

PINNACLE WEST CAPITAL CORP  
Form 10-Q  
October 30, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number	Exact Name of Each Registrant as specified in its charter; State of Incorporation; Address; and Telephone Number	IRS Employer Identification No.
1-8962	PINNACLE WEST CAPITAL CORPORATION (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix, Arizona 85072-3999 (602) 250-1000	86-0512431
1-4473	ARIZONA PUBLIC SERVICE COMPANY (an Arizona corporation) 400 North Fifth Street, P.O. Box 53999 Phoenix, Arizona 85072-3999 (602) 250-1000	86-0011170

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

PINNACLE WEST CAPITAL CORPORATION	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
ARIZONA PUBLIC SERVICE COMPANY	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

PINNACLE WEST CAPITAL CORPORATION            Yes  No   
ARIZONA PUBLIC SERVICE COMPANY            Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

PINNACLE WEST CAPITAL CORPORATION

Large accelerated filer     Accelerated filer     Non-accelerated filer     Smaller reporting company

ARIZONA PUBLIC SERVICE COMPANY

Large accelerated filer     Accelerated filer     Non-accelerated filer     Smaller reporting company

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

PINNACLE WEST CAPITAL CORPORATION            Yes  No   
ARIZONA PUBLIC SERVICE COMPANY            Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

PINNACLE WEST CAPITAL CORPORATION	Number of shares of common stock, no par value, outstanding as of October 23, 2015: 110,849,752
ARIZONA PUBLIC SERVICE COMPANY	Number of shares of common stock, \$2.50 par value, outstanding as of October 23, 2015: 71,264,947

Arizona Public Service Company meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format allowed under that General Instruction.

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This combined Form 10-Q is separately provided by Pinnacle West Capital Corporation ("Pinnacle West") and Arizona Public Service Company ("APS"). Any use of the words "Company," "we," and "our" refer to Pinnacle West. Each registrant is providing on its own behalf all of the information contained in this Form 10-Q that relates to such registrant and, where required, its subsidiaries. Except as stated in the preceding sentence, neither registrant is providing any information that does not relate to such registrant, and therefore makes no representation as to any such information. The information required with respect to each company is set forth within the applicable items. Item 1 of this report includes Condensed Consolidated Financial Statements of Pinnacle West and Condensed Consolidated Financial Statements of APS. Item 1 also includes Notes to Pinnacle West's Condensed Consolidated Financial Statements, the majority of which also relate to APS, and Supplemental Notes, which only relate to APS's Condensed Consolidated Financial Statements.

## FORWARD-LOOKING STATEMENTS

This document 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 readers 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 Pinnacle West or APS. In addition to the Risk Factors described in Part I, Item 1A of the Pinnacle West/APS Annual Report on Form 10-K for the fiscal year ended December 31, 2014 ("2014 Form 10-K"), Part II, Item 1A of this report and in Part I, Item 2 — "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report, these factors include, but are not limited to:

- our ability to manage capital expenditures and operations and maintenance costs while maintaining high reliability and customer service levels;
- variations in demand for electricity, including those due to weather, the general economy, customer and sales growth (or decline), and the effects of energy conservation measures and distributed generation;
- power plant and transmission system performance and outages;
- competition in retail and wholesale power markets;
- regulatory and judicial decisions, developments and proceedings;
- new legislation or regulation, including those relating to environmental requirements, nuclear plant operations and potential deregulation of retail electric markets;
- fuel and water supply availability;
- our ability to achieve timely and adequate rate recovery of our costs, including returns on debt and equity capital;
- our ability to meet renewable energy and energy efficiency mandates and recover related costs;
- risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainty;
- current and future economic conditions in Arizona, particularly in real estate markets;
- the development of new technologies which may affect electric sales or delivery;
- the cost of debt and equity capital and the ability to access capital markets when required;
- environmental and other concerns surrounding coal-fired generation;
- volatile fuel and purchased power costs;
- the investment performance of the assets of our nuclear decommissioning trust, pension, and other postretirement benefit plans and the resulting impact on future funding requirements;
- the liquidity of wholesale power markets and the use of derivative contracts in our business;
- potential shortfalls in insurance coverage;
- new accounting requirements or new interpretations of existing requirements;
- generation, transmission and distribution facility and system conditions and operating costs;
- the ability to meet the anticipated future need for additional generation and associated transmission facilities in our region;
- the willingness or ability of our counterparties, power plant participants and power plant land owners to meet contractual or other obligations or extend the rights for continued power plant operations; and
- restrictions on dividends or other provisions in our credit agreements and Arizona Corporation Commission ("ACC") orders.

