

COMMITMENT

2012 Corporate Responsibility Report Summary

Pinnacle West Capital Corporation



FOR THE LONG TERM

Our company had a very successful 2012, and we're proud of the results. We achieved new bests for electric reliability, customer satisfaction, power generation and workplace safety. These accomplishments let us know we're doing the right things to support Arizona.

It's important, though, not to be complacent. From this position of strength we need to ensure we continue doing the right things. We launched the Sustainable Cost Management Initiative, or SCMI, in early 2012 to examine ways to do business better and more efficiently and to position our company for long-term success.

The name of this initiative was not chosen by accident. It shows that we are committed to creating a model that builds long-term strategic value and success for our company and the communities we serve. It underscores the importance of working to preserve our achievements and not sacrifice long-term success for a short-term fix.

In word and in deed, it demonstrates that sustainability is built into our daily business operations.

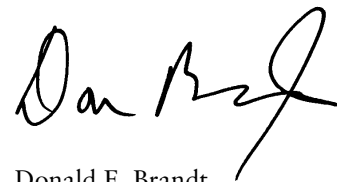
SCMI helped our sustainability efforts gain significant momentum in 2012. At the center of our strategic framework, which drives SCMI, is the APS vision: creating a sustainable energy future for Arizona. It has helped us define where we want to be as a company and the important steps we need to take to get there.

Key components of SCMI include a more rigorous business planning process and tiered metrics. We have provided a planning process consistent across the company that will improve priorities, alignment and clarity. Tiered metrics establish key performance objectives that measure our progress and provide employees line of sight to connect their work with corporate goals and priorities.

By embedding sustainability in everyday business operations and tying it to our compensation program, we encourage employees to internalize our sustainability goals so they become second nature.

This initiative helps ensure we remain a company that customers, shareholders, employees and Arizona can depend on for the long term.

Thank you for your interest in our company and this report.



Donald E. Brandt
Chairman, President & CEO, Pinnacle West
Chairman & CEO, APS



Ann C. Becker
Vice President and Chief Sustainability Officer, APS

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Competitive Awards
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Global Reporting Initiative Content

Online Archives

Past Reports 1999-2011

About This Report

The 2012 Pinnacle West Corporate Responsibility Report was created as a navigable PDF file, which allows readers to move around the report by clicking on the links found in this table of contents. We've embedded links to additional information, such as video and other Pinnacle West reports, throughout the document. The report also may be viewed and printed as a traditional PDF.

OVERVIEW

Company Profile

Pinnacle West Capital Corporation is an energy holding company based in Phoenix, Arizona. Our primary subsidiary, APS, is Arizona's largest electric company, providing retail and wholesale electric service to customers across the state for more than 125 years.

OPERATING PROFILE

1.1

MILLION CUSTOMERS

34,646

SQUARE MILES OF SERVICE TERRITORY

7,212 MW

2012 PEAK DEMAND

NYSE TICKER: PNW

6,400 MW

NET GENERATION CAPACITY

2,500 MW

ADDITIONAL CONTRACTED
GENERATION

SUSTAINABILITY LEADER

EIGHT YEARS ON DOW JONES SUSTAINABILITY INDEX





SHAREHOLDER VALUE

Strong financial performance and superior shareholder value are essential to create a sustainable energy future for Arizona.

10.3	\$5.595 BILLION
PERCENT	MARKET CAPITALIZATION
TOTAL SHAREHOLDER RETURN	
	\$381.5 MILLION
	NET INCOME, OR \$3.45 PER SHARE
FOUR PERCENT	INCREASE IN PINNACLE WEST COMMON DIVIDEND IN 2012

"We view sustainability as a business strategy. Our job is to provide customers with affordable, reliable electricity produced from clean, diverse sources. The only way to do that successfully is to engage with our stakeholders, build a talented workforce and act for the long-term. Our success is tied to the prosperity of the communities we serve."

Don Brandt, Pinnacle West Chairman, President and CEO

Our 2012 Report

Since 1994 we've published a Corporate Responsibility Report to share our sustainability performance and vision with stakeholders and the public.

This report focuses on APS, our primary subsidiary. We relied on the Global Reporting Initiatives' (GRI) G3 Guidelines and Electric Utilities Supplement to prepare this report. Information is reviewed and verified internally. We also participate in a report benchmarking and review process with Ceres, a leading advocate for sustainability leadership.

CORPORATE RESPONSIBILITY REPORT CONTACTS

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Contact us to identify contacts in Shareholder Services, Investor Relations, Human Resources and other areas of our company.

How We Approach Sustainability

BUILDING SUSTAINABILITY INTO BUSINESS PRACTICES

Sustainability is a core business strategy at Pinnacle West, not a standalone program. We've incorporated the concepts of sustainability throughout our business, building strategies based on those principles and pursuing measurable results. We're committed to creating a model that builds long-term strategic value and success for our company and the communities we serve.

Our corporate Strategic Framework sets the foundation for building sustainability into business operations. Our five Critical Areas of Focus are at the core of our business planning process and help us achieve this vision using key sustainability parameters that fall within one of these areas.

We've incorporated tiered metrics and a Corporate Resources Operating Model (CROM) into the business planning process. CROM provides a consistent, enterprise-wide, gap-based planning process. Tiered metrics provide a focused mechanism to define and measure indicators of success. These improvements move "sustainability" deep into our organization, providing employees with a clear idea of key issues, goals and targets and their role in achieving our vision.

View the [2012 Key Performance Summary](#).

STRATEGIC FRAMEWORK



FINANCIAL PROFILE

PINNACLE WEST ENTERPRISE VALUE:

\$9 BILLION

PINNACLE WEST EQUITY MARKET CAPITALIZATION:

\$6 BILLION

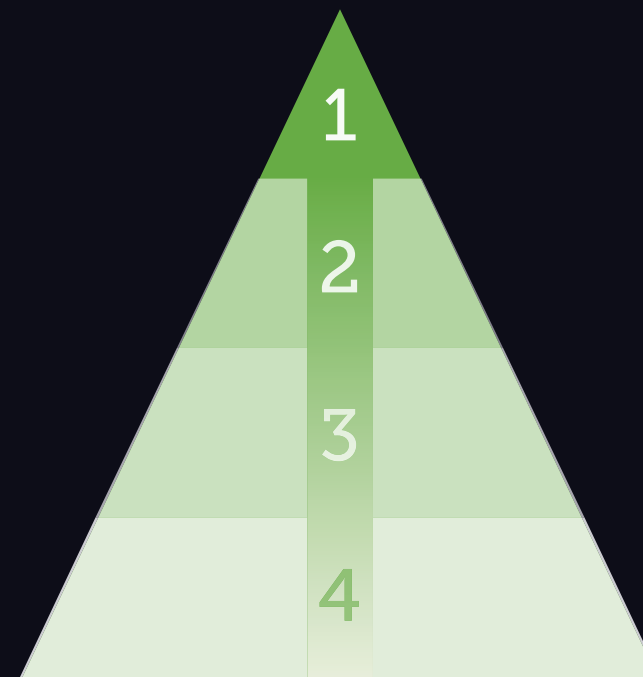
APS CREDIT RATINGS (MOODY'S/S&P):

BAA1/BBB+

APS CREDIT RATING OUTLOOK (MOODY'S/S&P):

STABLE

TIERED METRICS



To support our strategic framework, we've implemented tiered metrics, an expanded approach to goal planning which creates a single, enterprise scorecard to define and measure success. Tiered metrics assist with gap closure and creating goals based on benchmarking.

Tier 1: Corporate Metrics

- Represent the most important company metrics
- Align with our critical areas of focus
- Reflect key company outcomes

Tier 2: Business Unit/Corporate Resources Functions

- Reflect key outcomes supporting Tier 1 metrics
- Are meaningful across the company

Tier 3: Department Metrics

- Reflect key department-level outcomes that support Tier 2 metrics

Tier 4: Supporting Department Metrics

- Align with and support Tier 3 metrics



Governance & Business Ethics

GOVERNANCE

To be a responsible, sustainable company, good corporate governance is essential. It allows us to fulfill our business, environmental and social responsibilities. Pinnacle West has a strong corporate governance structure and strives for transparency with our stakeholders. This includes maintaining a [governance section](#) on our website. We also provide compensation information about our Board of Directors and other senior directors and executives in our annual [Proxy Statement](#).

L I N K S

[Pinnacle West 2013 Proxy Statement](#)
[Corporate Governance Guidelines](#)
[Board Committee Summary](#)
[Audit Committee](#)
[Corporate Governance Committee](#)
[Finance Committee](#)
[Nuclear and Operating Committee](#)
[Human Resources Committee](#)
[Code of Ethics for Financial Executives](#)
[Code of Ethics and Business Practices](#)
[Director Independence Standards](#)
[Fair Disclosure Policy](#)
[Pinnacle West 2012 Annual Report](#)
[Pinnacle West Website](#)

BOARD OF DIRECTORS

As of Dec. 31, 2012, the Board of Directors consisted of 10 directors, nine of whom have been determined to be independent, and including two women and one minority. The Pinnacle West CEO is the only board member who is not independent.

PUBLIC AFFAIRS

Our Code of Ethics and Business Practices describes how employees and company interact with public officials. The Public Affairs Department takes the lead on interactions with state and federal officials. We do not make direct contributions to political candidates or office holders.

A formal Political Action Committee (PAC) is available to employees who elect to contribute. We maintain strict adherence to the laws governing campaign contributions and PACs.

INVOLVEMENT WITH PESTICIDES, GMOS, FUR, ALCOHOL, TOBACCO, FIREARMS, NUCLEAR WEAPONS, MILITARY PRODUCTS, PORNOGRAPHY OR GAMBLING PRODUCTS

We have no direct business involvement/revenues in these product areas.

MILITARY CONTRACTS & PERCENTAGE OF TOTAL REVENUE

We do not have any specific military-related contracts. However, as a public service utility, we provide electric services to all customers within our service territory, including military facilities.

CHILD & FORCED LABOR

We comply with all laws and regulations regarding child labor or forced labor in the workplace. Our internal staffing policy states that all external candidates selected for regular positions must be 18 years of age.

PENSION FUNDING

The Pinnacle West qualified pension plan was 105 percent funded as of Jan. 1, 2012 and 101 percent funded as of Jan. 1, 2013, under the requirements of the Employee Retirement Security Act of 1974 (ERISA).

100 PERCENT

OF APS EMPLOYEES COMPLETED ANNUAL [Ethics Training](#) IN 2012

Code of Ethics and Business Practices

The [Pinnacle West Code of Ethics and Business Practices](#) builds on our company values of safety, integrity and trust, respect and accountability. We have also adopted a [Code of Ethics for Financial Executives](#).

Awards & Recognitions

We're proud of our awards and recognitions because they let us know we're achieving our goals.

8
CONSECUTIVE
YEARS

ON DOW JONES
NORTH AMERICA
SUSTAINABILITY INDEX

3
CONSECUTIVE
YEARS

NAMED TO CORPORATE
RESPONSIBILITY MAGAZINE'S
LIST OF "100 BEST
CORPORATE CITIZENS"

3
CONSECUTIVE
YEARS

NAMED TO THE TARGET
ROCK ADVISORS SUSTAINABLE
UTILITY LEADERS INDEX,
REPRESENTING SUSTAINABILITY
LEADERS IN THE U.S. UTILITY
INDUSTRY; PINNACLE WEST
WAS LISTED AS A MID CAP
CATEGORY LEADER ON THE
2013 TARGET ROCK INDEX

5TH

J.D. POWER AND ASSOCIATES
RANKING FOR CUSTOMER
SERVICE AMONG LARGE,
INVESTOR-OWNED UTILITIES

2ND

J.D. POWER AND ASSOCIATES
RANKING FOR CORPORATE
CITIZENSHIP AMONG LARGE,
INVESTOR-OWNED UTILITIES

4

CONSECUTIVE
YEARS

ENERGY STAR SUSTAINED
EXCELLENCE AWARD
RECOGNIZING APS ENERGY
STAR HOMES PROGRAM AND
APS HOME PERFORMANCE
WITH ENERGY STAR PROGRAM

2ND

POWER QUALITY
AND RELIABILITY
RANKING

AMONG LARGE, INVESTOR-
OWNED UTILITIES, BY J.D.
POWER AND ASSOCIATES

"2012 BEST
MAINTENANCE
RELIABILITY
PROGRAM AWARD"

FROM UPTIME MAGAZINE,
SERVING MORE THAN 50,000
MAINTENANCE RELIABILITY
PROFESSIONALS

RANKED IN THE
TOP 5 SOLAR
UTILITIES

BY THE SOLAR ELECTRIC
POWER ASSOCIATION

ARIZONA
MILLION DOLLAR
CIRCLE OF
EXCELLENCE

INDUCTED AT THE 2012
ARIZONA MINORITY
BUSINESS SUMMIT

TOP CORPORATE
VOLUNTEER
PROGRAM

RECOGNIZED BY
PHOENIX BUSINESS JOURNAL

2012
CORPORATION
OF THE YEAR

RECOGNIZED BY THE
ARIZONA HISPANIC
CHAMBER OF COMMERCE

"DIVERSITY
CHAMPION FOR
THE VALLEY"

RECOGNIZED BY
PHOENIX BUSINESS JOURNAL

CRESCORDIA
ENVIRONMENTAL
EXCELLENCE
AWARD

PALOMA SOLAR POWER
PLANT RECOGNIZED
BY VALLEY FORWARD
ASSOCIATION AT THE 32ND
ANNUAL ENVIRONMENTAL
EXCELLENCE AWARDS

1ST

MOST LEED-CERTIFIED
BUILDINGS IN ARIZONA

RECOGNIZED BY THE U.S. GREEN
BUILDING COUNCIL WITH A
"HEAVY MEDALS: SUCCESS BEYOND
A SCORECARD"

3RD

OVERALL CUSTOMER
SATISFACTION RANKING BY
J.D. POWER AND ASSOCIATES

AMONG LARGE, INVESTOR-OWNED UTILITIES

J.D. POWER
AND ASSOCIATES®



Our quarterly dividend increased approximately 4 percent in 2012

"The Board's decision to increase our dividend demonstrates the confidence we have in the fundamental strength of our business, the communities we serve and our future growth prospects."

Don Brandt, Pinnacle West Chairman, President and CEO

Economic Performance

In May 2012, the Arizona Corporation Commission approved a comprehensive, broadly supported rate case settlement agreement signed by APS, ACC staff and 20 other parties. It was one of the most important events for our company in the last 10 years, demonstrating an improvement in our regulatory environment.

It also had broad benefits for our customers and shareholders and helped Pinnacle West reach a new level of financial stability — a fact underscored by our stock performance in 2012. We set a new all-time high stock price and hit 52-week highs 24 separate times after the rate case concluded; had key credit ratings upgraded by all three ratings agencies; and increased our quarterly dividend.

View detailed financial results in the Pinnacle West [2012 Annual Report](#).

\$381.5 MILLION

NET INCOME IN 2012, OR \$3.45 PER SHARE, COMPARED TO \$340 MILLION OR \$3.09 PER SHARE IN 2011

10.3 PERCENT

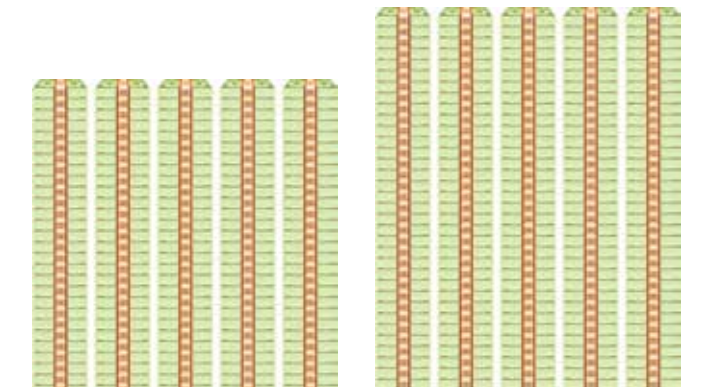
TOTAL RETURN TO SHAREHOLDERS, FAVORABLY COMPARING WITH THE 0.1 PERCENT RETURN FOR THE S&P 1500 ELECTRIC UTILITIES INDEX



"The tax dollars and payroll impacts from APS business transactions, as well as local spending by company employees throughout the state, represent significant economic benefits to Arizona. We believe these benefits are broad, deep and sustainable. APS is among the companies with the biggest economic impact on this state."

