021	696.5	1000.2	1308.2	798.9	3803.8
2022	750	1025	1350	825	3950
2023	775	1050	1450	875	4150

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	.16	1.28	2.77	.57	4.77
2020	.27	1.71	3.07	d.17	4.87
2021	.32	1.91	3.00	.24	5.47
2022	.25	1.30	2.15	.25	3.95
2023	.25	1.30	2.45	.30	4.30

QUARTERLY DIVIDENDS PAID ^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018	.695	.695	.695	.737	2.82
2019	.737	.738	.738	.782	3.00
2020	.783	.783	.783	.83	3.18
2021	.83	.83	.83	.85	3.34
2022	.85				

BUSINESS: Pinnacle West Capital Corporation is a holding company for Arizona Public Service Company (APS), which supplies electricity to 1.3 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, 51%; commercial, 38%; industrial, 5%; other, 6%. Generating sources: gas & other, 30%; nuclear, 27%; coal, 20%; purchased, 23%. Fuel costs: 30% of revenues. '21 reported deprec. rate: 2.9%. Has 5,900 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.

Pinnacle West's earnings will almost certainly decline in 2022. The primary reason is an unfavorable rate order that the company's utility subsidiary, Arizona Public Service, received last year. In 2019, APS filed for a rate hike of \$169 million (5.1%), based on a 10% return on equity and a 54.7% common-equity ratio. The Arizona Corporation Commission (ACC) wound up reducing the utility's tariffs \$4.8 million (effective December 1st), based on an ROE of just 8.7% and a common-equity ratio of 54.7%. The ruling cut the company's annual earning power by \$0.90 a share. The regulators also disallowed \$215.5 million (more than half) of the cost of an environmental remediation project. This disallowance would result in a \$154.4 million aftertax charge if upheld. The credit-rating agencies have a negative outlook on the company's securities. Our earnings estimate is within management's guidance of \$3.90-\$4.10 a share.

The utility appealed the order to the courts and will file another rate case. A request for a rehearing from the ACC was denied. So, APS filed an appeal with the state Court of Appeals and a petition

for special action with the state Supreme Court, but the latter filing was unsuccessful. When the Court of Appeals will act is unknown. The company plans to file another rate case by midyear, but the timing is subject to change. Note that Pinnacle West has no plans to issue equity until after its next rate case.

We look for a slight earnings recovery in 2023. We aren't assuming any rate relief. However, the utility should benefit from solid kilowatt-hour sales growth. APS expects weather-normalized retail volume growth of 1.5%-2.5%, driven by the same range of expected customer additions. Although we project solid profit growth beginning next year, we think share net will not return to the 2021 level until the 2025-2027 period.

The price of this untimely stock has made a partial recovery in 2022. The quotation has risen 11% so far this year after falling 12% in 2021. The dividend yield is more than a percentage point above the utility mean. But total return potential is low for the next 18 months and subpar for the 3- to 5-year period.

Paul E. Debbas, CFA
 April 22, 2022

(A) Diluted EPS. Excl. nonrec. gain (loss): '09, (\$1.45); '17, 8c; gains (losses) from discount ops.: '06, 10c; '08, 28c; '09, (13c); '10, 18c; '11, 10c; '12, (5c). '19 & '20 EPS don't sum due to rounding. Next earnings report due early May. (B) Div'ds historically paid in early Mar., June, Sept., & Dec. There were 5 declarations in '12. ■ Div'd reinvestment plan avail. (C) Incl. deferred charges. In '21: \$23.60/sh. (D) In mill. (E) Rate base: Fair value. Rate allowed on com. eq. in '21: 8.7%; earned on avg. com. eq., '21: 10.7%. Regulatory Climate: Below Avg.

Company's Financial Strength A
Stock's Price Stability 40
Price Growth Persistence 95
Earnings Predictability 95