

AFP® Annual Conference



ORIGINAL
ESSENTIAL
UNBIASED
INFORMATION



November 7-10, 2010 | San Antonio

Fresh New Financing For Energy Efficiency

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Pinnacle West Capital Corporation

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Vice President, Corporate Banking
National Bank of Arizona

AGENDA

- I. Introduction
 - Pinnacle West Capital Corporation
 - National Bank of Arizona
- II. Gap Analysis
- III. Opportunity
- IV. Collaboration
- V. Program Overview
- VI. Next Steps
- VII. Conclusion
- VIII. Questions

PINNACLE WEST CAPITAL CORP



- Ticker symbol: PNW
- Phoenix – based company
- Consolidated revenues in 2009 of over \$3.2 billion
- Consolidated assets in 2009 of over \$12 billion
- Subsidiaries - Generate, sell and deliver electricity
 - Sell energy-related products and services to retail and wholesale customers in the Western US



PINNACLE WEST CAPITAL CORP



- Largest electric utility in Arizona
- Serves approximately 1.1 million customers
- Over 6,800 employees



- Competitive Energy Services Provider



- Venture Investments



EL DORADO INVESTMENT COMPANY

- Real Estate Developer

NATIONAL BANK OF ARIZONA

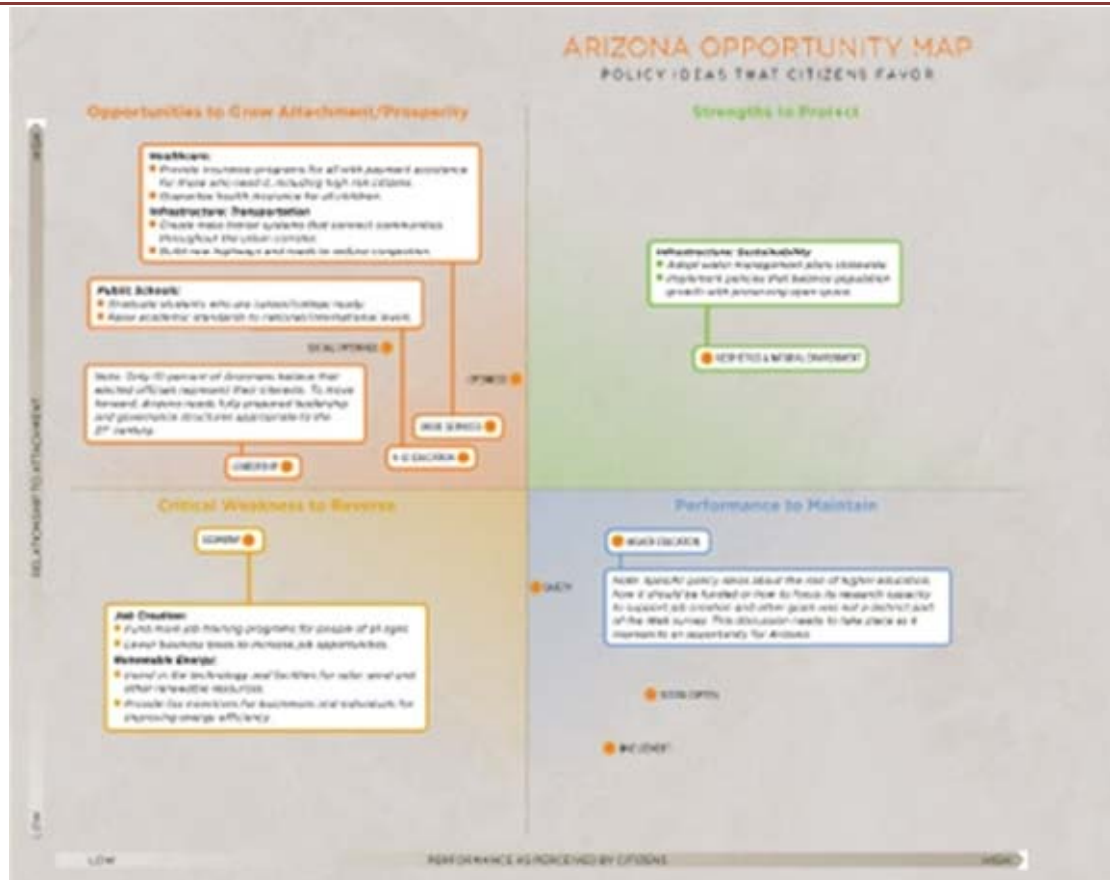


- NB|AZ assets - \$4.5 billion
- Over 76 offices in 56 communities
- Fully-owned subsidiary of Zions (ticker: ZION)
- Affiliates include: California Bank & Trust, Amegy, Nevada State Bank, and Vectra Bank
- Zions Assets - \$50 billion, \$2.7 billion in 2009 revenue