Dennis Hoffman, professor at the W. P. Carey School of Business and Director of the L. William Seidman Research Institute, which conducted a 2010 economic study

APS has a vital impact on the economies of Arizona and the Southwest

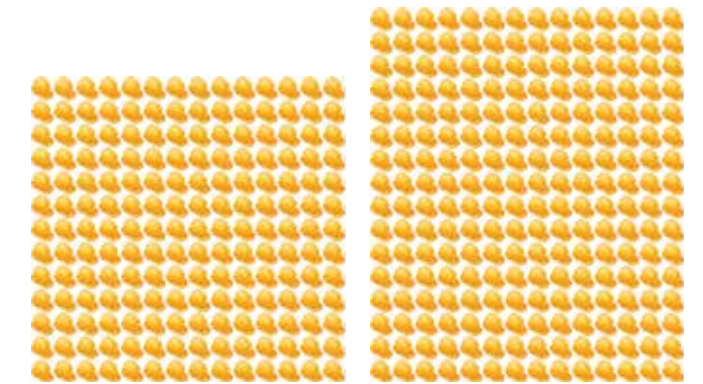


\$3.4

BILLION FINANCIAL IMPACT IN ARIZONA

\$4.2

BILLION FINANCIAL IMPACT IN THE SOUTHWEST



39,000+

JOBS IN ARIZONA

46,745+

JOBS IN THE SOUTHWEST

Source: 2010 economic impact report by Arizona State University's W. P. Carey School of Business



Arizona's largest taxpayer

As Arizona's largest taxpayer, APS paid \$408 million in taxes to state and municipal governments in 2010 and \$494 million in 2011.

Stakeholder Engagement

Collaboration isn't just the way we do business, it's the way we improve our business. We work with stakeholders on a variety of company issues:

- Developing our long-range resource plan
- Siting transmission lines and substations
- Bringing new economic development into our communities
- Supporting customer energy efficiency programs
- Developing new customer service programs

Customers

CUSTOMER FEEDBACK HELPS US PROVIDE THE HIGHEST LEVEL OF CUSTOMER SERVICE

WE ORGANIZE **ENERGY FORUMS** AND CONDUCT **ONLINE SURVEYS**

ACTIVE COMMUNITY OUTREACH EFFORTS INCLUDE NEWSLETTERS, FOCUS GROUPS, OFFICE VISITS AND WEBSITES

ENERGY UPDATE MEETINGS PROVIDE AN ANNUAL FORUM FOR LARGE INDUSTRIAL, COMMERCIAL AND GOVERNMENT CUSTOMERS

WE TIE **CUSTOMER SATISFACTION** RESULTS TO ANNUAL INCENTIVE PAY

NEW LINES OF CUSTOMER COMMUNICATION



Employees

DAILY NEWSLETTER PROVIDES EMPLOYEES AND RETIREES WITH REAL-TIME COMPANY AND COMMUNITY NEWS

OUR INTRANET IS A **ONE-STOP RESOURCE** FOR COMPANY INFORMATION

ARTICLES FEATURE **INTERACTIVE COMMENTING**

CEO USES **BLOG PLATFORM** TO DISCUSS KEY TOPICS WITH EMPLOYEES

SUSTAINABILITY **DISCUSSION BOARD** PROMOTES EMPLOYEE DIALOG

Communities

WE PROMOTE **CONSENSUS BUILDING**, PLANNING FOR GENERATION, TRANSMISSION AND DISTRIBUTION RESOURCES TO ACCOMMODATE CUSTOMER AND BUSINESS GROWTH

WE CONDUCT **EXTENSIVE PUBLIC OUTREACH** AND ENVIRONMENTAL STUDIES TO IDENTIFY SENSITIVE AREAS IN AFFECTED COMMUNITIES

WE BRING STAKEHOLDERS TOGETHER ON **FOCUS TEAMS** TO GATHER FEEDBACK ON SPECIFIC ISSUES AND PROGRAMS

OUR **COMMUNITY PARTNER ACADEMY** IS A POWERFUL TOOL FOR COMMUNICATING WITH LOCAL LEADERS

OUR **COMMUNITY OUTREACH PROGRAMS** INCLUDE SMALL BUSINESS DEVELOPMENT, MINORITY- AND WOMEN-OWNED BUSINESS DEVELOPMENT AND STATEWIDE ECONOMIC DEVELOPMENT PROGRAMS

TRANSMISSION & DISTRIBUTION LINE SITING

The Arizona Corporation Commission requires that Certificates of Environmental Compatibility (CEC) be issued prior to constructing new power lines rated at greater than 115 kilovolts. As a result, we conduct extensive environmental reviews for siting new transmission and distribution systems. The siting process covers a range of environmental issues and factors including land use, cultural resources, biological resources and habitat studies for rare and endangered species.

Our multi-faceted public process includes direct mailings, open houses, newspaper advertising and multiple jurisdictional, governmental and public meetings. Learn more about our [current siting projects](#).

We've also established a voluntary siting process for new transmission lines of less than 115 kilovolts. The process is much like the CEC process, where environmental factors are evaluated and we communicate transmission line siting information for public input. It allows us to meet project requirements and site transmission lines in the most sustainable manner.

KEY SUSTAINABILITY AFFILIATIONS

Government and NGO Partnerships and Organizations
Ceres
EPA/DOA Energy Star Program
PowerTree Carbon Company
The National Wild Turkey Foundation (NWTf)
The Nature Conservancy
EPA Coal Combustion Products Partnership (C2P2)
EPA Climate Leaders

INDUSTRY GROUPS & ASSOCIATIONS

Edison Electric Institute (EEI)
Electric Power Research Institute (EPRI)
Arizona Businesses Advancing Sustainability
Electric Utility Industry Sustainable Supply Chain Alliance
American Wind Energy Association (AWEA)
Arizona Solar Energy Association (ASEA)
Common Ground Alliance (CGA)
Institute of Nuclear Power Operations (INPO)
U.S. Green Building Council (USGBC)
Utility Solid Waste Activities Group (USWAG)
Utility Water Activities Group (UWAG)
Utility Air Regulatory Group (UARG)
Valley Forward
Water Reuse Association, Arizona Chapter
The Product Development and Management Association (PDMA)

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements based on current expectations. These forward-looking statements are often identified by words such as "estimate," "predict," "may," "believe," "plan," "expect," "require," "intend," "assume" and similar words. Because actual results may differ materially from expectations, we caution you not to place undue reliance on these statements. A number of factors could cause future results to differ materially from historical results, or from outcomes currently expected or sought by us.

A discussion of some of these risks and uncertainties is contained in our Annual Report on Form 10-K and is available on our [website](#). Review this information carefully before placing any reliance on our forward-looking statements, financial statements or disclosures. We assume no obligation to update any forward-looking statements, even if our internal estimates change, except as may be required by applicable law.



OPERATIONAL EXCELLENCE

Disciplined management helps us achieve best-in-class performance.

5

APS FACILITIES HAVE BEEN DESIGNATED LEED-CERTIFIED

\$1 BILLION

ANNUAL SPENDING FOR GRID UPGRADES AND INNOVATIVE TECHNOLOGIES ENSURES A RELIABLE, CLEAN, EFFICIENT ENERGY FUTURE FOR ARIZONA

4

NUMBER OF CONSECUTIVE YEARS APS HAS SET A COMPANY RECORD FOR ENERGY RELIABILITY

24,000+

CUSTOMERS HAVE PARTICIPATED IN OUR RENEWABLE ENERGY INCENTIVE PROGRAM SINCE IT BEGAN

31.9 MILLION MEGAWATT-HOURS

NET PALO VERDE NUCLEAR POWER PLANT PRODUCTION IN 2012, THE MOST EVER GENERATED BY A U.S. POWER STATION

Our Electric System

Our vision is to create a sustainable energy future for Arizona. A reliable, safe and efficient electric system is essential to achieve this vision.

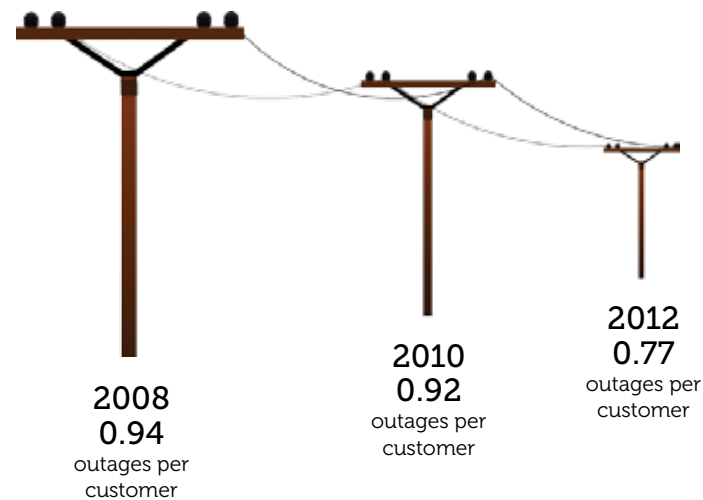
Innovative technologies are a key component of our continuing efforts to provide customers with affordable, safe and reliable energy. Examples include applications for homes, power lines and substations.

HOMES

- More than 975,000 automated meters were installed through 2012, offering two-way communication with APS and providing customers with data to control energy usage and costs.
- Home Energy Information devices show customers their real-time energy usage, allowing them to make money-saving adjustments on the fly.
- Customized service plans help *residential* and *business* customers save money on days when Arizona needs power most.

18 PERCENT FEWER OUTAGES

PER APS CUSTOMER IN 2012, COMPARED TO 2008



POWER LINES

- We're working to improve reliability by testing self-healing devices on power lines to reduce the number of customers affected by minor outages and speed restoration of power.

SUBSTATIONS

- We developed our Transformer Oil Analysis and Notification system (TOAN), an automated method of monitoring transformer health in near-real time, to improve reliability by allowing more frequent, accurate monitoring of major electrical equipment.
- Integrated Volt Var Control optimizes system voltage during transmission, reducing system losses and saving energy.
- Distributed Operations Management System (DOMS) manages everything from logging trouble calls and dispatching crews to providing detailed maps and equipment information to facilitate effective operations and repairs. DOMS support our efforts to continually improve electric reliability for our customers.

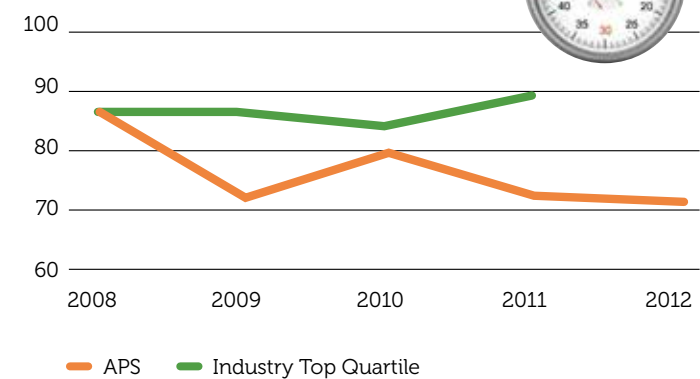
Discover what we're doing to create *Arizona's energy future*.

19 PERCENT SHORTER OUTAGES

APS DURATION IN 2011, COMPARED TO INDUSTRY TOP QUARTILE

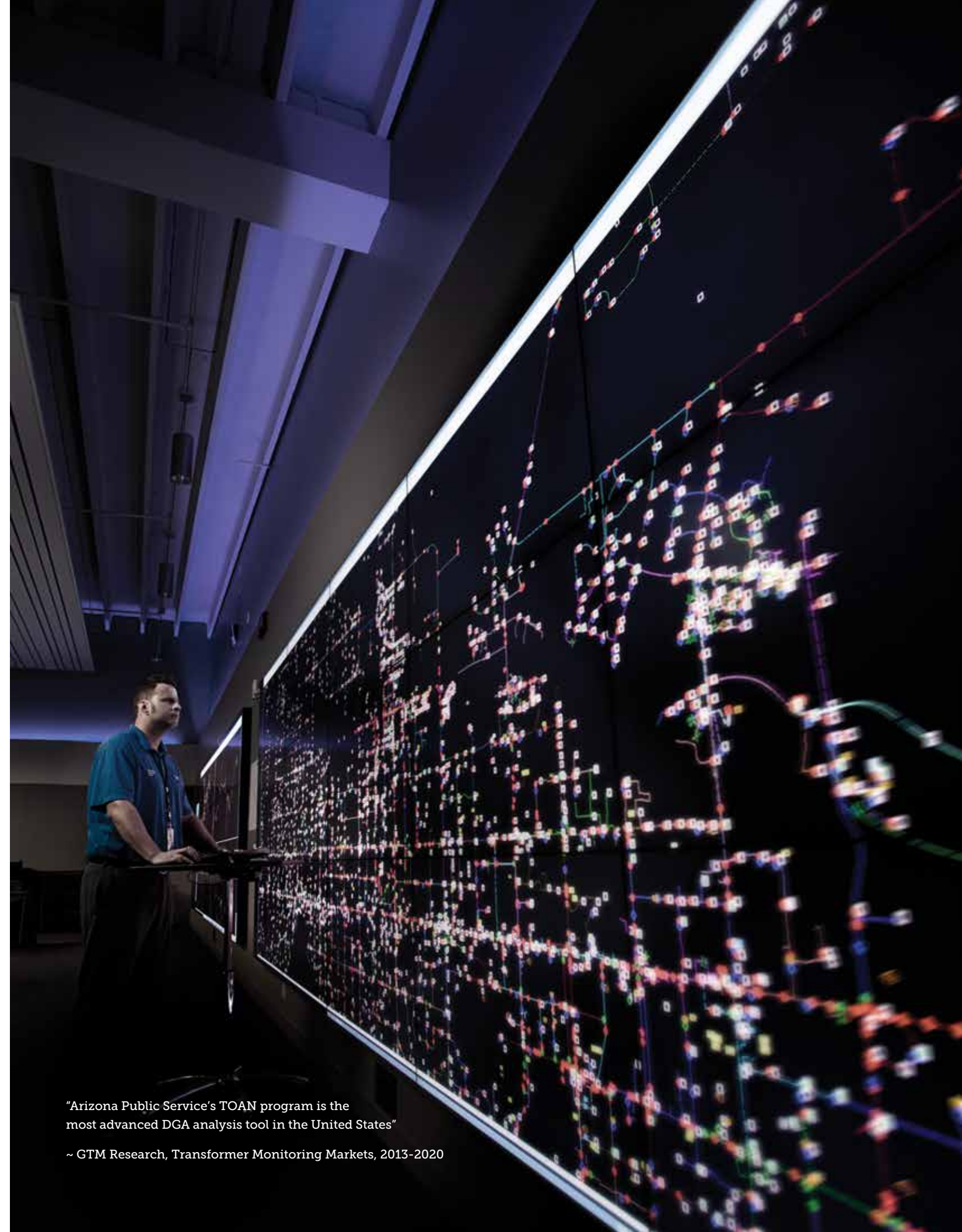
LOWERING OUTAGE TIME PER CUSTOMER

Average Outage Minutes/Year



THESE ALL-TIME BEST OUTAGES FIGURES PLACE APS AMONG THE TOP 15 PERCENT OF U.S. UTILITIES IN ELECTRIC SYSTEM RELIABILITY

EXECUTIVE MESSAGE | TABLE OF CONTENTS | COMPANY OVERVIEW | SHAREHOLDER VALUE | OPERATIONAL EXCELLENCE
ENVIRONMENTAL STEWARDSHIP | CUSTOMERS & COMMUNITIES | EMPLOYEES | GLOBAL REPORTING INITIATIVE CONTENT