These and other factors are discussed in the Risk Factors described in Part I, Item 1A of our 2014 Form 10-K and in Part II, Item 1A of this report, which readers should review carefully before placing any reliance on our financial statements or disclosures. Neither Pinnacle West nor APS assumes any obligation to update these statements, even if our internal estimates change, except as required by law.



## PART I — FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

PINNACLE WEST CAPITAL CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(dollars and shares in thousands, except per share amounts)

	Three Months Ended September 30,	
	2015	2014
OPERATING REVENUES	\$1,199,146	\$1,172,667
OPERATING EXPENSES		
Fuel and purchased power	363,847	382,361
Operations and maintenance	220,449	223,418
Depreciation and amortization	125,625	103,660
Taxes other than income taxes	43,241	40,850
Other expenses	873	603
Total	754,035	750,892
OPERATING INCOME	445,111	421,775
OTHER INCOME (DEDUCTIONS)		
Allowance for equity funds used during construction	7,645	7,038
Other income (Note 9)	139	2,366
Other expense (Note 9)	(5,538)	(4,193)
Total	2,246	5,211
INTEREST EXPENSE		
Interest charges	49,342	47,626
Allowance for borrowed funds used during construction	(3,518)	(3,479)
Total	45,824	44,147
INCOME BEFORE INCOME TAXES	401,533	382,839
INCOME TAXES	139,555	134,753
NET INCOME	261,978	248,086
Less: Net income attributable to noncontrolling interests (Note 6)	4,862	4,125
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$257,116	\$243,961
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING — BASIC	111,036	110,686
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING — DILUTED	111,616	111,103
EARNINGS PER WEIGHTED-AVERAGE COMMON SHARE OUTSTANDING		
Net income attributable to common shareholders — basic	\$2.32	\$2.20
Net income attributable to common shareholders — diluted	\$2.30	\$2.20

See Notes to Pinnacle West's Condensed Consolidated Financial Statements.



PINNACLE WEST CAPITAL CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(unaudited)  
(dollars in thousands)

	Three Months Ended September 30,	
	2015	2014
NET INCOME	\$261,978	\$248,086
OTHER COMPREHENSIVE INCOME, NET OF TAX		
Derivative instruments:		
Net unrealized loss, net of tax benefit of \$96 and \$58	(151	) (91
Reclassification of net realized loss, net of tax benefit of \$567 and \$3,833	892	5,939
Pension and other postretirement benefits activity, net of tax expense of \$553 and \$3,852	869	5,967
Total other comprehensive income	1,610	11,815
COMPREHENSIVE INCOME	263,588	259,901
Less: Comprehensive income attributable to noncontrolling interests	4,862	4,125
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$258,726	\$255,776

See Notes to Pinnacle West's Condensed Consolidated Financial Statements.



PINNACLE WEST CAPITAL CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(unaudited)  
(dollars and shares in thousands, except per share amounts)

	Nine Months Ended September 30,	
	2015	2014
OPERATING REVENUES	\$2,761,013	\$2,765,182
OPERATING EXPENSES		
Fuel and purchased power	868,561	923,001
Operations and maintenance	646,358	647,522
Depreciation and amortization	369,313	310,582
Taxes other than income taxes	129,489	130,699
Other expenses	2,524	2,320
Total	2,016,245	2,014,124
OPERATING INCOME	744,768	751,058
OTHER INCOME (DEDUCTIONS)		
Allowance for equity funds used during construction	26,214	21,979
Other income (Note 9)	549	7,514
Other expense (Note 9)	(12,433)	(9,385)
Total	14,330	20,108
INTEREST EXPENSE		
Interest charges	146,069	152,346
Allowance for borrowed funds used during construction	(12,056)	(11,039)
Total	134,013	141,307
INCOME BEFORE INCOME TAXES	625,085	629,859
INCOME TAXES	214,873	215,698
NET INCOME	410,212	414,161
Less: Net income attributable to noncontrolling interests (Note 6)	14,072	21,976
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$396,140	\$392,185
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING — BASIC	110,984	110,579
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING — DILUTED	111,490	110,962
EARNINGS PER WEIGHTED-AVERAGE COMMON SHARE OUTSTANDING		
Net income attributable to common shareholders — basic	\$3.57	\$3.55
Net income attributable to common shareholders — diluted	\$3.55	\$3.53
DIVIDENDS DECLARED PER SHARE	\$1.19	\$1.14

See Notes to Pinnacle West's Condensed Consolidated Financial Statements.