Energy Programs:

- Funded over \$200 million in renewable and energy efficiency programs over the last 12 months
- Launched the largest private/public partnership in 2009 resulting in close to 500 residential solar installations

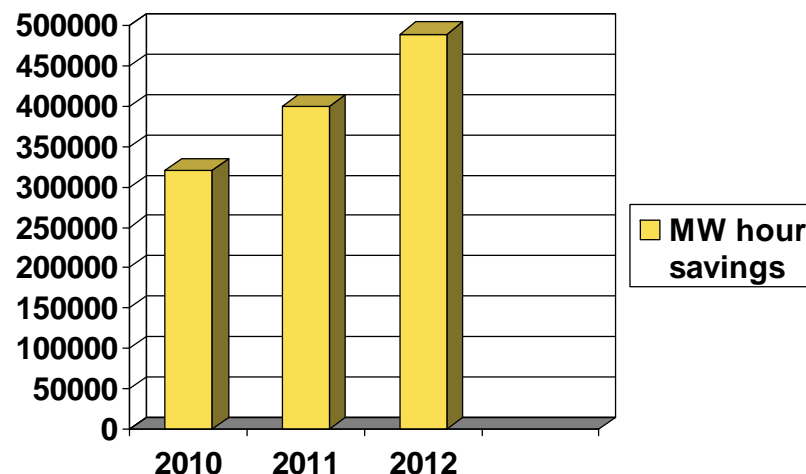
GAP ANALYSIS



Energy Efficiency is *not* a fad or a faze, it is intertwined with who we are and what is most important to Arizonans.

GAP ANALYSIS

APS has an aggressive push to reduce consumption, per user.



APS offers rebates to business and municipal customers. Nonetheless, given the economic times and lack of funds for capital improvements, it quickly became apparent that a financing program was needed.

COLLABORATION

TIMELINE

- May-09** ▪ APS began researching providers for a financing program
- Jun-09** ▪ 10 financial institutions were approached
- Sep-09** ▪ Two of the 10 financial institutions accepted the opportunity to present a solution
- Oct-09** ▪ APS selected National Bank of Arizona as a partner
 ▪ Implementation begins
- May-10** ▪ Program launched

COLLABORATION

- Energy efficiency – NB|AZ “walks the talk”
- Strong corporate relationship with APS
- Economically sound financial planning
- Innovator status – brand halo effect
- Life after solar
- Under served niche
- Provides a new product to our “green conscious” customers
- Commercial, consumer, public and non-profit opportunities

COLLABORATION

Part of the implementation program was getting approval from the Arizona Corporation Commission. Arizona is a unique state in that the Corporation Commission is an elected body (verses appointed) that regulates utilities. The team made a formal Proposal to the ACC and eventually obtained approval from the five-party body.

COLLABORATION



- Legal
- Treasury
- Marketing
- Demand Side Management
- Accounting
- Business Solutions Program Managers
- KEMA (3rd party administrator)



NATIONAL BANK OF ARIZONA

- Program Management
- Retail Banking
- Corporate Banking
- Legal
- Public Finance
- Sales & Marketing
- Executive Management

PROGRAM OVERVIEW

TERMS

- Non-revolving term loans to schools, municipalities, and small business
- 12- 60 month principal and interest payments
- Fully amortized loan payment
- Primarily unsecured
- Loan amounts from \$1,000 - \$100,000
- Up to 6 months interest only if project needs time for completion
- Interest rates range from 4.0% to 8.5%
- APS provides a cash reserve account to buy down the rate and extend the amortization

PROGRAM OVERVIEW

APS Solutions for Business Savings Estimator

User instructions: Please complete the yellow-shaded areas; other cells calculate automatically. The values presented are estimates only. APS makes no representations or warranties regarding actual values or savings, which will vary based on actual usage, changes in usage, weather, tariff schedules and other factors.