"Arizona Public Service's TOAN program is the most advanced DGA analysis tool in the United States"

~ GTM Research, Transformer Monitoring Markets, 2013-2020

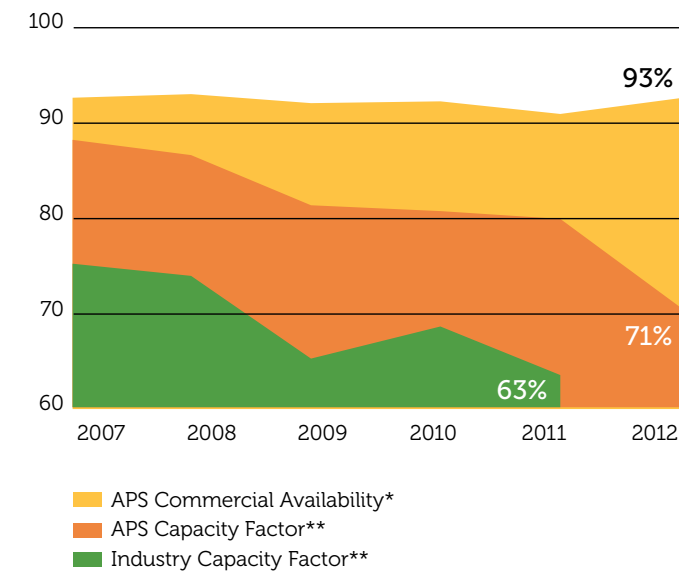


Power Generation

Our energy comes from a fleet of APS-owned generating sources with a diverse fuel mix, including natural gas, coal, nuclear and renewable energy sources. Palo Verde Nuclear Generating Station, the nation's largest nuclear power plant, produced 31.9 million megawatt-hours of clean, low-cost power in 2012, the most ever by a U.S. power plant. The largest single year of growth for our solar portfolio brought us to 1,090 megawatts of renewable capacity in operation or under construction. This keeps us on track to achieve Arizona's renewable energy standard of 15 percent by 2025. Our fossil-fueled generating plants achieved operating performance well above our 2012 targets. Learn more about [APS's generating facilities](#).

APS COAL POWER PLANTS PERFORM ABOVE INDUSTRY AVERAGE

Coal Performance Metrics



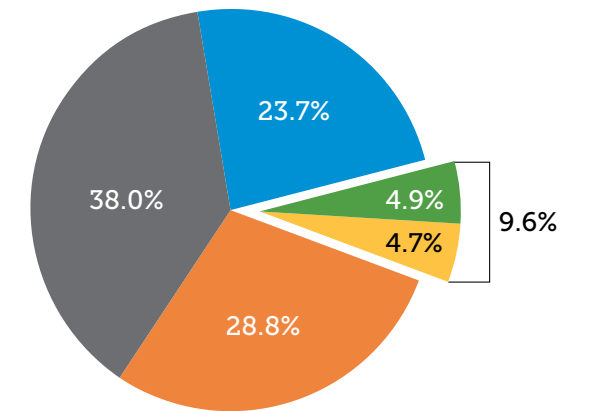
*The commercial availability metric measures plant reliability during high-demand periods and market responsiveness.
 **The net capacity factor of a power plant is the ratio of its actual output over a period of time to its potential output if it were possible for it to operate indefinitely at full-load capacity.

Adding future generation sources requires long-term perspective and a thorough, rigorous decision-making process. Our resource planning process serves as a public forum for outlining the planning process and strategy to ensure customers have the reliable power supplies they need, today and in the future. For an overview, read the [APS 2012 Integrated Resource Plan Briefing Book](#). Or, for more detailed information, read the complete [APS 2012 Integrated Resource Plan](#).

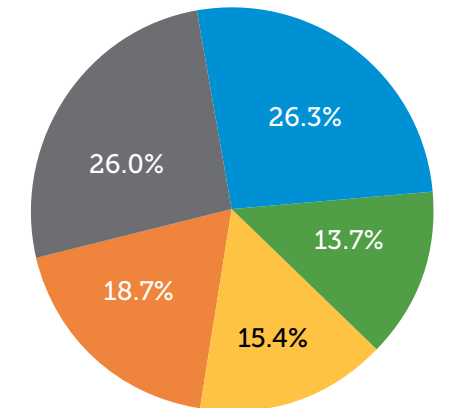
COMPOSITION OF ENERGY MIX BY RESOURCE

APS 2012 Integrated Resource Plan

2012



2027



■ Gas
 ■ Renewable Energy + Distributed Energy
 ■ Energy Efficiency
 ■ Nuclear
 ■ Coal

Percentages do not equal 100% due to rounding.

APS maintains a diversified fuel mix including coal, natural gas, oil and nuclear energy, as well as renewable energy sources and energy efficiency programs. Renewable energy, energy efficiency and clean-burning natural gas play an increasingly larger role in our energy mix.

Nuclear Energy

Nuclear energy generates large amounts of electricity with essentially no carbon emissions. Each year, the electricity generated at Palo Verde Nuclear Generating Station helps avoid more than 31 million metric tons of carbon dioxide emissions compared to equivalent generation from a coal-fired power plant. Palo Verde's 2011 license renewal will allow each unit an additional 20 years of operation, supporting the mission to safely and efficiently generate electricity for the long-term. Learn more about Palo Verde operations, including spent fuel and waste disposal, starting on page 7 of the [2012 Form 10-K](#).

19.2 REM

**RECORDED BY PALO VERDE'S UNIT 2.
THIS IS THE LOWEST OUTAGE RADIATION
EXPOSURE IN THE NUCLEAR INDUSTRY.**

THE COLLECTIVE RADIATION DOSE FOR WORKERS AT PALO VERDE IN 2012 WAS THE LOWEST IN THE FACILITY'S HISTORY AND A RECORD FOR THE U.S. COMMERCIAL NUCLEAR ENERGY INDUSTRY.

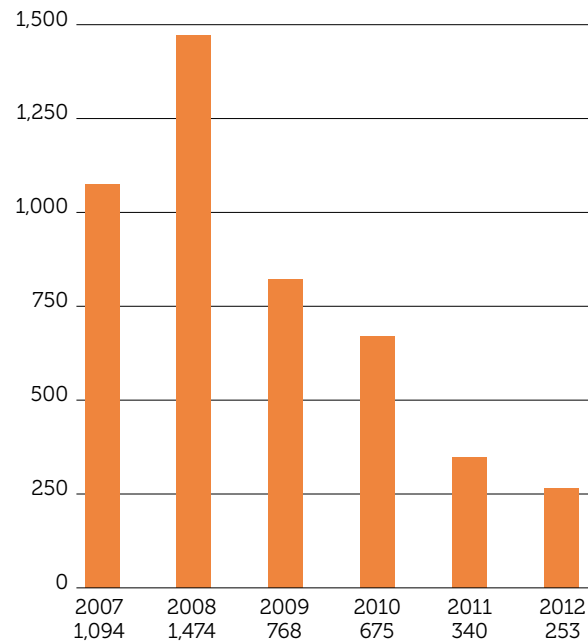
31.9 MILLION MEGAWATT-HOURS

**CLEAN, LOW-COST POWER PRODUCED
IN 2012 BY PALO VERDE NUCLEAR
GENERATING STATION, THE NATION'S
LARGEST NUCLEAR POWER PLANT.**

THIS WAS THE MOST EVER BY A U.S. POWER PLANT. CONTRIBUTING TO THIS PERFORMANCE WAS THE REMARKABLE RUN OF PALO VERDE'S UNIT 2, WHICH SET A SITE RECORD OF 518 DAYS OF CONTINUOUS OPERATION.

LOW-LEVEL RADIOACTIVE WASTES

Generated at PVNGS, in Cubic Meters



PALO VERDE NUCLEAR GENERATING STATION HAS BEEN
**THE NATION'S LARGEST
POWER PRODUCER**
FOR 21 CONSECUTIVE YEARS.

Renewable Energy

We project that in 2025 our overall electricity demand will be 50 percent higher than today. Renewable energy and energy efficiency will be an important part of our long-range resource plan to meet this increased demand.

Our renewable energy portfolio is already expanding rapidly, and has grown from less than one megawatt in 2001 to 667 megawatts today. That's enough power to meet the needs of 170,000 homes. By the end of 2015, we expect renewable energy to supply about 12 percent of our retail customers' electricity needs. Learn more about [net metering](#), an important issue in solar energy.

GREEN CHOICE RATE PROGRAM

In 2012 2,844 customers subscribed to one of our three Green Choice rates. Annual sales of 118,768 megawatt-hours generated \$520,865 in revenue. This revenue supplements Renewable Energy Standard revenue collections and supports developing additional renewable resources.

GREEN-E CERTIFICATION

We sell Green Choice renewable energy under the Green-e Certification program, which guarantees the renewable energy meets environmental and consumer protection standards.

EXCEEDING THE RES

The Arizona Corporation Commission established a Renewable Energy Standard (RES) that took effect in 2008, requiring utilities to increase the amount of energy provided by renewable sources. That amount is 4 percent in 2013, rising to 15 percent in 2025. APS has committed to use our best efforts to provide approximately 12 percent of retail sales in 2015 from renewable sources, more than double the RES target.

Learn more about our 2012 renewable energy performance in the [APS 2012 RES Compliance Report](#).

Renewable Energy Portfolio

PORTFOLIO BY TECHNOLOGY TYPE



WIND
289 MW



SOLAR
348 MW with
an additional
423 MW being
developed.



BIOMASS
14 MW



GEO THERMAL
10 MW



BIOGAS
6 MW

148

MEGAWATTS OF SOLAR ENERGY ADDED IN 2012, A SINGLE-YEAR RECORD FOR APS AND ENOUGH ELECTRICITY TO SERVE MORE THAN 35,000 HOMES

4TH

RANKING AMONG AMERICAN ELECTRIC UTILITIES FOR MOST SOLAR MEGAWATTS ADDED TO ITS SYSTEM IN 2012; ANNUAL RANKING IS PART OF THE SOLAR ELECTRIC ASSOCIATION'S UTILITY SOLAR RANKINGS REPORT

MORE THAN 750 MEGAWATTS

SOLAR WILL BE ON THE GRID BY THE END OF 2013, GENERATING ENOUGH ELECTRICITY TO SERVE 180,000 HOMES

EXECUTIVE MESSAGE | TABLE OF CONTENTS | COMPANY OVERVIEW | SHAREHOLDER VALUE | OPERATIONAL EXCELLENCE
ENVIRONMENTAL STEWARDSHIP | CUSTOMERS & COMMUNITIES | EMPLOYEES | GLOBAL REPORTING INITIATIVE CONTENT

WE'RE INVESTING IN DEVELOPING PHOTOVOLTAIC SOLAR PROJECTS IN ARIZONA THROUGH OUR AZ SUN PROGRAM. OUR FOUR AZ SUN FACILITIES HAVE BROUGHT 69 MEGAWATTS OF SOLAR PHOTOVOLTAIC ONLINE, ENOUGH TO POWER

17,250 HOMES.

AN ADDITIONAL 49 MEGAWATTS IS EXPECTED TO COME ONLINE IN 2013.

250 MEGAWATTS

THE SOLANA SOLAR GENERATING STATION, ONE OF THE WORLD'S LARGEST, IS EXPECTED TO GO LIVE IN 2013, PRODUCING ENOUGH ENERGY FOR MORE THAN 62,000 HOMES.

GENERATED **1.5 MILLION MEGAWATT-HOURS** OF RENEWABLE ENERGY IN 2012, 5.3 PERCENT OF TOTAL APS RETAIL SALES, EXCEEDING THE RENEWABLE ENERGY STANDARD GOAL OF 3.5 PERCENT

250 MEGAWATTS RENEWABLE ENERGY CAPACITY ADDED IN 2012; EXPECT TO ADD AN ADDITIONAL 423 MEGAWATTS IN 2013

7,621 RESIDENTIAL DISTRIBUTED ENERGY SYSTEMS INSTALLED IN 2012, A 36 PERCENT INCREASE OVER 2011'S PREVIOUS RECORD HIGH; APS ANTICIPATES ADDING ALMOST 100 MEGAWATTS OF DISTRIBUTED ENERGY IN 2013

Customers can get free trees and planting directions through our Shade Tree program. Trees are planted in locations that shade customers' homes from the sun, reducing cooling costs in the hot Arizona desert. Learn more about our *Shade Tree program*.



CUMULATIVE BENEFITS OF OUR PROGRAMS

WE'VE ACHIEVED NET LIFETIME SAVINGS OF MORE THAN 20 MILLION MEGAWATT-HOURS OF ELECTRICITY SINCE 2005. THAT RESULTS IN PROJECTED SAVINGS OF MORE THAN:

6,456

MILLION GALLONS OF WATER

8.3

MILLION METRIC TONS OF CARBON DIOXIDE

Energy Efficiency

Helping our customers use electricity more efficiently is an important part of our company's sustainability efforts. It's also important to our customers, our communities and our environment. By taking steps to conserve energy, customers can reduce their costs and also provide significant benefits to the environment.

Arizona has some of the most ambitious energy efficiency goals in the nation. We're meeting those goals by offering energy efficiency programs that help customers save money and reduce energy use.

In the 2012 Settlement Agreement, the Arizona Corporation Commission approved a Lost Fixed Cost Recovery mechanism. The mechanism is designed to recover a portion of the lost fixed costs associated with energy efficiency and distributed generation programs.

Learn more in our [2012 Demand Side Management Progress Report](#).

551,639

MEGAWATT-HOURS

OF ELECTRICITY SAVED BY CUSTOMERS PARTICIPATING IN DEMAND SIDE MANAGEMENT PROGRAMS IN 2012, ENOUGH TO POWER 40,000 HOMES FOR ONE YEAR AND MORE THAN OUR ENERGY EFFICIENCY STANDARD GOAL FOR THE YEAR

APS OFFERS OUR **BUSINESS AND RESIDENTIAL** CUSTOMERS A NUMBER OF INCENTIVE AND EDUCATIONAL PROGRAMS TO HELP THEM SAVE MONEY AND REDUCE ENERGY USE.

2.7 MILLION +

CFL BULBS WERE INSTALLED BY APS CUSTOMERS IN 2012

ZERO-EMISSIONS RESOURCES

WILL MEET UP TO 65 PERCENT OF FORECASTED ENERGY GROWTH IN THE 2012 APS INTEGRATED RESOURCE PLAN

308 MEGAWATTS

NET PEAK CAPACITY SAVINGS FROM APS DSM PROGRAMS

In 2013, the EPA presented APS with its Sustained Excellence Award for continued leadership in protecting the environment through energy efficiency. This was the fourth consecutive year we were recognized as a national leader in promoting energy efficiency and reducing greenhouse gas emissions.

Supply Chain

We strive to acquire goods and services from suppliers who share our commitment to social, environmental and economic sustainability goals.

During our selection process we evaluate suppliers on their sustainability and environmental performance. We work with suppliers to align our goals and measure performance using agreed upon Key Performance Indicator scorecards.

APS contractor ethic expectations apply to all our suppliers.