PINNACLE WEST CAPITAL CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (unaudited)  
 (dollars in thousands)

	Nine Months Ended September 30,	
	2015	2014
NET INCOME	\$410,212	\$414,161
OTHER COMPREHENSIVE INCOME, NET OF TAX		
Derivative instruments:		
Net unrealized loss, net of tax expense of \$392 and \$566	(926	) (472
Reclassification of net realized loss, net of tax benefit of \$1,490 and \$6,417	3,742	11,009
Pension and other postretirement benefits activity, net of tax expense of \$1,345 and \$3,724	1,335	5,114
Total other comprehensive income	4,151	15,651
COMPREHENSIVE INCOME	414,363	429,812
Less: Comprehensive income attributable to noncontrolling interests	14,072	21,976
COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$400,291	\$407,836

See Notes to Pinnacle West's Condensed Consolidated Financial Statements.

PINNACLE WEST CAPITAL CORPORATION  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (unaudited)  
 (dollars in thousands)

	September 30, 2015	December 31, 2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$13,007	\$7,604
Customer and other receivables	362,185	297,740
Accrued unbilled revenues	162,269	100,533
Allowance for doubtful accounts	(3,721	) (3,094
Materials and supplies (at average cost)	234,987	218,889
Fossil fuel (at average cost)	43,536	37,097
Deferred income taxes	57,857	122,232
Income tax receivable (Note 5)	—	3,098
Assets from risk management activities (Note 7)	13,654	13,785
Deferred fuel and purchased power regulatory asset (Note 3)	—	6,926
Other regulatory assets (Note 3)	139,766	129,808
Other current assets	38,439	38,817
Total current assets	1,061,979	973,435
<b>INVESTMENTS AND OTHER ASSETS</b>		
Assets from risk management activities (Note 7)	15,308	17,620
Nuclear decommissioning trust (Note 12)	712,011	713,866
Other assets	52,486	54,047
Total investments and other assets	779,805	785,533
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Plant in service and held for future use	15,997,447	15,543,063
Accumulated depreciation and amortization	(5,537,860	) (5,397,751
Net	10,459,587	10,145,312
Construction work in progress	752,296	682,807
Palo Verde sale leaseback, net of accumulated depreciation (Note 6)	118,352	121,255
Intangible assets, net of accumulated amortization	134,937	119,755
Nuclear fuel, net of accumulated amortization	137,519	125,201
Total property, plant and equipment	11,602,691	11,194,330
<b>DEFERRED DEBITS</b>		
Regulatory assets (Note 3)	1,102,327	1,054,087
Assets for other postretirement benefits (Note 4)	172,983	152,290
Other	155,233	153,857
Total deferred debits	1,430,543	1,360,234
<b>TOTAL ASSETS</b>	<b>\$14,875,018</b>	<b>\$14,313,532</b>

See Notes to Pinnacle West's Condensed Consolidated Financial Statements.

PINNACLE WEST CAPITAL CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(dollars in thousands)