Today's date: 10/20/2010

Customer: ABC Inc.

Project: Lighting/Refrigeration Retrofit

Contractor: ES Inc.

Customer Bill Demand: Small 21-100

Energy Savings per kWh: \$0.088

Annual kWh Savings from this Project: 41,771

Annual kWh savings is an estimated value. APS does not validate this amount or the total savings.

Total Cost of Project: \$13,496

APS Solutions for Business Rebate (\$): \$8,354

Loan Size: \$5,142

Interest Rate: 3.99%

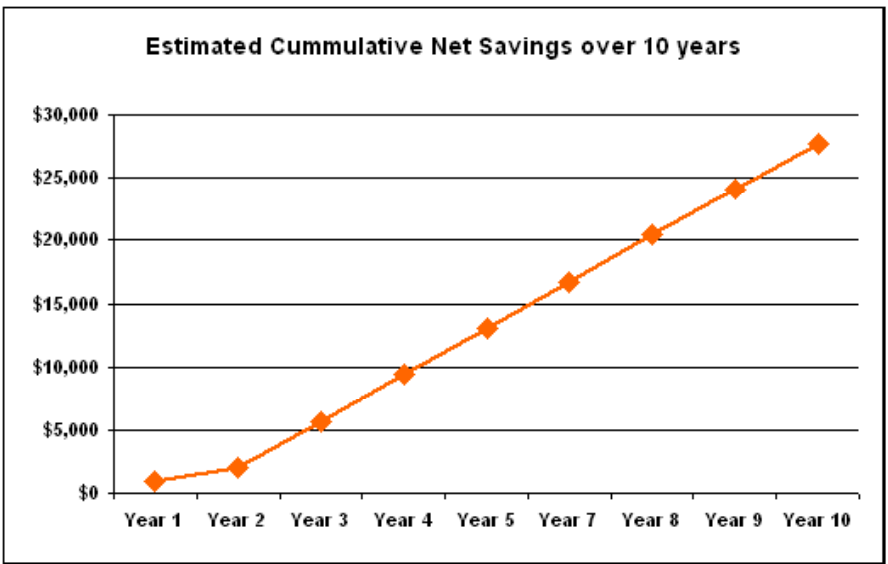
*Current interest rates are posted at https://www.nbarizona.com/green_returns_cee_financing.htm
Interest rates are based on market indexes and are subject to change without notice.*

Loan Term (months)	24
Monthly Savings on Electric Bill (\$):	\$307
Loan Payments:	\$223