\$101 MILLION

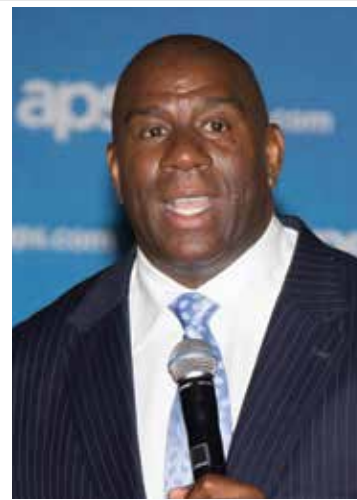
AMOUNT SPENT IN 2012 ON GOODS AND SERVICES WITH PARTICIPANTS IN THE SUPPLIER DIVERSITY PROGRAM

\$1.5 BILLION

BUSINESS OPPORTUNITIES AVAILABLE TO DIVERSE BUSINESSES SINCE THE PROGRAM'S INCEPTION IN 1992

The APS Academy for the Advancement of Small, Minority and Women-Owned Enterprises (AAAME), part of the APS Supplier Diversity and Development program, celebrated its 15th anniversary in 2012. Since 1997, 192 small businesses in the Phoenix-metro area have attended the two-year business mentoring program.

This year marked the 20th anniversary of APS's Supplier Diversity and Development program. In celebration of these accomplishments, NBA Hall of Famer and highly successful minority entrepreneur Earvin "Magic" Johnson addressed attendees at the 2012 APS Diverse Supplier Excellence Awards. [Watch the video.](#)



We support green procurement and only buy products, including chemicals and hazardous materials, after considering their total lifecycle. We evaluate materials for environmental attributes including recycled content, toxicity and disposal options.

Chemical Review Teams review hazardous materials prior to purchase to ensure that we use materials with a lower environmental and safety impact. Teams also review current products to evaluate for "greener" alternatives.

Our Investment Recovery (IR) program supports our efforts as an environmental steward. In 2012, the IR team assisted in cleanup efforts of several APS generation sites as they became ISO 14000 certified. The IR team helped us avoid disposing of more than 9.3 million pounds of landfill waste. That's 36.7 percent of all the waste APS generated in 2012. The IR team also achieved a 44 percent increase in asset recovery year-over-year efforts.

APS has been a member of the Electric Utility Industry Sustainable Supply Chain Alliance since 2008 and our Vice President of Supply Chain Management currently serves as Chair. We work with other U.S. electric companies to develop voluntary consensus standards that improve environmental and sustainability performance in industry supply chains. Learn more about the [Alliance](#).

Facilities & Fleet

As Arizona's largest energy provider, we've long been a leader in energy efficiency and energy conservation. Our Facilities Department participates in an annual benchmarking survey; this year's results placed us in the first quartile in cost per square foot for corporate headquarters and in the second quartile for service centers.

APS completed the extensive repurposing of a 90,000-square-foot building into a critical operations center in January 2012. Constructed in the 1970s as a warehouse, we redesigned the building and renovated it to LEED Silver standards using day lighting, photovoltaics, energy and water conservation, technology and other sustainable building and operating concepts. APS has a voluntary goal of achieving LEED Silver certification on all new building and major renovations.

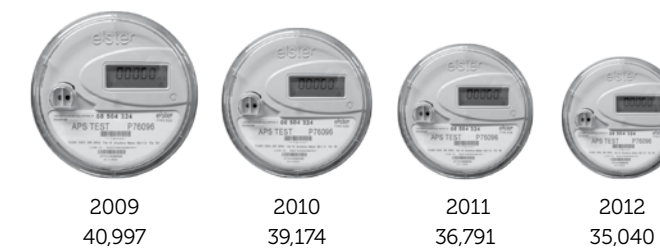
VIDEO

[New Deer Valley Office Grand Opening](#)

APS established a voluntary internal energy use metric to measure annual electric use at all metered facilities across our organization. We set a goal of 1- to 3-percent annual reduction in energy use each year between 2009 and 2013 and have exceeded that goal every year since baseline.

APS FACILITY METERED ELECTRICITY USE

Megawatt-Hours



14.5 PERCENT

REDUCTION IN METERED ELECTRICITY USE IN APS FACILITIES FROM 2009 TO 2012

MOBILE FLEET

Our 2,400-vehicle fleet delivers service to customers across Arizona. Vehicles include heavy-duty trucks (such as line trucks), which run on diesel and biodiesel, and light-duty trucks and passenger cars, which run primarily on unleaded gasoline.

Smaller hybrid and electric vehicles are joining our fleet as they replace gas-fueled cars. Hybrid trucks can decrease fuel consumption by up to 50 percent. We're also working with a vehicle builder to create our own hybrid trouble truck.

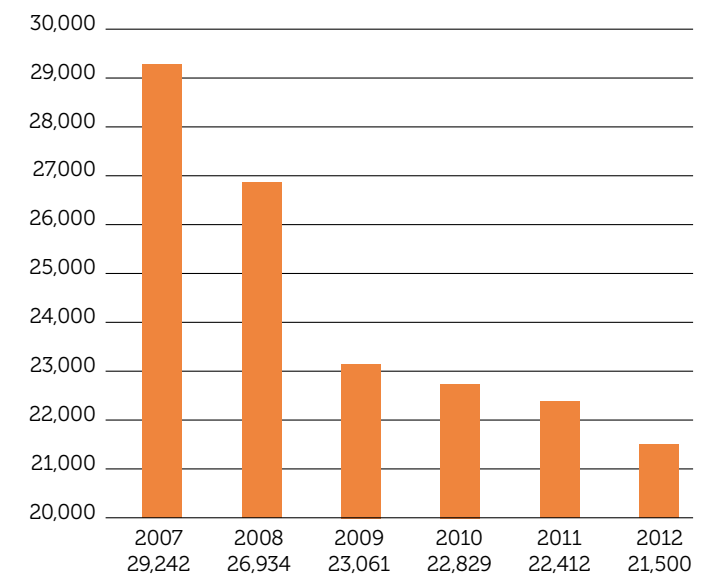
We've fueled our diesel vehicles with B20 biodiesel pumped at on-site fuel locations across the state since 1999. B20 biodiesel is a blend of diesel and 20 percent oils such as soybean oil and waste vegetable oil. Biodiesel accounts for about 60 percent of our total diesel fuel usage of about 1.2 million gallons annually.

We voluntarily added a new Combustion Catalyst System to 76 fleet trucks. This system reduced fuel usage by 10.6 percent (about 393 gallons of diesel fuel per vehicle) and reduced carbon dioxide emissions by 8,725 pounds per year, per vehicle. APS will likely continue to add this system to appropriate trucks in the future.

We've established a voluntary goal of reducing carbon dioxide emissions from our mobile fleet by 2 percent per year. We exceed that goal in 2012 with a 4 percent reduction over 2011.

APS MOBILE FLEET CO₂ EMISSIONS

Tons





ENVIRONMENTAL STEWARDSHIP

We will be an environmental leader that provides benefits for our stakeholders today and tomorrow.

24.3 PERCENT

LESS CO₂ EMITTED BY THE APS MOBILE FLEET IN 2012 AS COMPARED TO 2008

3.6 MILLION

POUNDS OF PCB-CONTAINING MATERIAL REMOVED FROM APS DISTRIBUTION AND SUBSTATION SYSTEMS BETWEEN 2000 AND 2012

1,500

APS POLES RETROFITTED WITH AVIAN PROTECTION EQUIPMENT IN 2012

1,675,949 TONS

LESS CO₂ EMITTED BY APS-OWNED GENERATION FACILITIES IN 2012 AS COMPARED TO 2008

TWENTY-THREE BILLION

GALLONS OF TREATED EFFLUENT PROCESSED FOR POWER PLANT USE BY PALO VERDE'S WATER RECLAMATION FACILITY EACH YEAR

Environmental Stewardship

Environmental Compliance and stewardship have been top priorities for APS since 1973, when we adopted our first environmental policy.

Policy & Organization

In 1994, APS joined Ceres, a national network of investors, environmental organizations and other public interest groups working with companies and investors to address environmental stewardship and sustainability challenges. We adopted the *Ceres principles* for environmental stewardship and protection into our *corporate environmental policy*. Our policy and organization have continued evolving in response to changing issues, trends and regulations. Our Environmental Management System (EMS) is certified by and conforms with *International Organization for Standards (ISO) 14001 Environmental Management System Standard*.



ENVIRONMENTAL SMART CARD

As part of our ISO 14001 Program, employees with the potential to cause an environmental impact are given a summary card of our environmental policy and encouraged to carry it with their employee ID Badge.

Compliance

Our compliance Program establishes assessments and audits, reports results to management, establishes corrective and preventive actions, tracks the status of open items, provides for record retention, and establishes roles and responsibilities.

Compliance audit summaries of selected environmental and safety programs are provided to the Audit Committee of Pinnacle West's Board of Directors. Audit results also are reported to facility management, the vice president and chief sustainability officer, the responsible officer, and the CEO and president.


NOTICES OF VIOLATION (NOVS)

We continued our excellent environmental and safety compliance history in 2012 and received no OSHA citations. Throughout our entire enterprise, we received three minor environmental citations:

- Unpermitted diesel generator cited by Maricopa County at APS 502 facility; closed with \$270 fine
- Three-hour excess emission due to injection system trip cited by Maricopa County at West Phoenix Power Plant; closed with \$2,199 fine
- Exceedance of sewer discharge pH permit limit cited by City of Phoenix at West Phoenix Power Plant; closed with no fine


ALL APS FOSSIL FUEL POWER PLANTS HAVE ACHIEVED ISO 14001 ENVIRONMENTAL STANDARD CERTIFICATION.

IN 2013 WE ANTICIPATE COMPLETING ISO 14001 CERTIFICATION AT OUR DEER VALLEY TRANSMISSION AND DISTRIBUTION FACILITY COMPLEX.



"We will go beyond regulatory requirements when there is a sound environmental or business reason to take such action."

APS Environmental Policy



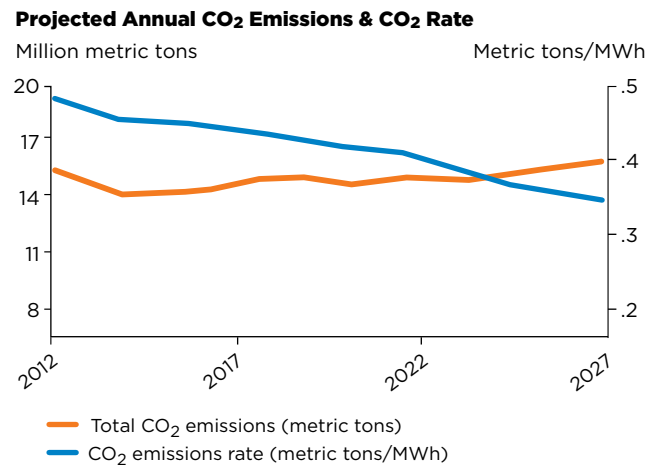
Climate Change

Climate change is one of the most significant sustainability issues facing not only our company, but the world in general. We accepted the U.S. Department of Energy's Climate Challenge in 1995, and committed to limit emissions to 1990 levels by 2000. We met that goal. In 2006, the EPA honored us with its Climate Protection Award, recognizing our efforts.

Our *Climate Change Management Plan* details scientific, legislative and policy issues; potential physical and financial risks; greenhouse gas (GHG) emissions inventory; APS technology innovation and GHG reduction efforts; and our strategic approach to climate change management. This plan was submitted to the Arizona Corporation Commission.

The APS 2012 Integrated Resource Plan reflects our ongoing commitment to addressing climate change. It emphasizes new renewable energy generation, energy efficiency and clean-burning natural gas to meet an anticipated 55 percent growth in energy consumption by our customers over the next 15 years, while decreasing our carbon intensity per megawatt-hour of energy delivered and keeping total carbon emissions level. Carbon impacts and potential costs, as well as water resource planning, are integral parts of our Integrated Resource Plan.

For an overview of what we're doing to address climate change, view a *summary* of our 2012 Integrated Resource Plan; view the entire *2012 Integrated Resource Plan* for more in-depth information.



CLIMATE CHANGE STRATEGY

Strategic Management

- A governance structure that includes board and executive management engagement and oversight
- A written company position on climate change, setting the foundation for APS's legislative and regulatory activities
- Legislative and regulatory monitoring with involvement at the federal and state levels
- Engagement with concerned stakeholders through communications, including this report, stakeholder meetings as part of our integrated resource planning process, voluntary participation in the Carbon Disclosure Project, and the Arizona Corporation Commission regulatory process
- Identification of potential physical, regulatory and financial risks to APS associated with climate change

Greenhouse Gas Reduction

- Demand-side management/energy efficiency programs to reduce electric demand by customers and internal operations
- Significant non-carbon emitting renewable energy resources
- Voluntary carbon emission intensity reduction goal
- Inventory and reporting of greenhouse gas emissions
- Voluntary participation in EPA SF6 Emission Reduction Partnership for Electric Power Systems
- Inclusion of carbon issues as a major component of our integrated resource planning process
- Voluntary actions to reduce emissions at existing generating facilities through improved efficiencies and increased capacity
- Voluntary actions and technological innovations in carbon sequestration, capture and avoidance
- Technology innovation to identify low-carbon energy sources, increase efficiencies, conserve energy and reduce emissions
- Fleet-management activities, including measures to increase fleet miles-per-gallon and reduce miles traveled
- Internal energy-efficiency measures, such as building all new facilities in accordance with LEED standards

APS 2012 GHG Inventory					
Scope 1: Direct Emission Sources	2008 Metric Tons CO ₂	2009 Metric Tons CO ₂	2010 Metric Tons CO ₂	2011 Metric Tons CO ₂	2012 Metric Tons CO ₂
APS Owned Generation	16,290,019	15,547,932	15,165,000	15,207,857	14,614,070
SF6 Fugitive Emissions (CO ₂ e)	63,451	61,230	59,831	38,038	4,391
Mobile Fleet	25,888	21,972	20,552	20,332	19,504
Scope 2: Indirect Emissions	2008 Metric Tons CO ₂	2009 Metric Tons CO ₂	2010 Metric Tons CO ₂	2011 Metric Tons CO ₂	2012 Metric Tons CO ₂
Electricity Use (metered) MWh	39,148 (MWh)	40,997 (MWh)	39,174 (MWh)	36,791 (MWh)	35,040 (MWh)
Electricity Use (proj. CO ₂ emissions)	22,267	23,319	22,282	20,927	19,931

Voluntary Goals

Our business plan has included a voluntary carbon dioxide intensity reduction goal since 2005. That goal was to reduce carbon intensity in APS-owned power plant emissions by 10 percent in target year 2010, from a baseline year of 2000. We exceeded that goal with a 10.3 percent reduction, from 1,324 pounds/megawatt-hour in 2000 to 1,187 pounds/megawatt-hour in 2010.

In 2013 we're working to establish a companywide carbon reduction plan that builds on our previous carbon reduction efforts.

We've also met voluntary carbon reduction goals associated with electricity use in APS facilities and carbon emissions from our mobile fleet.

CARBON DISCLOSURE PROJECT

Pinnacle West has participated in the *Carbon Disclosure Project* since 2006. Our detailed responses are available for public review.

"Our 2012 Resource Plan has an enormous reach and we are pleased with the direction. We are essentially planning Arizona's energy future. The decisions we make from the resource plan today will keep bills affordable for customers, keep our air clean and enable APS to continue to efficiently meet customer needs."