	September 30, 2015	December 31, 2014
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$233,970	\$295,211
Accrued taxes (Note 5)	250,679	140,613
Accrued interest	40,045	52,603
Common dividends payable	—	65,790
Short-term borrowings (Note 2)	57,000	147,400
Current maturities of long-term debt (Note 2)	411,433	383,570
Customer deposits	72,455	72,307
Liabilities from risk management activities (Note 7)	74,637	59,676
Deferred fuel and purchased power regulatory liability (Note 3)	12,222	—
Liabilities for asset retirements (Note 15)	26,875	32,462
Other regulatory liabilities (Note 3)	135,970	130,549
Other current liabilities	208,076	178,962
Total current liabilities	1,523,362	1,559,143
LONG-TERM DEBT LESS CURRENT MATURITIES (Note 2)	3,257,347	3,031,215
<b>DEFERRED CREDITS AND OTHER</b>		
Deferred income taxes	2,673,394	2,582,636
Regulatory liabilities (Note 3)	995,757	1,051,196
Liabilities for asset retirements (Note 15)	421,949	358,288
Liabilities for pension benefits (Note 4)	383,801	453,736
Liabilities from risk management activities (Note 7)	96,360	50,602
Customer advances	121,905	123,052
Coal mine reclamation	201,040	198,292
Deferred investment tax credit	188,149	178,607
Unrecognized tax benefits (Note 5)	36,634	19,377
Other	184,001	188,286
Total deferred credits and other	5,302,990	5,204,072
<b>COMMITMENTS AND CONTINGENCIES (SEE NOTES)</b>		
<b>EQUITY</b>		
Common stock, no par value; authorized 150,000,000 shares, 110,900,630 and 110,649,762 issued at respective dates	2,529,019	2,512,970
Treasury stock at cost; 53,559 and 78,400 shares at respective dates	(1,765	) (3,401
Total common stock	2,527,254	2,509,569
Retained earnings	2,190,387	1,926,065
Accumulated other comprehensive loss:		
Pension and other postretirement benefits	(56,421	) (57,756
Derivative instruments	(7,569	) (10,385
Total accumulated other comprehensive loss	(63,990	) (68,141
Total shareholders' equity	4,653,651	4,367,493
Noncontrolling interests (Note 6)	137,668	151,609
Total equity	4,791,319	4,519,102

TOTAL LIABILITIES AND EQUITY	\$14,875,018	\$14,313,532
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See Notes to Pinnacle West's Condensed Consolidated Financial Statements.

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PINNACLE WEST CAPITAL CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)  
(dollars in thousands)

	Nine Months Ended September 30,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$410,212	\$414,161
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization including nuclear fuel	428,121	371,722
Deferred fuel and purchased power	(137	) (26,880
Deferred fuel and purchased power amortization	19,284	31,724
Allowance for equity funds used during construction	(26,214	) (21,979
Deferred income taxes	168,071	136,777
Deferred investment tax credit	9,542	25,206
Change in derivative instruments fair value	(261	) 300
Changes in current assets and liabilities:		
Customer and other receivables	(107,263	) (149,053
Accrued unbilled revenues	(61,736	) (59,240
Materials, supplies and fossil fuel	(22,537	) (3,346
Income tax receivable	3,098	135,517
Other current assets	1,994	(4,428
Accounts payable	(53,247	) (7,171
Accrued taxes	110,066	118,934
Other current liabilities	16,952	48,407
Change in margin and collateral accounts — assets	(1,291	) (475
Change in margin and collateral accounts — liabilities	30,678	(20,875
Change in unrecognized tax benefits	(9,276	) 1,744
Change in other long-term assets	15,042	(50,005
Change in other long-term liabilities	(109,725	) (54,122
Net cash flow provided by operating activities	821,373	886,918
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(778,700	) (618,658
Contributions in aid of construction	33,982	8,537
Allowance for borrowed funds used during construction	(12,056	) (11,039
Proceeds from nuclear decommissioning trust sales	330,304	269,276
Investment in nuclear decommissioning trust	(343,488	) (282,212
Other	(2,830	) 339
Net cash flow used for investing activities	(772,788	) (633,757
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of long-term debt	600,000	574,126
Repayment of long-term debt	(344,847	) (503,583
Short-term borrowings and payments — net	(90,400	) (133,975
Dividends paid on common stock	(192,466	) (187,778
Common stock equity issuance	12,543	14,860
Distributions to noncontrolling interest	(28,012	) (15,869
Other	—	3
Net cash flow used for financing activities	(43,182	) (252,216

NET INCREASE IN CASH AND CASH EQUIVALENTS	5,403	945
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,604	9,526
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$13,007	\$10,471

See Notes to Pinnacle West's Condensed Consolidated Financial Statements.

