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Pinnacle West Capital Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Yes, sir. (Operator instructions) Your first question comes from the line of Greg Gordon from Citigroup. Your line is open.

Greg Gordon – Citigroup

Good afternoon.

Jim Hatfield

Hey, Greg.

Don Brandt

Hi, Greg.

Greg Gordon – Citigroup

Congratulations on the settlement. I hope the commission approves it. They should. But anyways, on the point of the settlement, a couple of questions or clarification, are there any time limits or sort of a milestones in terms of when you have to meet certain minimum equity infusion requirements between now and 2014?

Jim Hatfield

There are not, Greg. And I think, again, with all the parties together and discussing all the issues they understand that the timing needs to be left to the company to sort of address the marketplace at the appropriate time.

Greg Gordon – Citigroup

So is it still your expectation, assuming the settlements approved that you would not need to issue equity in 2009?

Jim Hatfield

That's correct.

Greg Gordon – Citigroup

Thank you. Next question is related to Palo Verde. You're currently looking for a license extension there? Where are you in the process and at what point might we hear the decision from the NRC?

Don Brandt

Greg, I believe it was in December we filed the license extension and we're looking prior ground to two-year process.

Greg Gordon – Citigroup

So it was December of '09.

Don Brandt

Eight, eight.

Greg Gordon – Citigroup

I'm sorry, December of '08. Sorry. So you wouldn't get a decision until December 2010 most likely?

Jim Hatfield

Eighteen months to two years.

Greg Gordon – Citigroup

Okay. Okay. So under the terms of the settlement, if there were a change in the depreciation expense to the – due to license extension, that wouldn't be reconciled into rates until the next base rate case?

Jim Hatfield

Correct.

Don Brandt

That's right.

Greg Gordon – Citigroup

Okay. Thank you, guys.

Don Brandt

Thank you.

Operator

Your next question or comment comes from the line of Paul Patterson from Glenrock Associates. Your line is open

Paul Patterson – Glenrock Associates

Good morning, guys.

Don Brandt

Good morning, Paul.

Paul Patterson – Glenrock Associates

Just to go over in the settlement here. You've got the additional \$23 million from SEAC going to revenues, correct, on top of the \$196 million?

Don Brandt

Correct.

Paul Patterson – Glenrock Associates

Okay. And there's another \$30 million in terms of savings that you guys are going to be able to have – when I've read the settlement, it seems that it was not included in the \$196 million calculation.

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