Pat Dinkel, VP, Power Marketing, Resource Planning and Acquisition

428,048 FEWER TONS

OF CARBON DIOXIDE EMISSIONS RESULTING FROM THE SALE OF 701,719 TONS OF FLY AND BOTTOM ASH FOR CEMENT PRODUCTION

5 MILLION

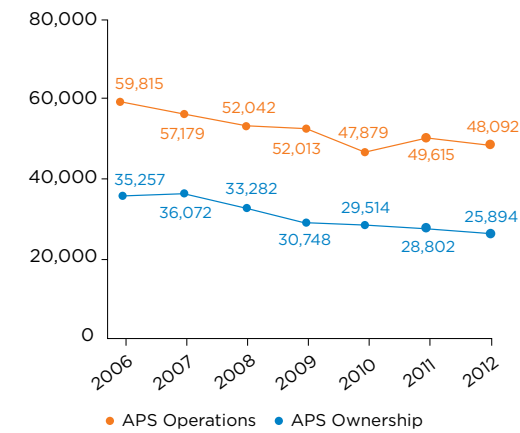
TONS OF ANNUAL CO₂ EMISSIONS ELIMINATED IF THE FOUR CORNERS ACCORD IS COMPLETED

Air Emissions

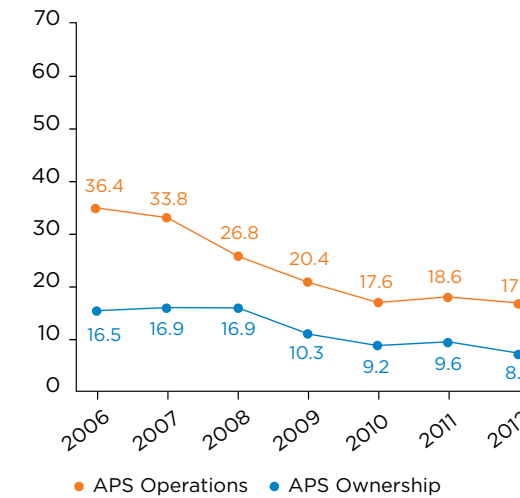
APS continues to achieve significant reductions in nitrogen oxide (NO_x) and sulfur dioxide (SO₂) emissions. We anticipate continued reductions in NO_x and SO₂ emissions in future years based on the Four Corners Accord, the installation of additional pollution controls and the impact of the APS Resource Plan.

View [APS Generation Air Emissions](#) charts for 2006-2012.

NO_x Emissions (tons)



SO₂ Emissions (thousands of tons)



LANDMARK ACCORD FOR FOUR CORNERS POWER PLANT

We have agreed to purchase Southern California Edison's ownership in Units 4 and 5 of the Four Corners Power Plant near Farmington, N.M. APS has announced that, if our purchase of SCE's interest in Units 4 and 5 is consummated, it will close the older, less efficient Units 1, 2 and 3, and install additional emission controls on Units 4 and 5. This would dramatically reduce the region's carbon footprint and air emissions, while ensuring the plant remains compliant with state and federal environmental standards. This transaction remains subject to certain closing conditions and termination rights.

Continued operation of Units 4 and 5 is expected to provide more than \$6.3 billion in economic value to the region over the next 30 years; at least 70 percent will benefit the Navajo Nation. Learn more on page 5 of [2012 Form 10-K](#) and page 50 of the [10-Q](#) for the quarter ending March 31, 2013.

REGIONAL HAZE

More than a decade ago, the EPA announced regional haze rules to reduce visibility impairment in national parks and wilderness areas. The rules require states (or the EPA for sources located on tribal land) to determine which pollution control technologies constitute the "best available retrofit technology" (BART) for certain older major stationary sources. This impacts our Cholla and Four Corners Power Plants.

Learn more about regional haze, mercury and key air emissions issues on page 18 of [2012 Form 10-K](#).

Water

We're recognized as an industry leader in the responsible use of water resources in arid environments. The APS Water Resource Planning Team manages current water resources while planning for a reliable, economic and sustainable future. Water resource planning is a critical element in our long-term Integrated Resource Plan.

Finding the appropriate balance between ensuring reliable, economical operations and protecting finite natural resources is critical to the interests of our customers and communities.

TREATED EFFLUENT

APS is one of the nation's largest users of treated effluent for power generation. Palo Verde is the only nuclear facility in the world to use treated effluent as its primary water source. Using effluent significantly reduces the amount of potable surface and groundwater that would otherwise be required to support generation.

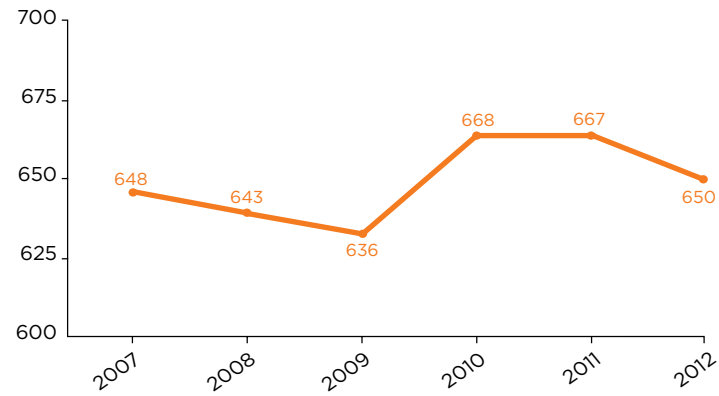
Each year, Palo Verde's water reclamation facility processes about 23 billion gallons of treated effluent for power plant use, preserving enough potable water to serve approximately 400,000 homes. APS also conserves water through extensive treatment and management of water chemistry to control salinity and maintain proper chemistry of the water used in power plant processes. This allows a high degree of water recycling in our electricity-generation process. It maximizes the reuse of water supplies and reduces the volume that must be discharged.

Palo Verde has long been recognized as a pioneering leader in reuse of treated effluent; APS routinely provides guidance and support on the use of treated effluent to utilities throughout the world.

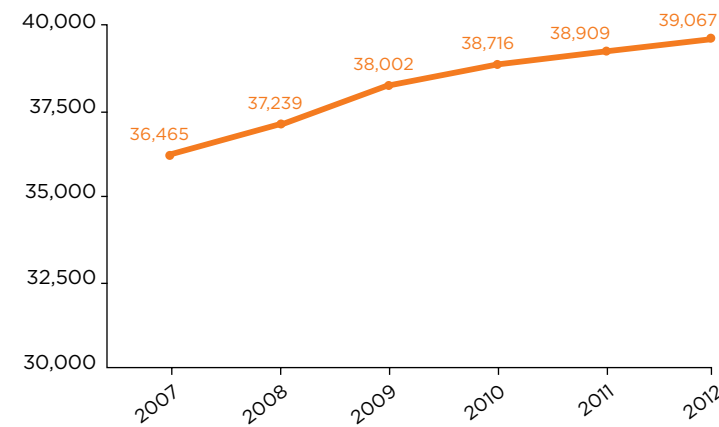
OTHER WATER CONSERVATION EFFORTS

We incorporate water conservation ideas into facility building and maintenance as part of our voluntary participation in the LEED program.

Normalized Water Use (gallons per MWh)



Total Water Use (millions of gallons, all plants)



Increased natural gas generation helped improve the overall efficiency of our fleet water use in 2012. As we generate more electricity using existing generation assets, actual water usage may increase in the short term, as it has for the past five years. Actual water usage also may be affected as we implement measures to meet more stringent environmental regulations. These short-term changes do not affect our long-term strategy of sustainable, responsible water usage. The APS Integrated Resource Plan forecasts the installation of additional water-efficient generation. We expect this will continue improving our water use efficiency over the long term.

- Planting desert/xeriscape landscaping
- Installing efficient water fixtures including waterless urinals at some facilities
- Improving HVAC cooling towers
- Increasing employee awareness of water efficiency opportunities
- Eliminating reverse osmosis filter systems

1ST

IN WATER GOVERNANCE AND DISCLOSURE

AMONG U.S. UTILITIES RANKED IN THE CERES 2010 REPORT "MURKY WATERS? CORPORATE REPORTING ON WATER RISK"

62

PERCENT

OF WATER USED BY APS-OWNED/OPERATED POWER PLANTS IN 2012 WAS TREATED EFFLUENT

REUSING TREATED EFFLUENT FOR POWER GENERATION IS A PRIMARY WATER CONSERVATION METHOD AT APS

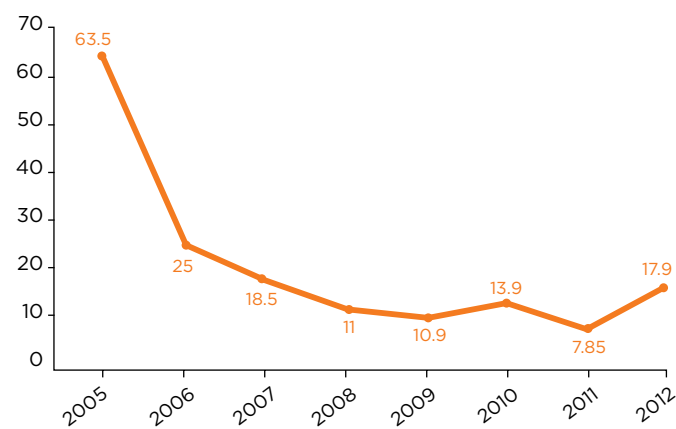
Waste

Our waste management programs have netted significant results over the years. We reached our 2012 goal for hazardous waste reduction, and continued aggressive programs for waste reduction, recycling and reuse and management of polychlorinated biphenyls (PCBs).

HAZARDOUS WASTE

We achieved our hazardous waste goal in 2012. All APS facilities are either small-quantity generators or conditionally exempt small-quantity generators of hazardous waste.

Hazardous Wastes Generated (tons)



REDUCTION & RECYCLING

An aggressive waste reduction, recycling and reuse program at our facilities helps prevent waste streams. We work with suppliers to reduce packing materials and pallets, substitute products and reduce paper use in offices. We also reuse materials that might otherwise end up as waste. APS's waste reduction program recycles our major waste streams, including paper, cardboard, scrap metals, used oil, antifreeze, mineral oil, used solvents, wood pallets and poles, street lights, fluorescent tubes and batteries. Even 701,719 tons of our fly ash was recycled in 2012 for use in cement production. The APS Investment Recovery team sells obsolete or broken equipment and scrap material. We recycle about one-third of our vegetative waste from line-clearance activities and are evaluating alternatives to significantly increase the amount we can recycle.

PCB MANAGEMENT

Between 2000 and 2012, APS removed 17,360 pieces of PCB-containing equipment from the distribution and substation systems, disposing of more than 3.6 million pounds of PCB-containing material. By targeting suspected equipment based on manufacturer name and serial numbers, and tracking the PCB status of that equipment, we've significantly reduced the total PCB inventory.

Year	Number of PCB-containing items removed
2000-2004	3,212
2005	5,192
2006	1,527
2007	5,899
2008	192
2009	910
2010	126
2011	131
2012	171

8,080 TONS

SOLID WASTE SENT TO OUTSIDE LANDFILLS BY APS FACILITIES IN 2012

FREE MULCH

CHIPS GENERATED FROM TREE DEBRIS ARE AVAILABLE TO CUSTOMERS, REDUCING LANDFILL WASTE AND DISPOSAL COST

9.3 MILLION

POUNDS OF MATERIALS RECYCLED BY APS IN 2012, IN PARTNERSHIP WITH OUR VENDORS. THIS ELIMINATED 37.5 PERCENT OF OUR TOTAL WASTE STREAM FROM LANDFILL DISPOSAL AND SAVED MORE THAN \$290,000 IN DISPOSAL COSTS.

Spills & Remediation Programs

APS had nine reportable releases to land or water in 2012, none of which caused significant impact to the environment.

- Diesel tank overflow/overflow during shipment delivery at the West Phoenix Power Plant
- Water discharge to an unlined ditch caused by debris caught in a gate at the Palo Verde Plant
- Oil discharge of 20 gallons spilled into the Four Corners cooling canal
- Small amount of hydrazine dripped from a chemical tote drain valve
- An unsecured sump pump hose caused 300 gallons of water to discharge to a storm drain leading to a sedimentation basin
- Downed transformer caused a small amount of mineral oil to leak into a drywell
- Downed transformer caused a small amount of mineral oil to leak into a city storm drain
- Bottom ash pipeline at the Cholla Power Plant leaked into a wash
- Several batteries spilled and leaked during transport at the Four Corners Power Plant

In 2003, APS was named as a potentially responsible party in the Motorola 52nd Street Operable Unit 3 (OU3) Superfund Site in Phoenix. The investigation is ongoing. Learn more on page 22 of [2012 Form 10-K](#).

APS continues to provide funding for the clean-up of the Hassayampa Landfill Superfund Site. APS sent industrial solid waste to this municipal landfill until it closed in the late 1970s. The facility was later designated as a federal superfund site and APS was named as one of a number of responsible parties. APS's contribution to this clean-up effort is small, representing approximately 1.5 percent of the total annual assessment.

MANUFACTURED GAS PLANTS

Manufactured Gas Plants (MGPs), which operated from the late 1800s to about 1950, made synthetic gas for domestic heating and lighting. Several APS predecessors operated plants in the communities of Phoenix, Globe, Miami, Prescott, Douglas and Yuma. The manufactured gas process created byproducts including lampblack, tar and oils, some of which remained at the sites after operations ceased. APS has investigated and is taking action to voluntarily remediate these sites. We've entered the sites into the Arizona Department of Environmental Quality's Voluntary Remediation Program, which addresses the voluntary investigation and remediation of environmentally impacted sites.

TOXIC RELEASE INVENTORY

The EPA requires APS to report the release of chemicals listed in the EPA's Toxic Release Inventory (TRI) program. The substances covered under the TRI program are primarily contained in our air emissions from power plants or within coal ash. The Four Corners Power Plant in Farmington, N.M., and the Cholla Power Plant in Joseph City, Ariz., are reporting facilities. While the TRI quantities reported by our coal-fired power plants are fairly large (as is true with most utility companies), the majority of releases are captured by pollution control equipment, or are contained within our waste coal ash, which is either recycled or stored in coal ash disposal facilities. Read the TRI reports from [Four Corners](#) and [Cholla](#).

Land Use & Biodiversity

APS has numerous programs designed to protect the electric system from nature and protect nature from the electric system, all while proactively focusing on public safety, reliability and sustainability.

FORESTRY

Many major U.S. electrical transmission outages are vegetation-related. APS Forestry is the first line of defense for ensuring the safe and reliable delivery of electricity to our service areas. By designing and implementing protocols and best management practices (BMPs), we ensure our vegetation management is environmentally sensitive and sustainable.

In 2012, our professionally trained and certified Foresters and tree/vegetation maintenance experts maintained 3,290 miles of distribution and 1,360 miles of transmission right-of-way (ROW) corridors. They managed these corridors in a cost-effective, time-efficient manner that included trimming vegetation and using safe, targeted spot herbicides and carrier liquid applications. These agents help promote biodiversity, minimize chemical use, lower vegetation maintenance costs, control invasive plant species, save water and fuel, and keep empty containers out of the landfill.

NATURAL RESOURCES

APS Natural Resources supports the mission of Forestry and other special programs by providing regulatory compliance and environmental planning services; biological and cultural resource services; project and resource management; mitigation; and coordination with outside agencies and land managers.

