

SUSTAINABLE

**CREATING
A SUSTAINABLE
ENERGY FUTURE
FOR ARIZONA**

CORPORATE RESPONSIBILITY
HIGHLIGHTS





VISION

DEFINING SUSTAINABILITY

*At Pinnacle West and our primary subsidiary, Arizona Public Service, we define sustainability as working to meet business needs with practices that balance a **healthy environment**, a **vibrant economy** and **strong communities** for future generations.*



"Sustainability is good for business. Our sustainable practices help us deliver reliable, affordable, clean energy for customers and strong, consistent value for shareholders."

DON BRANDT

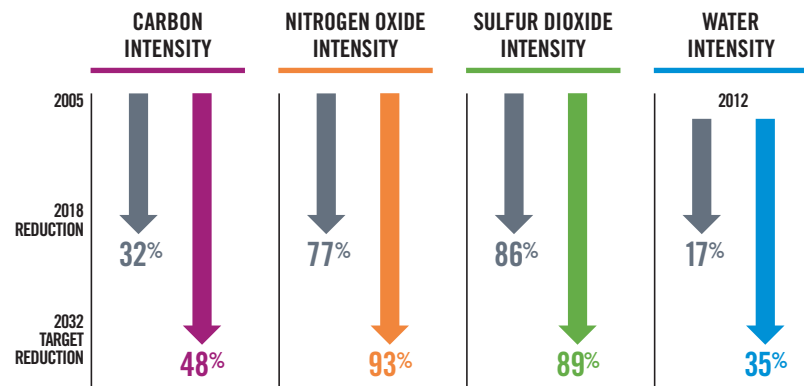
Chairman, President & Chief Executive Officer
Pinnacle West Capital Corporation

*Learn more about how we're creating a sustainable energy future for Arizona at **PinnacleWest.com***

HEALTHY ENVIRONMENT

*We are stewards of this state,
preserving Arizona's natural
resources for generations to come*

MOVING IN THE RIGHT DIRECTION



We operate the Palo Verde Generating Station, **the nation's largest clean energy resource**



Ranked in the **top 5 nationally for solar energy** in our industry

WHAT'S NEXT

*Investing in technologies
that will support a sustainable
energy future for Arizona*



ELECTRIC CARS

- Customers can charge electric cars for **30 to 90 cents per gallon equivalent** using off-peak and super off-peak rates
- Our proposal to add **100 charging stations** could avoid 40,000 gallons of gasoline use and more than 780,000 pounds of CO₂ each year



ENERGY STORAGE

- We're adding **850 megawatts of battery storage** by 2025—one of the largest storage initiatives in the country
- By pairing batteries with solar plants, we can deliver **clean energy** to customers after sunset when energy use is peaking

STRONG COMMUNITIES

*We call Arizona home.
We succeed when
Arizona succeeds*

COMMUNITY

*Giving back is an important
part of our company culture*



Ranked Phoenix
area's largest
corporate
philanthropist
by the *Phoenix
Business Journal*



\$10.8 million
contributed to
charitable causes
in 2018, including
\$500,000 in
school supply
awards to
Arizona teachers



\$2.4 million
in employee
contributions to
local nonprofits
in 2018, matched
by \$1.2 million
from the company



More than
121,000 employee
volunteer hours
in 2018

CUSTOMERS

Expanding customer choices
and keeping rates affordable
for our 1.2 million customers

WE GOT A TAX CUT
OUR CUSTOMERS SAVE

\$5.40

AVERAGE MONTHLY BILL REDUCTION
FOR RESIDENTIAL CUSTOMERS IN 2018

\$3.26

ADDITIONAL MONTHLY BILL REDUCTION PROPOSED
FOR 2019

NEW SERVICE PLANS PROVIDE
MORE CHOICE AND CONTROL

58%

OF RESIDENTIAL CUSTOMERS
ARE ON TIME-OF-USE PLANS

20%

OF THOSE CUSTOMERS CHOSE
A PLAN WITH PEAK-HOUR USAGE (DEMAND)



SHIFT

usage from on-peak to off-peak

ON TIME-OF-USE PLANS



STAGGER

the use of major appliances

ON PEAK-HOUR USAGE PLANS



SAVE

with tips and tools

ON ALL PLANS

EMPLOYEES

Investing in human capital
to attract, retain and engage
a diverse, highly skilled workforce

79%

Reduction in OSHA recordable
injuries since 2007



13 YEARS

Average employee tenure



DEVELOPING THE NEXT GENERATION
OF **ENERGY WORKERS**
WITH APPRENTICE AND ROTATIONAL
TALENT PIPELINE



VETERANS
MAKE UP 20% OF OUR WORKFORCE

36%

Ethnically or racially
diverse new hires in 2018

VIBRANT ECONOMY

Arizona is growing, and APS
is ready to support that growth
today and into the future



Arizona is 4th
fastest-growing
state in the U.S.
according to
new census data



340,000 new
customers and
30% increase
in energy needs
by 2030



In 2018, we helped
attract 17 new
companies to our
service territory,
creating 3,800 new
jobs and driving
\$1.3 billion in
capital investment

SHAREHOLDERS

*Financial health of parent company Pinnacle West supports our ability
to invest in innovation and helps keep costs low for customers.*

92.7% five-year total shareholder return (2013 to 2018)

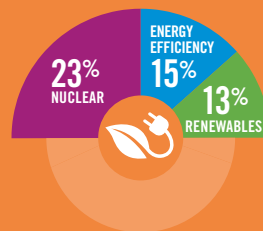
Strong credit ratings (mid to low A) from all three rating agencies

Increased dividend for the seventh straight year in 2018 with
a target annual growth rate around 6%

WHO WE ARE

Our customers can count on us for clean,
reliable and affordable energy

CLEAN



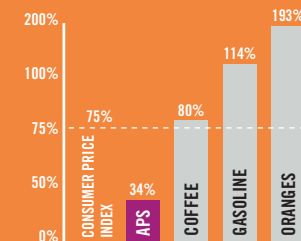
Clean energy
is important to
Arizonans, and 50%
of our energy mix
comes from clean
resources, including
solar and nuclear

RELIABLE



Our customers
experience less than
one outage per year
on average—ranking
us in the top 20% for
reliability over the
last 10 years

AFFORDABLE



Over the past 25
years, our residential
rates have increased
well below the rate
of inflation



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