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## Pinnacle West Capital Corporation Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions) Your first question comes from the line of Paul Ridzon from Keybanc. Your line is open.

**Paul Ridzon - Keybanc**

Good morning. I just had a couple of questions. How much equity is now left it SunCor?

**Jim Hatfield**

SunCor's equity now is \$263 million.

**Paul Ridzon - Keybanc**

Just a clarification here; your '09 and '10 guidance assumes that SunCor, kind of G&A losses are offset with some level of property sales?

**Jim Hatfield**

That's not what we're seeing specifically. Right now as Don mentioned, reviewing SunCor's operation, going forward, the impact to the P&L will be dependent upon the route that may take and so with that sort of sort of still underway, we're making no assumption about SunCor and once that is done we'll comeback and update SunCor's impact for '09 and '10.

**Paul Ridzon - Keybanc**

What was kind of the G&A run rate at SunCor at that 12/31/08?

**Jim Hatfield**

The G&A run rate at 12/31 was about \$44 million pretax.

**Paul Ridzon - Keybanc**

\$44 million?

**Jim Hatfield**

Yes, for the year, pretax.

**Paul Ridzon - Keybanc**

So about \$0.25?

**Jim Hatfield**

Roughly, yes.

**Paul Ridzon - Keybanc**

Then the guidance does not include the forced \$20 million of O&M savings, because that's still under review?

**Jim Hatfield**

That's correct and one thing I want to point out; it may not be totally O&M, it maybe part capital, maybe part working capital. So, instead of just assuming the impact to \$20 million, we will update that. Once we're through with our review and we reported a commission which will be March 18.

**Paul Ridzon - Keybanc**

On a percentage basis, what percent of that \$20 million do you think is going to flow through the P&L?

**Jim Hatfield**

I would say since we've already cut somewhere around \$20 million net of capital, the large majority of it will flow through the P&L either as a O&M or working capital would be my guess at this point.

**Don Brandt**

This is Don, you used the term forced and they did order us to that, but we've had a long history of trimming expenses and you saw that last year in 2008 and 2007 and years before that and in my remarks to the commission at the opened hearing, I told them we would substantially exceed that \$20 million. That's part of the way we do business here. They wanted to see it. We were going to deliver it anyway.

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