ARCHAEOLOGY/CULTURAL RESOURCES

APS Archaeology/Cultural Resources works to prevent and avoid potential damage to national, tribal, and state historic treasures and ensure compliance with regulations. Project highlights include:

- Receiving the 2012 Arizona Governor's Archaeology Advisory Commission Award in Public Archaeology for excellence in the category of Industrial Development Entity
- Partnering with Kaibab National Forest on an interpretive kiosk for a "lookout tree," an early historic fire lookout post on the National Register of Historic Places located near APS facilities

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PARTNER WITH LANDFILLS

PROVIDING GREEN WASTE TO MIX WITH SOILS TO MEET LANDFILL CAPPING REQUIREMENTS AND PREVENT EROSION

CONTINUED **WILDLAND FIRE PREVENTION** EFFORTS THROUGH VEGETATION MAINTENANCE AND TRAINING

ASSISTED GROOM CREEK, ARIZ., IN CREATING A **FIRE-DEFENSIBLE SPACE** AROUND THE COMMUNITY

16th CONSECUTIVE YEAR

RECIPIENT OF THE TREE LINE USA UTILITY AWARD

\$8,000

ANNUAL AMOUNT SAVED BY CONVERTING FIVE APS SUBSTATIONS TO XERISCAPING

KEY STAFF TRAINED AND CERTIFIED ON **BURROWING OWLS**

AVIAN PROTECTION

IMPLEMENTED CONSTRUCTION DESIGN STANDARDS TO INSTALL AVIAN-SAFE DEVICES AND COVERINGS THAT MINIMIZE POTENTIAL HAZARDS

DESERT TORTOISE AWARENESS

CREATED AN IN-HOUSE TRAINING PROGRAM IN 2012

MEXICAN SPOTTED OWL

APS WORKED WITH THE FOREST SERVICE TO MINIMIZE IMPACT ON NESTING HABITAT

CRITICAL HABITAT DESIGNATIONS

REINITIATED DISCUSSIONS WITH U.S. FISH & WILDLIFE FOR NEW DESIGNATIONS ON USDA REGION 3 NATIONAL FORESTS

ENDANGERED SPECIES TRAINING

TRAINED AND CERTIFIED STAFF IN INVENTORY, MONITORING AND HANDLING SPECIES, INCLUDING THE CHIRICAHUA LEOPARD FROG, THE FLAT-TAILED HORNED LIZARD AND THE SOUTHWESTERN WILLOW FLYCATCHER



BEFORE AND AFTER: A NEST MOVE IN BUCKEYE

LEFT: HAWKS AND OTHER RAPTORS ARE DRAWN TO NEST ON POWER POLES, BUT THEIR LARGE WING SPANS MAKE THEM VULNERABLE TO HARM BY ELECTRICITY CARRIED ON POWER LINES. TO PROTECT WILDLIFE, WE USE AVIAN-SAFE TECHNIQUES TO MODIFY EXISTING STRUCTURES AND CONSTRUCT NEW ONES WHEN NEEDED. RIGHT: APS WORKERS MOVE A HAWK NEST TO A NEW PLATFORM IN A SAFE LOCATION.



PROJECT "STAY WARM"

In 2004 when a beetle infestation threatened thousands of Ponderosa Pines, APS vegetation specialists, fire prevention and forestry staff determined that power lines near or around the diseased trees created a significant fire risk. For 12 months APS crews partnered with forestry and fire prevention resources to clear the affected area. Once the immediate problem was solved, employees saw an opportunity to provide a source of value to the community and its most needy families.

Employees, in conjunction with the Red Cross and United Way, volunteered their personal time to cut, split and distribute the wood to families who rely on firewood as their primary source of heat during the winter. Last year APS prepared and loaded more than \$20,000 of firewood free of charge to qualifying families. Today, Project "Stay Warm" has tripled in size and distributes more than 150 cords of firewood annually.



CUSTOMERS & COMMUNITIES

Our success is tied to the value we provide our customers and to the continued economic vitality of the communities we serve.

1

APS RANKS HIGHEST FOR COMMUNITY LEADERSHIP IN ARIZONA, ACCORDING TO A 2012 COMMUNITY LEADER SURVEY OF PEER COMPANIES

133,137

HOURS VOLUNTEERED BY EMPLOYEES IN 2012

TWENTY-FOUR

TEACHERS SUPPORTED BY AN APS FOUNDATION GRANT LAUNCHING THE STEM-FOCUS SCHOOLS FOR THE FUTURE PROGRAM AT NAU'S CENTER FOR SCIENCE TEACHING AND LEARNING

\$8,321,488

3RD

OVERALL CUSTOMER SATISFACTION RANKING AMONG LARGE, INVESTOR-OWNED UTILITIES IN A 2012 J.D. POWER SURVEY OF RESIDENTIAL UTILITY CUSTOMERS

TOTAL APS GIVING IN 2012, INCLUDING FOUNDATION AND CORPORATE GIVING

Customer Service

We've served Arizona longer than it's been a state. Our business success is tied to the value we provide our customers, and to the continued economic vitality of the communities we serve. By exceeding customer expectations and contributing to our communities, we're investing in Arizona's future and our own.

Operational excellence goes hand-in-hand with strong customer satisfaction. That satisfaction increases when customers are aware of our involvement in their communities through employee engagement programs, donations and volunteerism, according to J.D. Power and Associates.

Our customers have wide-ranging needs based on geography, socio-economic background and cultural differences. With such a diverse customer base, it makes sense to promote and embrace that diversity in all our business collaborations.

- **CORPORATE CITIZENSHIP** – promote memberships in key organizations and encourage participation of our employees on boards of directors
- **CUSTOMER BASE** – sponsor events and programs that share APS messages with our diverse customer base
- **MARKETPLACE** – work with diverse suppliers to meet the changing needs of the customers we serve
- **WORKFORCE** – focus on attracting and developing a diverse workforce and leadership team to foster innovation, inclusion and high performance
- **WORKPLACE** – encourage and support an open, engaging environment that recognizes employees' unique needs and values diverse talent

A team of 10 relationship managers provides “boots on the ground” customer service to key stakeholders throughout the state. By maintaining open lines of communication, they help us proactively manage our relationship with key customers. They also help us monitor our communities, identifying opportunities for service and collaboration.

2012 COMMUNITY LEADER SURVEY

We rely on a Community Leader Survey for essential feedback from key stakeholders. This critical information helps us align with what's important to the communities we serve.

SURVEY FINDINGS:

APS REMAINS THE **HIGHEST-RANKED**
AMONG PEER COMPANIES IN ARIZONA

**EDUCATION, ECONOMIC DEVELOPMENT
AND COMMUNITY LEADERSHIP** ARE TOP ISSUES

COMMUNITY LEADERS WANT **APS INVOLVEMENT**
IN THEIR COMMUNITIES

COMMUNITY LEADERS PLACE A HIGHER VALUE ON
EMPLOYEE VOLUNTEER EFFORTS
THAN THEY DID IN 2011



THE J.D. POWER STUDY

THE J.D. POWER AND ASSOCIATES ELECTRIC UTILITY RESIDENTIAL CUSTOMER SATISFACTION STUDY IS OUR PRIMARY METRIC FOR MEASURING CUSTOMER SERVICE SUCCESS. THE LATEST STUDY PLACES US AT THE TOP AMONG OUR INDUSTRY PEERS (LARGE INVESTOR-OWNED UTILITIES):

3RD

OVERALL CUSTOMER SATISFACTION RANKING

2ND

IN CORPORATE
CITIZENSHIP

2ND

IN POWER QUALITY
AND RELIABILITY

5TH

IN CUSTOMER
SERVICE



THE APS FOUNDATION AWARDED \$249,982 TO THE CENTER FOR SCIENCE TEACHING AND LEARNING AT NORTHERN ARIZONA UNIVERSITY TO LAUNCH THE STEM-FOCUS SCHOOLS FOR THE FUTURE PROGRAM.

CONTINUING INTO 2013, THE PROGRAM SUPPORTS 24 TEACHERS IN 12 SCHOOLS, PREPARING THEM TO DELIVER EFFECTIVE STEM-FOCUSED INSTRUCTION. IT WILL ALSO INCREASE THE NUMBER OF ARIZONA'S MODEL CLASSROOMS FOR NAUTEACH STUDENTS TO OBSERVE AND PRACTICE EFFECTIVE STEM STRATEGIES.



THE ARIZONA SCIENCE CENTER IS A RECIPIENT OF AN APS FOUNDATION GRANT

FOR THEIR RURAL COMMUNITIES EXPANSION PROJECT, WHICH PROVIDES PROFESSIONAL DEVELOPMENT OPPORTUNITIES AROUND STEM TEACHING AND LEARNING TO RURAL COMMUNITIES.



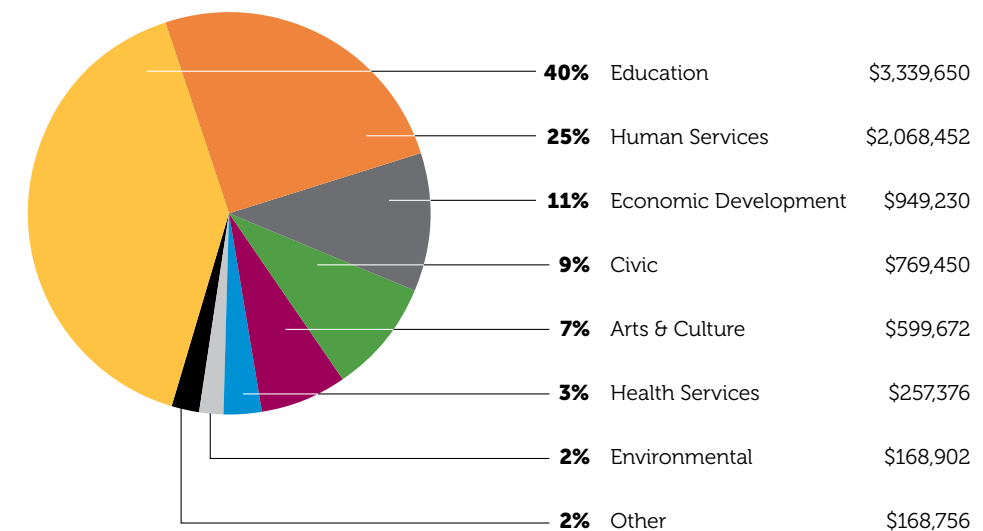
Philanthropic Commitment

The APS Foundation and APS Corporate Giving program allow us to make a significant impact in the communities where our families, neighbors and customers live and work. In 2012, APS gave \$8.3 million in corporate and foundation contributions.

By refocusing the APS Foundation on advancing Science, Technology, Engineering and Math (STEM) programs in 2012, we strengthened our commitment to nurturing our future. Because employment in most STEM-based professions is expected to increase by 25 to 40 percent by 2016, STEM education is a critical component in creating a more robust economy and developing a stronger, more educated workforce.

2012 Foundation Total	\$1,750,181
2012 Corporate Giving Total	\$6,571,307
2012 Total Giving	\$8,321,488

2012 TOTAL GIVING BY PROGRAM AREA



Percentages do not total 100% due to rounding

Community Support

Volunteerism is ingrained in our culture. You don't have to look any further than the hours and monetary value of our employee and retiree volunteer efforts in 2012. Simply put, employees and retirees are the face of our company in the communities we serve. We're proud of them and support and encourage their participation in our communities. Furthermore, when they contribute to nonprofit organizations, we provide matching financial gifts and contributions in recognition of their volunteer service. The efforts of our employees and retirees help us make Arizona a better place.

\$2.9 MILLION

VALUE OF EMPLOYEE VOLUNTEER EFFORTS

300

NUMBER OF BOARDS AND COMMITTEES ON WHICH EMPLOYEES SERVE

\$4.4 MILLION

AMOUNT PLEDGED BY EMPLOYEES AND RETIREES IN THE COMMUNITY SERVICES FUND CAMPAIGN, BENEFITING THE UNITED WAY (INCLUDES APS MATCH OF 50 CENTS FOR EVERY DOLLAR DONATED)

29

BASEBALL FIELDS BUILT OR REFURBISHED BY APS AND THE ARIZONA DIAMONDBACKS, ENABLING ARIZONA CHILDREN TO PLAY BASEBALL AND SOFTBALL AT SAFE, WELL-BUILT, WELL-MAINTAINED FACILITIES

Watch the dedication of Aaron Hill Field in Parker, Ariz.



APS'S ENERGY WISE LOW INCOME ASSISTANCE PROGRAM

IS DESIGNED TO PROVIDE HOME IMPROVEMENTS TO CUSTOMERS WHOSE INCOME FALLS WITHIN THE DEFINED FEDERAL POVERTY GUIDELINES. IT IS ADMINISTERED BY VARIOUS COMMUNITY ACTION AGENCIES THROUGHOUT OUR SERVICE TERRITORY. CRISIS BILL ASSISTANCE ALSO IS AVAILABLE TO LOW-INCOME FAMILIES.

1,200

Limited-income students are receiving assistance to pursue a private education to help them break the cycle of poverty. Since 2010, APS has contributed to the Arizona Private Education Credit Program. The money supports 51 APS-served schools across Arizona, with multi-denominational and non-denominational education programs. With a high-quality education, these children will be able to apply their ambitions and make a difference in their communities.

APS CLOWN TROUPE

FOR MORE THAN 20 YEARS, THE APS VOLUNTEER CLOWN TROUPE HAS PARTNERED WITH COMMUNITY ORGANIZATIONS, PARTICIPATING IN PARADES AND CHARITY WALKS. APPROXIMATELY 120 EMPLOYEES, RETIREES, FAMILY MEMBERS AND FRIENDS VOLUNTEER AS APS CLOWNS.



APS ELECTRIC LIGHT PARADE

THE 26TH ANNUAL APS ELECTRIC LIGHT PARADE KICKED OFF THE HOLIDAY SEASON WITH ONE OF THE LARGEST CROWDS IN THE EVENT'S HISTORY. ALMOST 100,000 PEOPLE VIEWED MORE THAN 65 PARADE ENTRIES. APS EMPLOYEES VOLUNTEERED THEIR TIME AND TALENTS TO MAKE THE PARADE A SUCCESS. APS AND THE CITY OF PHOENIX TEAMED AS PARADE PRESENTERS.



Economic Impact

We play a vital role in developing the Arizona and Southwest economies. We support Arizona's economic development by helping local communities with programs like Building Bridges to Business (B3) and APS's Focused Future.

ECONOMIC BENEFIT

Our 2012 economic development efforts, in association with our community, government and business partners, led to the following estimated results in our service territory:

\$128,000

GAINED IN CAPITAL INVESTMENTS

749,000

SQUARE FEET OF NEW BUILDING SPACE CREATED

\$8,500,000

NEW REVENUE FOR APS

856

NEW JOBS CREATED

Economic Development

Some of a community's greatest assets are the businesses that call it home. Over the years, we've helped communities boost their local economies by taking a leadership role, with our partners, to create a healthy economic development policy statewide. This includes establishing economic development programs that help Arizona communities retain successful hometown companies and encourage them to create more jobs.

BUILDING BRIDGES TO BUSINESS

Economic development studies show that at least 76 percent of new jobs and capital investment come from a community's existing companies. That's why APS's Building Bridges to Business program (B3) invests in businesses that call our communities home.

B3 helps economic development organizations define and analyze company- and community-specific information and create a supportive environment for establishing relationships between businesses and their communities.

Our economic development partners include the Arizona Commerce Authority, the Greater Phoenix Economic Council, and the economic development entities in the communities we serve.

