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PINNACLE WEST CAPITAL CORP

Form 8-K

November 27, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 22, 2002

PINNACLE WEST CAPITAL CORPORATION
(Exact name of registrant as specified in its charter)

Arizona (State or other jurisdiction of incorporation)	1-8962 (Commission File Number)	86-0512431 (IRS Employer Identification Number)
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400 North Fifth Street, P.O. Box 53999, Phoenix, Arizona (Address of principal executive offices)	85072-3999 (Zip Code)
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(602) 250-1000
(Registrant's telephone number, including area code)

NONE
(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS.

ACC APPLICATIONS

On November 8, 2002, Arizona Public Service Company ("APS") filed an application (the "Interim Financing Application") with the Arizona Corporation Commission (the "ACC") requesting a waiver of certain ACC rules to permit APS to (a) make short-term advances to Pinnacle West Capital Corporation ("Pinnacle West" or the "Company") in the form of an inter-affiliate line of credit or (b) guarantee Pinnacle West's short-term debt. See Item 5 in the Company's Current Report on Form 8-K dated November 14, 2002. In either case, the waiver would be limited to a maximum aggregate principal amount of \$125 million and for a maximum term of 364 days. At an ACC special open meeting on November 22, 2002 the ACC approved the Interim Financing Application, subject to the following conditions: (a) the terms and conditions, including the pricing schedule, of the line of credit between the Company and APS will be the same as those in the Company's bank facility that is expiring November 29, 2002; (b) APS acquires a \$125 million security interest in certain assets of Pinnacle West Energy Corporation, the Company's unregulated generation subsidiary ("Pinnacle West Energy"), to secure the financing; (c) all amounts received by APS be deferred and accounted for in a manner to allow amortization as a credit to customers; and, (d) the ACC will examine ways to improve regulatory insulation between APS and its affiliates in their consideration of APS' \$500 million Financing Application filed on September 16, 2002. See "ACC Applications" in Note 5 to

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Notes to Condensed Consolidated Financial Statements in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2002 for additional information regarding the \$500 million Financing Application.

PINNACLE WEST ENERGY CORPORATION

On November 22, 2002, Pinnacle West Energy announced the decision to cancel Redhawk Units 3 and 4. As a result of the plant cancellation, the Company expects to record a charge of approximately \$50 million before income taxes (\$30 million after-tax, \$0.35 per share) in the fourth quarter of 2002. The near-term cash benefits associated with the plant cancellation are expected to total approximately \$60 million between now and the end of 2003. Over the next five years, the Company estimates that this decision will reduce its capital spending by more than \$500 million.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PINNACLE WEST CAPITAL CORPORATION
(Registrant)

Dated: November 26, 2002

By: Barbara M. Gomez

Barbara M. Gomez
Treasurer