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Pinnacle West Capital Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions)

We'll pause for just a moment to compile the Q&A roster. Your first question comes from the line of John Kiani from Deutsche Bank.

John Kiani - Deutsche Bank

Good morning. Can you talk a little bit more about the components of the \$0.35 per share guidance increase? I want to just get a better sense for how much of the items that you highlighted in the 8K are recurring or will continue beyond '07. If I look at some of the pieces to me it looks like maybe a subset of the \$0.18 other category and then perhaps the higher retail sales is the portion that we could expect to see as a continued benefit. Am I think being that correctly?

Don Brandt

John, this is Don here. To a degree, possibly yes. I hate to be equivocating on that but some of that is potentially attributable to the weather extremes just how accurate splitting weather from growth might be. On that front, but it did surprise us. There was still strong growth there. In my prepared remarks, I just wanted to stress that there -- most of the items individually are not of the recurring type nature. But some of it, about half, or 40% I would put in the category as a result of management efforts.

And those will continue, whether the exact same opportunities will present themselves again in the future periods. Those exact circumstances probably won't be there. But our dedication to the minimizing costs will be and we continue to focus on that. But some of them are really one-time quirks that came out --

John Kiani - Deutsche Bank

That's helpful, Don. Just to be clear. When you say kind of ballpark 40%, do you mean 40% of the \$0.18?

Don Brandt

Yes, correct.

John Kiani - Deutsche Bank

Not of the \$0.35.

Don Brandt

Hey, 40% of the \$0.18.

John Kiani - Deutsche Bank

Got it. Okay. That's helpful. And then just a quick question on SunCor. If we were looking out kind of beyond '07, should we take what's kind of implied by the fourth quarter, which to me seems like about \$4 million or so, and extrapolate that and assume that that's sort of the new run rate? Or will those parcel sales you mentioned that are going to get pushed off benefit above and beyond what that math would show?

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