FOCUSED FUTURE PROGRAM

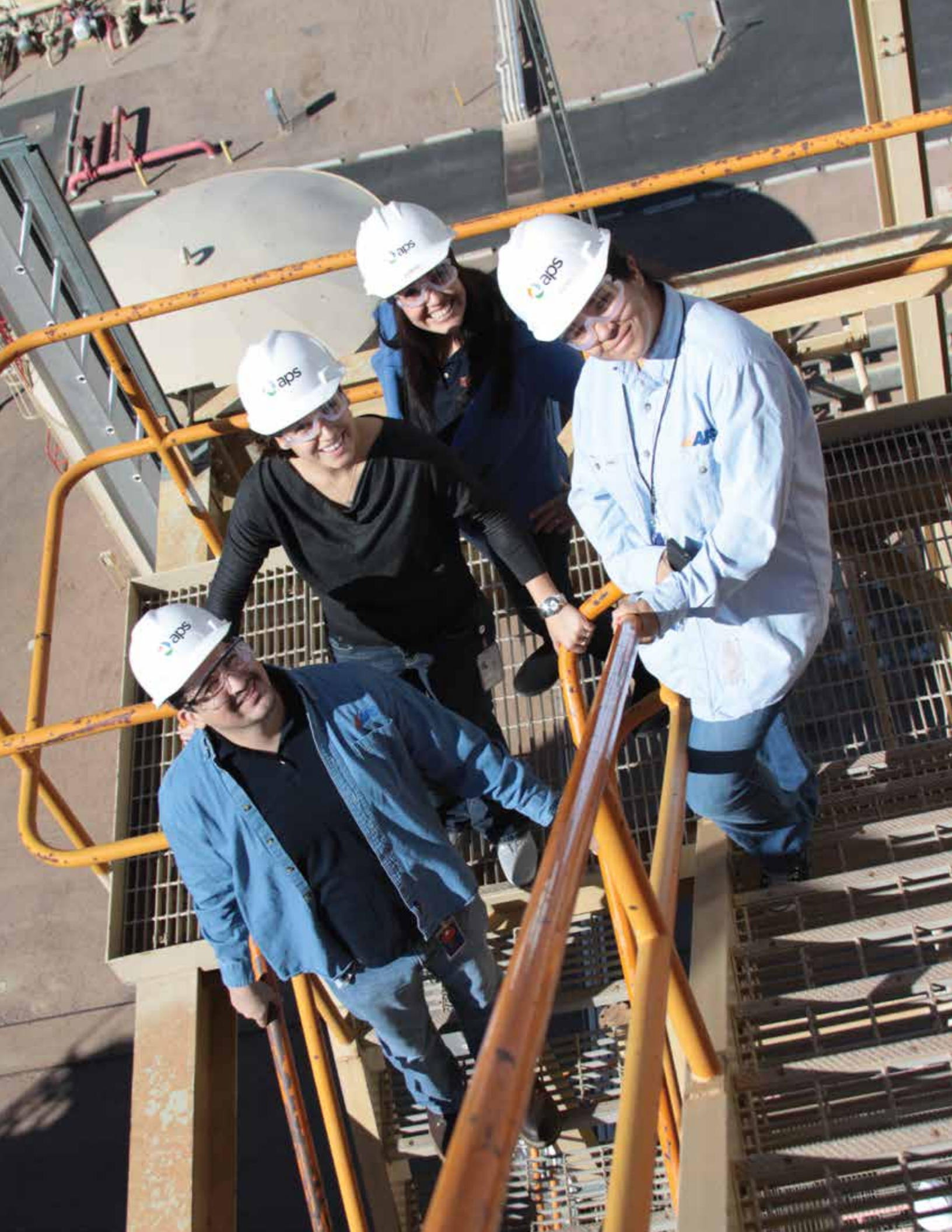
Since 1991, Focused Future has helped leaders from less-populated areas develop community and economic development plans that prepare their communities for growth. The step-by-step process equips rural communities with tools to determine their own future.

We also offer economic development and business assistance to small businesses through our Supplier Diversity programs.

FOCUSED FUTURE II

More than 110 residents participated in Focused Future II, a year-long planning project that resulted in written plans, or roadmaps to success, for each participating community. The year-long planning venues were held in the Town of Clarkdale and the La Paz region, including Parker, Quartzite and the unincorporated areas of Hope, Bouse and Salome.





EMPLOYEES

Engaged, innovative, diverse and high-performing employees and leaders who work safely and understand how to drive business value are critical to our success.

1,900

APPROXIMATE NUMBER OF EMPLOYEES WHO PARTICIPATE IN ONE OF THE APS EMPLOYEE NETWORKS

70 PERCENT

APPROXIMATE PORTION OF OUR EMPLOYEES WHO WORK IN HIGHLY SPECIALIZED CRAFT, OPERATIONS, TECHNICAL, ENGINEERING AND CUSTOMER-SERVICE POSITIONS

80

NUMBER OF SUMMER INTERNS EMPLOYED BY APS IN 2012

6,600+

TOTAL NUMBER OF APS EMPLOYEES

52

57 PERCENT

DECREASE IN OSHA RECORDABLE INJURIES SINCE 2008

NUMBER OF VETERANS HIRED THROUGH THE TROOPS TO ENERGY JOBS PROGRAM IN 2012



Supporting Our Vision

Our 6,600 employees are vital to achieving our vision of a sustainable energy future for Arizona. They exemplify our values in support of customers, communities, shareholders and other key stakeholders.

We follow core strategies to ensure our workforce has the skills, knowledge and commitment to meet Arizona's energy needs, now and in the future:

- Diversity
- Strengthening leadership
- Creating a high-performing culture
- Attracting and retaining strong talent
- Building operational excellence

Diversity

We believe diversity is good for business and we continue to build a corporate culture that respects and leverages different backgrounds, experiences and viewpoints. Our diverse workforce not only reflects the community, it forms the basis of an effective team. With a wide range of perspectives, we're better able to address challenges and communicate effectively to all our customers and the community at large.

WORKFORCE:

We endeavor to attract and develop a diverse workforce and leadership team to foster innovation, inclusion and high performance.

WORKPLACE:

We encourage and support an open, engaging environment that recognizes employees' unique needs and values diverse talent.

MARKETPLACE:

We engage in the community, select diverse suppliers and work to meet the changing needs of the customers we serve.

Strengthening Leadership

We offer a variety of leadership development programs to support emerging and established APS leaders.

Human Resources and members of the APS officer team partnered to create **LEADERSHIP FUNDAMENTALS**, training for employees promoted into their first leadership role.

Palo Verde Nuclear Generating Station designed the **LEADERSHIP DEVELOPMENT ACADEMY**, a three-week program for leaders that includes information from Leadership Fundamentals and supports comprehensive hiring and talent management strategies.

In 2012 APS matured and enhanced the leadership development program launched in 2011. The original curriculum consists of three courses — **SYMPHONY**, **CONDUCTOR** and **APPLAUSE** — with a fourth course, **AUDITION**, added in 2012. Symphony focuses on leading peak performance, Conductor emphasizes coaching and giving feedback, and Applause provides tools and tips for managing performance. All leaders are assigned these three courses. By year-end 2012, an average of 92 percent of leaders completed the three foundational courses. Audition is available to leaders who expect to hire in the near- or mid-term future and helps them build and practice their interview and selection skills.

MARC is a three-day training program to help leaders of union employees manage a range of labor-related supervisory situations and ensure a non-threatening work environment.

EMPLOYMENT LAW BOOT CAMP is a half-day session covering topics such as sexual harassment, wage-and-hour issues and discrimination. All leaders were required to participate in 2012.

APS brings together leaders from across the company for learning and collaboration at **LEADERSHIP FORUMS** at least twice a year. In 2012, forums offered: an interactive learning session on leading employees through change; a review of the company's diversity strategies, objectives and progress; and examples of how to apply a strategic options road map to business planning. These forums consistently receive high ratings from participants.

RAISING EXPECTATIONS

WE BELIEVE **DIVERSITY** IS GOOD BUSINESS, AND CONTINUE BUILDING A CORPORATE CULTURE THAT RESPECTS AND LEVERAGES DIFFERENT BACKGROUNDS, EXPERIENCES AND VIEWPOINTS.

WE OFFER A VARIETY OF **LEADERSHIP DEVELOPMENT PROGRAMS** TO SUPPORT EMERGING AND ESTABLISHED APS LEADERS.

High-Performing Culture

We're committed to being a high-performing company, and we continue taking steps to embed excellence in our culture.

PERFORMANCE MANAGEMENT

Our annual performance-management process helps ensure employees are aligned with and support our business goals, objectives and values. It forges the link between pay and performance, and encourages candid conversations between employees and leaders about performance against documented goals and professional development plans.

EQUAL EMPLOYMENT OPPORTUNITY

Decisions about employment, training, compensation and promotion are based on job-related qualifications. We prohibit discrimination based on race, color, national origin, religion, veteran's status, marital status, sex, pregnancy, sexual orientation, gender identity, age, disability and any other legally protected basis. We explicitly prohibit sexual harassment, and any other harassment, in the workplace. Our Affirmative Action/Equal Employment Opportunity programs focus on workforce analysis, compliance, affirmative action, a harassment-free workplace, training and education.

NEW MENTORING PROGRAM

More than 40 employees and nine mentors participated in PowerLinks, a new professional development mentoring program that aligns with corporate strategy, meets employees' diverse developmental needs, and is managed and run by employees.

Members of the Women In Search of Excellence Employee Network Group who created the program received a 2012 Chairman's Award for its results.

EMPLOYEE NETWORK GROUPS

Approximately 1,900 employees, or 29 percent of our workforce, participate in one of the APS employee network groups. These groups provide an opportunity for employees with similar views, experiences or other interests to enjoy professional development, networking and community outreach, while learning more about APS and our industry.

Employee networks include:

- Hispanic Organization for Leadership and Advancement (HOLA)
- Network for Urban Engagement (NUE)
- Next Generation at APS: professionals new to the utility industry
- Palo Verde Young Generation in Nuclear: employees age 35 and younger
- Palo Verde Women in Nuclear
- Veteran Engagement, Transition & Retention Network (VETRN)
- Women in Search of Excellence (WISE)



PNW EEO Employer Information Report

JOB CATEGORIES	WHITE	BLACK OR AFRICAN AMERICAN	HISPANIC	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	NATIVE AMERICAN	TWO OR MORE RACES	TOTALS
Executives	86(m) 26(f)	1(m) 1(f)	5(m) 4(f)	0(m) 0(f)	1(m) 1(f)	3(m) 0(f)	0(m) 0(f)	96(m) 32(f)
First/Mid Officials/ Managers	577(m) 96(f)	9(m) 6(f)	57(m) 14(f)	0(m) 0(f)	13(m) 2(f)	38(m) 6(f)	3(m) 1(f)	697(m) 125(f)
Professionals	996(m) 442(f)	34(m) 20(f)	142(m) 105(f)	2(m) 0(f)	83(m) 32(f)	44(m) 33(f)	12(m) 3(f)	1313(m) 635(f)
Technicians	483(m) 70(f)	23(m) 3(f)	63(m) 14(f)	0(m) 0(f)	8(m) 2(f)	111(m) 13(f)	7(m) 0(f)	695(m) 102(f)
Sales Workers	0(m) 0(f)	0(m) 0(f)	0(m) 0(f)	0(m) 0(f)	0(m) 0(f)	0(m) 0(f)	0(m) 0(f)	0(m) 0(f)
Administrative Support	91(m) 294(f)	8(m) 24(f)	42(m) 141(f)	1(m) 0(f)	3(m) 6(f)	1(m) 26(f)	1(m) 10(f)	147(m) 501(f)
Craftspersons	1393(m) 52(f)	35(m) 2(f)	275(m) 12(f)	1(m) 0(f)	15(m) 0(f)	206(m) 38(f)	7(m) 0(f)	1932(m) 104(f)
Operatives	0(m) 0(f)	0(m) 0(f)	0(m) 0(f)	0(m) 0(f)	0(m) 0(f)	0(m) 0(f)	0(m) 0(f)	0(m) 0(f)
Laborers	1(m) 0(f)	0(m) 0(f)	1(m) 0(f)	0(m) 0(f)	0(m) 0(f)	5(m) 5(f)	0(m) 1(f)	7(m) 6(f)
Service Workers	154(m) 14(f)	16(m) 1(f)	34(m) 2(f)	0(m) 0(f)	3(m) 0(f)	2(m) 0(f)	2(m) 0(f)	211(m) 17(f)
2012 Totals	3781(m) 994(f)	126(m) 57(f)	619(m) 292(f)	4(m) 0(f)	126(m) 43(f)	410(m) 121(f)	32(m) 15(f)	6620
2011 Totals	3894(m) 993(f)	127(m) 50(f)	640(m) 288(f)	2(m) 0(f)	131(m) 44(f)	432(m) 129(f)	27(m) 8(f)	6765
2010 Totals	4040(m) 1030(f)	125(m) 55(f)	646(m) 282(f)	1(m) 0(f)	139(m) 43(f)	440(m) 122(f)	18(m) 8(f)	6949



High-Performing Culture

(CONTINUED)

TRAINING

Approximately 70 percent of our employees work in highly specialized craft, operations, technical, engineering and customer-service positions. These positions have job-specific training requirements that range from 16 to 400 hours annually. Our innovative programs are designed to train, develop and engage talented women and men.

ELECTRIC UTILITY TECHNOLOGY PROGRAM

We partner with Chandler-Gilbert Community College on this two-year program that provides students with a foundation in lineman training. Participants who complete the program — the first of its kind in Arizona — earn an associate's degree in electric utility technology.

FOSSIL JOINT APPRENTICESHIPS

Developed with the International Brotherhood of Electrical Workers, Local 387, this apprenticeship program trains qualified employees for our fossil-fueled power plants. It provides on-the-job training for maintenance technicians, automotive/heavy equipment mechanics, maintenance technician-machinists and electrical and instrumentation technicians. It also provides classes through San Juan College in Farmington, N.M., Northland Pioneer College in northern Arizona and Education Direct (an online learning program).

ENERGY DELIVERY & CUSTOMER SERVICE APPRENTICESHIPS

Launched in 1948, this program trains men and women for a career in electric utilities. Apprentices gain statewide on-the-job training and trade-related classroom training. Apprentices who successfully complete the program can become journeymen linemen, electricians, poly-phase meter readers and mechanics. APS also offers a utility tree worker apprenticeship.

PALO VERDE APPRENTICESHIP AND TRAINING PROGRAMS

The Palo Verde Nuclear Generating Station offers apprenticeship and training programs to engineers, maintenance personnel, auxiliary operators and radiation protection personnel, as well as college internships across a variety of functions. Four licensed operator classes achieved a 99 percent pass rate, compared to an industry average closer to 60 percent, during the five-year period ending in 2012.

Palo Verde also has a longstanding relationship with Estrella Mountain Community College to develop curriculum and provide hands-on training to build a skilled nuclear energy workforce. Graduates of the maintenance apprenticeship program gain journeyman certification, while two years of radiation protection technical training prepares students to work in the radiation protection field.

QUEST FOR EXCELLENCE

This Palo Verde-sponsored partnership with West Valley/Phoenix-area high schools offers a seven-week program of advanced math, including algebra and physics. Upon completion, graduating seniors are eligible for our summer intern program.

OTHER ACCREDITED, CERTIFIED TRAINING PROGRAMS

Eleven nuclear training programs are accredited by the Institute of Nuclear Power Operations. Six craft apprenticeship programs meet state certification requirements. Environmental, health and safety training programs meet and exceed requirements of the U.S. Occupational, Safety and Health Administration, U.S. Environmental Protection Agency, U.S. Department of Transportation and U.S. Nuclear Regulatory Commission.

LEARNING ENVIRONMENTS

The APS Learning Center is our corporate leadership development center. We also have several dedicated training facilities, including a plant-specific nuclear control room training simulator; other power plant operations simulators; and maintenance, electrical, instrumentation, chemistry, customer service, line worker and other technical training laboratories and equipment mock-ups.

Employees may access web-based training through the Enterprise Learning Management (ELM) System. Each business unit may assign and track mandatory training for applicable leaders and employees. Employees may register for assigned and elected courses within the ELM system.

The Palo Verde Energy Education Center was designed and constructed as an offsite Emergency Operations Facility and Joint Information Center. Opened in 2011, the facility is LEED Gold certified and includes four training rooms for employee development and industry conferences.

Strong Talent

We work with a combination of internal and external talent to prepare our next generation of leaders and support workforce diversity.

VETERANS

We were one of five utility companies to pilot the Troops to Energy Jobs program, which focuses on helping military veterans transition to careers in the energy industry. We hired 52 veterans through the program in 2012.

10 PERCENT

APPROXIMATE PERCENTAGE OF OUR WORKFORCE WHO ARE VETERANS. WE VALUE THEIR SKILLS, WORK ETHIC AND SERVICE TO OUR COUNTRY.

ARIZONA ENERGY WORKFORCE CONSORTIUM

We're a founding member of the Arizona Energy Workforce Consortium, which focuses on building the energy workforce of tomorrow. The consortium is working closely with the Arizona Sun Corridor – Get Into Energy Consortium, a group of Arizona colleges that received a \$13.5 million grant from the U.S. Department of Education to strengthen education in Arizona.

