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## Pinnacle West Capital Corp. Q2 2008 Earnings Call

### Question-and-Answer Session

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[Operator Instructions]. We will pause for just a moment to compile the Q&A roster. Your first question comes from Dan Eggers with Credit Suisse.

**Daniel Eggers - Credit Suisse**

Hi, good morning.

**William J. Post - Chairman and Chief Executive Officer**

Hi, Dan.

**Daniel Eggers - Credit Suisse**

And this first question, just on the? the no need for external funding in 2008, the no need for equity. How much flexibility is there between the four points as far as if you don't get your interim relief, are you still on a position where you can avoid issuing equity or does that change the conversation quickly?

**Donald E. Brand - President, Chief Operating Officer; Chief Executive Officer of Arizona Public Service Company**

Well Dan our primary focus and this is Don speaking. Our primary focus right now is getting that interim adjustment, as Bill said we are confident that we are going to carry that decision with the Arizona commission. I think they understand our situation, they have acted responsibly with the transmission cost adjusters and the substantial improvements they made a year ago and our fuel adjustment mechanism and I think they will understand that implementing this interim adjustment is the responsible thing to do at this point.

**William J. Post - Chairman and Chief Executive Officer**

And I think the fact that they have scheduled this and have addressed issues dealing with our credit issues over the last year, year and half show that they have been very focused on this. They understand how important it is for us to be able to maintain the financial strength we've had and improve it and I think the key is that interim decision.

**Daniel Eggers - Credit Suisse**

Okay, if I do my math right now, looks like you guys are earning in less under 7% ROE this year with the interim adjuster. Would that put you guys a lot closer, how close to your earn would you guys be at that point?

**Donald E. Brand - President, Chief Operating Officer; Chief Executive Officer of Arizona Public Service Company**

We will try make up a little better than half of that distance, it put us in the 9.

**Daniel Eggers - Credit Suisse**

In the 9 range?

**Donald E. Brand - President, Chief Operating Officer; Chief Executive Officer of Arizona Public Service Company**

9 range.

**Daniel Eggers - Credit Suisse**

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