PINNACLE WEST CAPITAL CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)

(dollars in thousands)

	Common Stock		Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
	Shares	Amount	Shares	Amount				
Balance, January 1, 2014	110,280,703	\$2,491,558	(98,944 )	\$(4,308 )	\$1,785,273	\$(78,053 )	\$145,990	\$4,340,460
Net income		—		—	392,185	—	21,976	414,161
Other comprehensive income		—		—	—	15,651	—	15,651
Dividends on common stock		—		—	(125,250 )	—	—	(125,250 )
Issuance of common stock	188,253	10,659		—	—	—	—	10,659
Purchase of treasury stock (a)		—	(83,639 )	(4,598 )	—	—	—	(4,598 )
Reissuance of treasury stock for stock-based compensation and other		—	160,290	8,800	(1 )	—	—	8,799
Net capital activities by noncontrolling interests		—		—	—	—	(15,869 )	(15,869 )
Balance, September 30, 2014	110,468,956	\$2,502,217	(22,293 )	\$(106 )	\$2,052,207	\$(62,402 )	\$152,097	\$4,644,013
Balance, January 1, 2015	110,649,762	\$2,512,970	(78,400 )	\$(3,401 )	\$1,926,065	\$(68,141 )	\$151,609	\$4,519,102
Net income		—		—	396,140	—	14,072	410,212
Other comprehensive income		—		—	—	4,151	—	4,151
Dividends on common stock		—		—	(131,818 )	—	—	(131,818 )
Issuance of common stock	250,868	16,049		—	—	—	—	16,049
Purchase of treasury stock (a)		—	(93,280 )	(6,096 )	—	—	—	(6,096 )
Reissuance of treasury stock for		—	118,121	7,732	—	—	—	7,732



stock-based compensation and other									
Net capital activities by noncontrolling interests		—	—	—	—		(28,013 )	(28,013 )	
Balance, September 30, 2015	110,900,630	\$2,529,019	(53,559 )	\$(1,765)	\$2,190,387	\$(63,990 )	\$137,668	\$4,791,319	

(a) Primarily represents shares of common stock withheld from certain stock awards for tax purposes.

See Notes to Pinnacle West's Condensed Consolidated Financial Statements.

PINNACLE WEST CAPITAL CORPORATION  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidation and Nature of Operations

The unaudited condensed consolidated financial statements include the accounts of Pinnacle West and our subsidiaries: APS, Bright Canyon Energy Corporation ("BCE") and El Dorado Investment Company ("El Dorado"). Intercompany accounts and transactions between the consolidated companies have been eliminated. The unaudited condensed consolidated financial statements for APS include the accounts of APS and the Palo Verde Nuclear Generating Station ("Palo Verde") sale leaseback variable interest entities ("VIEs") (see Note 6 for further discussion). Our accounting records are maintained in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Weather conditions cause significant seasonal fluctuations in our revenues; therefore, results for interim periods do not necessarily represent results expected for the year.

Our condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments except as otherwise disclosed in these notes) that we believe are necessary for the fair presentation of our financial position, results of operations, and cash flows for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in conformity with GAAP have been condensed or omitted pursuant to such regulations, although we believe that the disclosures provided are adequate to make the interim information presented not misleading. The accompanying condensed consolidated financial statements and these notes should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2014.

Supplemental Cash Flow Information

The following table summarizes supplemental Pinnacle West cash flow information (dollars in thousands):

	Nine Months Ended September 30,	
	2015	2014
Cash paid (received) during the period for:		
Income taxes, net of refunds	\$2,692	\$(131,154)
Interest, net of amounts capitalized	143,116	145,285
Significant non-cash investing and financing activities:		
Accrued capital expenditures	\$36,718	\$24,135

2. Long-Term Debt and Liquidity Matters

Pinnacle West and APS maintain committed revolving credit facilities in order to enhance liquidity and provide credit support for their commercial paper programs.

PINNACLE WEST CAPITAL CORPORATION  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Pinnacle West

Pinnacle West's \$200 million revolving credit facility matures in May 2019. At September 30, 2015, the facility was available to refinance indebtedness of the Company and for other general corporate purposes, including credit support for its \$200 million commercial paper program. Pinnacle West has the option to increase the size of the facility up to a maximum of \$300 million upon the satisfaction of certain conditions and with the consent of the lenders. At September 30, 2015, Pinnacle West had no outstanding borrowings under its credit facility, no letters of credit outstanding and no commercial paper borrowings.

APS

On January 12, 2015, APS issued \$250 million of 2.20% unsecured senior notes that mature on January 15, 2020. The net proceeds from the sale were used to repay commercial paper borrowings and replenish cash used to fund capital expenditures.

On May 19, 2015, APS issued \$300 million of 3.15%