GRADUATE RECRUITING

We target new employees from diverse sources, including students attending community colleges, universities or vocational programs tailored for the energy industry. We work with Arizona State University, University of Arizona, Northern Arizona University, local community colleges, area high schools and local organizations to offer scholarships and career information. Our affiliation with the National Association of Colleges and Employers helps us benchmark graduation rates, new-graduate compensation and other information that allows us to compete successfully for talent.

INTERNSHIP PROGRAM

Our internship program offers students real-world experience and can result in full-time job offers. The program and its scholarships introduce students to virtually every part of our business, from engineering and human resources to trades and information systems. We target students who attend community colleges or universities or are enrolled in vocational programs tailored to the utility industry. Some internships are year-round, but most are summer-long to accommodate students' academic schedules. We welcomed 80 summer interns in 2012, with 48 percent ethnically diverse.

In addition to area universities and community colleges, we work with area high schools and local organizations on scholarship opportunities and career expos to help develop and hire the local workforce. The Pinnacle West Law Department also has an internship program with Arizona State University, University of Arizona and Phoenix School of Law.



Competitive Rewards

Our employee Total Rewards package offers market-competitive pay and benefits to help attract, retain and reward top talent.

COMPENSATION

We continuously work to ensure that our pay policies and processes reflect best practices for our market and industry and reward strong performance. Our annual incentive plan calls for awards to be based on achieving goals for company performance, business unit results and individual performance.

CHAIRMAN'S AWARD

As part of building a high-performing company, we recognize our top performers each year through our highest recognition, the APS Chairman's Award. We honored seven individuals and two teams for their outstanding contributions in 2012.

BENEFITS & HEALTH SERVICES

Our employees' health and safety are top priorities. We provide Health Services clinics at several locations. We also have a network of health-care providers throughout Arizona and New Mexico to serve employees who incur work-related injuries. As always, our goal is zero injuries.

We implemented a return-to-work strategy and restricted duty program that reduced time away from work and increased the number of employees returning to work in a safe, timely and productive manner. Keeping employees engaged in the workplace is a key focus of this program.

HEALTH SCREENING & ASSESSMENTS

Each year, at no cost to employees, we offer voluntary on-site health screenings to help employees proactively monitor their health and wellness. Using data from the screening, employees can complete an online health assessment to understand how to implement a healthier lifestyle and create a personalized plan that meets their goals. In 2012, 3.6 percent more employees participated in the Health Screening, and 41.5 percent more participated in the Health Assessment, than in 2011. A key focus of health care management is identifying and modifying risks. Aggregate reports from the 2012 program showed favorable movement in this area.

FLU SHOTS

We continued offering free flu shots to employees in 2012 to help keep our workforce healthy and productive.

QUIT FOR LIFE

We offered employees the Quit for Life® program, a proven method to quit using tobacco that treats tobacco use as an addiction instead of simply a bad habit.

EMPLOYEE ASSISTANCE PROGRAM

Our employee assistance program helps employees cope with personal issues, such as stress from caring for a seriously ill family member. Offered through the United Healthcare/Optum Health Network, services include short-term counseling services, family support, financial and legal advice and referrals for extended care.

ERGONOMICS

Our ergonomics program provides information and skills to encourage safe employee behaviors and minimize ergonomic-related injuries and illnesses.

Building Operational Excellence

We ensure employee issues are addressed promptly, fairly and consistently. Our internal policies and strong code of business conduct protect our rights and those of our employees. HelpLine allows employees to anonymously report any suspected wrongdoing, and we investigate each report.

WORKING WITH OUR UNIONS

Almost 30 percent of our employees are represented by the International Brotherhood of Electrical Workers (IBEW) or the United Security Professionals of America (USPA). A negotiated labor agreement establishes the working rules and other terms and conditions of these union members' employment. We work cooperatively with unions where they are in effect and honor the agreements made in our negotiations. We respect the rights of our union employees to bargain collectively, and strive to maintain positive labor relations and resolve issues quickly, with a positive outcome for employee and company.

We successfully negotiated a three-year, business-focused contract with the IBEW, Local 387, in 2011. The contract represents a fair, equitable outcome that benefits our customers, the company and almost 2,000 union members working primarily in Fossil Generation, Energy Delivery, Customer Service, Maintenance and Warehousing.

We enjoy a healthy, mutual respect with the IBEW, and have partnered to offer a multi-skill training program, a process to hire supplemental workers, a drug-free workplace program, an apprenticeship program, a driver qualification program and numerous safety projects.

In late 2012, security officers at the Palo Verde Nuclear Generating Station petitioned in support of an election regarding their union representation. On January 16, 2013, they voted in an election certified by the National Labor Relations Board to change their representative union from the Security, Police, Fire Professionals of America to the USPA. Approximately 240 security officers are covered by this bargaining unit. All provisions of the existing labor agreement remain status quo until a new agreement is reached between Palo Verde and the USPA. Negotiations will be held in 2013.





APS Employee Safety Performance

	2008	2009	2010	2011	2012
OSHA Recordable Injuries					
APS Total	108	97	65	58	47
APS Injury Incident Rate (AIIR)	1.52	1.38	0.95	0.86	0.71
Electric Utility Industry Average	2.70	2.32	2.37	2.06	1.94
Electric Industry AIIR Top Quartile				1.00	0.99
Lost Work Day Cases					
APS Total Lost Work Day Cases	47	36	18	19	15
APS Injury Incident Rate (LWIR)	0.64	0.51	0.26	0.28	0.23
Electric Utility Industry Average	0.70	0.63	0.61	0.55	0.50
Electric Industry LWIR Top Quartile				0.25	0.28
Lost Work Days					
APS Total Lost Work Days	1198	641	352	636	357
APS Injury Incident Rate (SIR)	16.40	9.11	5.16	9.46	5.43
Electric Utility Industry Average	24.25	24.25	19.48	18.50	16.36
Electric Industry SIR Top Quartile				7.03	7.02

Employee Safety

Safety is a core value in our corporate Strategic Framework and binds all aspects of our business.

Our goal is to create a “zero incidents” culture and operating model through event-free and injury-free work. As we strive to continuously improve safety to zero incidents, we measure progress by our annual number of OSHA recordable injuries compared to other investor-owned utilities nationwide. We achieved our goal in 2012 with a 17 percent reduction in OSHA recordable injuries from 2011. This placed us in the top quartile of our industry based on Edison Electric Institute rankings.

OSHA recordable injuries have decreased 57 percent since 2008 thanks to initiatives that focus our workforce’s attention on safety awareness and minimize at-risk behaviors and unsafe conditions.

Human Performance and Error Prevention Tools have been introduced throughout the company to further improve our safety performance. Performance is measured daily using APS Event Free Clocks. The Event Free Clocks are performance measurement tools that help to recognize errors, learn from mistakes, and prevent similar events from occurring.

PALO VERDE EARNED VOLUNTARY PROTECTION STAR STATUS, OSHA’S RECOGNITION OF OUTSTANDING EFFORTS BY EMPLOYERS AND EMPLOYEES IN ACHIEVING EXEMPLARY OCCUPATIONAL SAFETY AND HEALTH

SAFEST YEAR EVER: APS DECREASED EMPLOYEE RECORDABLE INJURIES FOR THE FIFTH CONSECUTIVE YEAR

APS RANKED IN THE TOP 13 PERCENT OF OUR INDUSTRY, BASED ON EDISON ELECTRIC INSTITUTE’S 2011 SAFETY RANKINGS (MOST CURRENT DATA AVAILABLE)

GLOBAL REPORTING INITIATIVE

Global Reporting Initiative

PNW REPORT REFERENCE

Strategy and Analysis

1.1	Statement from senior decision-maker	Executive Message
1.2	Description of key impacts, risks, and opportunities	Our Approach

Organizational Profile

2.1	Organization's name	Company Overview
2.2	Major products	Company Overview Operational Excellence
2.3	Operational structure and major divisions	Company Overview
2.4	Location of headquarters	Company Overview
2.5	Countries of operation	Company Overview
2.6	Nature of ownership	Company Overview
2.7	Markets served including geographic breakdown/sectors served/customers	Company Overview
2.8	Scale of organization including number of employees, nets sales/revenues, total capitalization	Company Overview Economic Impact Our Employees
2.9	Significant changes during reporting period	Company Overview
2.10	Awards	Awards & Recognitions

Report Parameters

3.1	Reporting period	Company Overview
3.2	Date of previous report	Company Overview Archives
3.3	Reporting cycle	Company Overview
3.4	Contact point	Company Overview
3.5	Process for defining report content	Company Overview
3.6	Boundary of the report	Company Overview
3.7	Limitations on the scope or boundary of the report	Company Overview
3.8	Basis for reporting on joint ventures, etc.	Company Overview
3.9	Data measurement techniques and bases of calculations including assumptions	Company Overview
3.10	Restatements of information	Company Overview
3.11	Significant changes from previous reporting periods	Company Overview
3.12	GRI Content Index table	GRI Content Table
3.13	External assurance	Company Overview

Governance, Commitments & Engagement

4.1	Governance structure including committees	Corporate Governance
4.2	Indicate whether chair of highest governance body is also an executive officer	Corporate Governance
4.3	Percent of independent directors	Corporate Governance
4.4	Mechanisms for shareholders and employees to provide recommendations/direction to highest governance body	Corporate Governance

Global Reporting Initiative continued

PNW REPORT REFERENCE

4.5	Linkage between compensation and organization's performance for members of highest governance body/senior executives	Corporate Governance
4.6	Process for the Board to ensure conflicts of interest are avoided	Corporate Governance
4.7	Processes for determine qualifications and expertise for guiding strategy	Corporate Governance
4.8	Mission and values statements, codes of conduct, principles relevant to economic, environmental and social performance, and status of implementation	Corporate Governance EHS Policy Company Overview
4.9	Procedures of highest governance body for overseeing economic, environmental and social performance including compliance, codes of conduct	Corporate Governance
4.10	Processes for evaluating performance of governance body with respect to economic, environmental and social performance	Corporate Governance
4.11	Explanation of how precautionary approach/principle is addressed by organization	Corporate Governance
4.12	Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives	Corporate Governance Environmental Performance Community & Customers
4.13	Significant memberships in associations and/or advocacy organizations	Affiliations and Memberships
4.14	List of stakeholder groups	Stakeholder Engagement
4.15	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement
4.16	Approaches to stakeholder engagement, including frequency and type	Stakeholder Engagement
4.17	Key issues raised through stakeholder engagement and how organization has responded	Stakeholder Engagement
Economic Performance Indicators		
EC1	Direct economic value generated and distributed	Economic Impacts
EC2	Financial implications and other risks and opportunities due to climate change	Climate Change
EC3	Coverage of the defined benefit plan obligations	Our Employees
EC4	Significant government assistance	Corporate Governance
EC6	Policy, practices and proportion of spending on locally based supplier	Supply Chain
EC7	Procedures for local hiring at locations of significant operation	Workplace Performance
EC8	Development and impact of infrastructure investments and services provided for public benefit	Economic Impacts Customers and Communities
EC9	Significant indirect economic impacts	Economic Impacts Supply Chain

Global Reporting Initiative continued

PNW REPORT REFERENCE

Environmental Performance Indicators

EN1	Materials Used	APS Generation Materials & Supply Chain
EN2	Recycled Materials	Waste
EN3	Direct energy consumption	Supply Chain
EN4	Indirect energy consumption	Supply Chain
EN5	Energy saved due to conservation and efficiency improvements	Materials & Supply Chain
EN6	Initiatives to provide energy-efficiency or renewable energy based products and services	Renewable Energy Energy Efficiency
EN7	Initiatives to reduce indirect energy consumption	Supply Chain Energy Efficiency
EN8	Total water withdrawal by source	Water
EN9	Water sources affected	Water
EN10	Water recycled and reused	Water
EN11	Land Use	Land Use & Biodiversity
EN12	Biodiversity	Land Use & Biodiversity
EN13	Habitats protected or restored	Land Use & Biodiversity
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Land Use & Biodiversity
EN16	Direct and indirect greenhouse gas emissions	Climate Change
EN17	Other indirect GHG emissions	Climate Change
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Climate Change
EN19	Emissions of ozone-depleting substances	
EN20	NO, SO, and other air emissions	Air Emissions
EN21	Water discharge	Water
EN22	Wastes	Waste
EN23	Spills	Spills & Remediation Programs
EN24	Hazardous wastes	Waste
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Supply Chain
EN27	Products and packing reclaimed	Supply Chain Waste
EN28	Compliance	Compliance
EN29	Transportation	Facilities & Fleet
Social Performance Indicators		
LA1	Total employees	Our Employees
LA3	Benefits	Our Employees
LA4	Percentage of employees covered by collective bargaining agreements	Our Employees
LA6	Workforce represented in health and safety committees	Safety Performance

Global Reporting Initiative continued

PNW REPORT REFERENCE

LA7	Health and safety rates	Safety Performance
LA8	Programs to assist employees, families, or community members regarding serious diseases	Our Employees
LA9	Health & Safety topics covered with unions	Safety Performance Our Employees
LA10	Employee training	Our Employees
LA11	Skills management and lifelong learning	Our Employees
LA12	Performance and career development	Our Employees
LA13	Diversity	Employment Profile
HR2	Suppliers and contractors that have undergone screening on human rights	Corporate Governance Supply Chain
HR3	Employee training on policies and procedures concerning human rights	Corporate Governance Our Employees
HR5	Collective bargaining	Our Employees Corporate Governance
HR8	Security personnel trained on policies and procedures concerning human rights	Corporate Governance Our Employees
SO1	Programs and practices that assess and manage the impacts of operations on communities	Stakeholder Engagement Electric System Reliability Land Use & Biodiversity
SO2	Risks related to corruption	Corporate Governance Ethics
SO3	Employees trained in organization's anti-corruption policies and procedures	Ethics
SO5	Public policy development and lobbying	Corporate Governance Ethics
SO6	Total value of contributions to political parties, politicians, and related institutions	Corporate Governance
SO11	Community Engagement	Corporate Governance Customers and Communities
PR1	Product health and safety	Supply Chain Safety Performance
PR2	Health and Safety regulatory compliance	Environmental Performance Safety Performance
PR3	Sustainability information on product and service	Environmental Performance Climate Change APS Generation
PR4	Product and service regulatory compliance	Corporate Governance Ethics
PR5	Customer satisfaction	Community & Customers
PR6	Program for adherence to laws, standards, and voluntary codes related to marketing communications	Corporate Governance Ethics Environmental Performance

Global Reporting Initiative continued

PNW REPORT REFERENCE

Electric Utility Supplement

EU1	Installed Capacity	APS Generation
EU2	Number of customers	Company Overview
EU3	Length of transmission and distribution lines by voltage	Land Use & Biodiversity
EU5	Planning to ensure short and long-term electricity availability and reliability	APS Generation Electric System
EU6	Demand-side management programs	Energy Efficiency
EU7	Research and development activity aimed at providing reliable and affordable electricity and sustainable development	Electric System Renewable Energy
EU8	Provisions for decommissioning of nuclear power plants	APS Generation
EU9	Planned capacity against projected electricity demand over the long term	APS Generation
EU10	Estimated capacity saved through demand-side management programs	Energy Efficiency Energy Efficiency
EU11	Estimated energy (MWh) saved through demand-side management programs	Energy Efficiency
EU12	Average generation efficiency by energy source	APS Generation
EU13	Transmission and distribution efficiency	Electric System
EU14	Biodiversity of replacement habitats compared to the biodiversity of the areas that are being replaced.	Land Use & Biodiversity
EU15	Processes to ensure retention and renewal of skilled workforce	Our Employees
EU18	Participatory decision making processes with stakeholders and outcomes of engagement	Stakeholder Engagement Supply Chain
EU22	Programs, including those in partnership with government, to improve or maintain access to electricity services	Customers Stakeholder Engagement
EU23	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity services	Customers and Communities Customers
EU27	Power outage frequency	Electric System
EU28	Average power outage duration	Electric System
EU29	Average plant availability factor by energy source	APS Generation

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