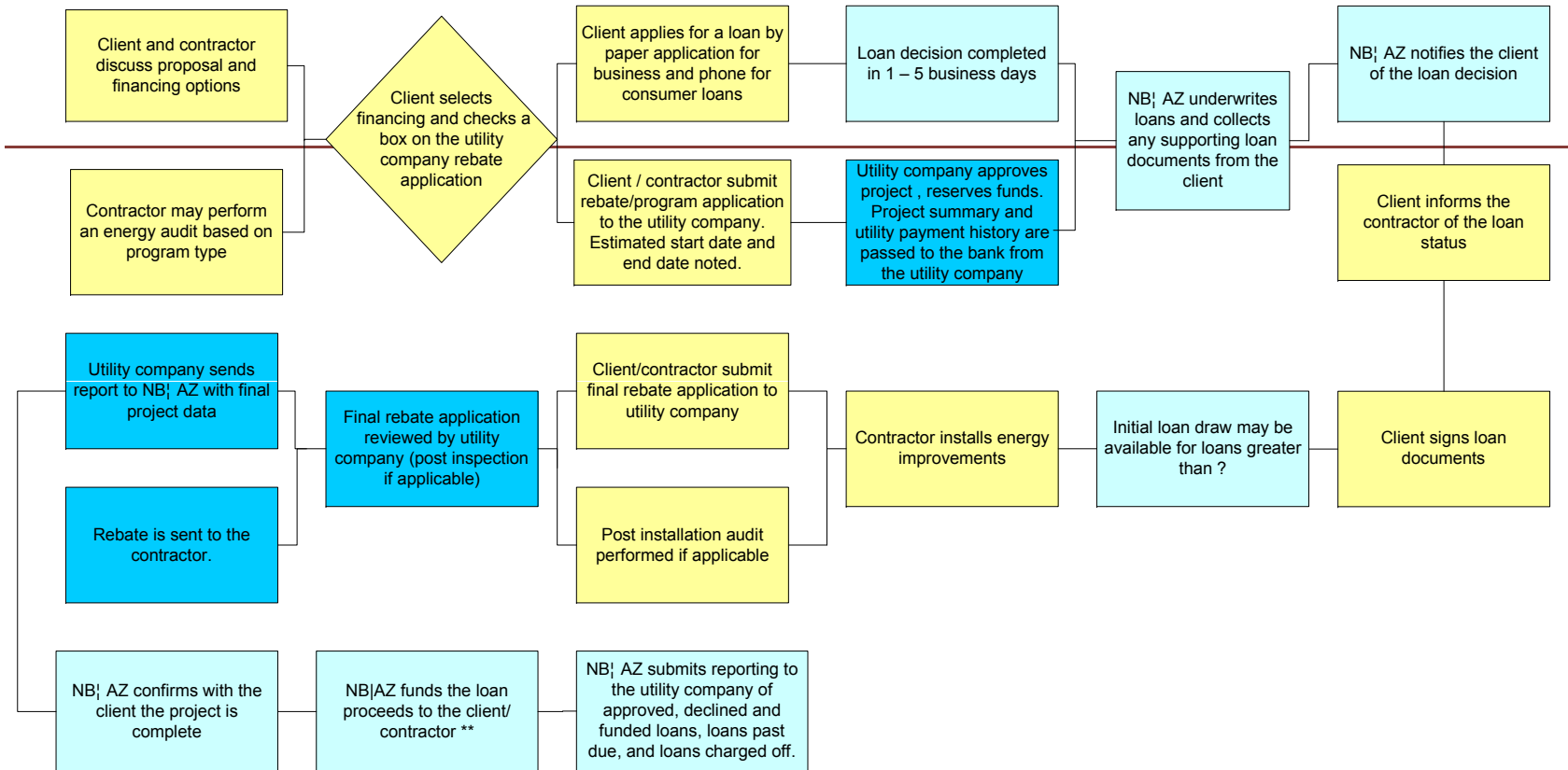
Monthly savings during loan repayment:	\$83
Monthly savings after loan repayment:	\$307

Note. Actual savings may vary. APS shall not be liable for any deviations from the estimated values.

The goal is to make loans "cash neutral"



ENERGY EFFICIENCY FINANCING PROCESS FLOW



Utility Company

NB|AZ

Contractor/Client

** If the final project costs are greater than the rebate and the loan, the customer and contractor will need to work out the difference. If the project costs are less than the initial proposal, the loan will be re amortized and the monthly payment will be recalculated.

PROGRAM OVERVIEW

Marketing

- | | |
|-------------------|---|
| Website | <ul style="list-style-type: none">▪ APS and NB AZ websites tied together |
| Sales | <ul style="list-style-type: none">▪ Joint seminars, newsletters▪ Special sales campaign led by the NB AZ loan officers with extra rate buy down from APS |
| Ads | <ul style="list-style-type: none">▪ Newspaper, business journal, industry magazine, newspaper, radio spots |
| Training | <ul style="list-style-type: none">▪ Trade ally outreach▪ Contractor and Banker training |
| Collateral | <ul style="list-style-type: none">▪ Flyers, brochures |

PROGRAM OVERVIEW

Advertisement



SOLUTIONS FOR FLAGSTAFF BUSINESSES

Three More Reasons to Increase Energy Efficiency.

Bigger Rebates. APS has temporarily raised the rebate for three easy measures: Variable Speed Drives, Specialty CFLs and HID conversions.

Free CFLs. Schedule a free energy assessment with an Express Solutions contractor and get up to 10 CFLs installed for free during the assessment!

3.99% Financing. Eligible businesses can apply for this special interest rate with National Bank of Arizona when participating in the Solutions for Business program.

Limited Time Offers! These specials are only guaranteed through the end of November. You must be an eligible APS business customer to participate.

For more information visit aps.com/businessrebates or call 866-277-5605.

The Solutions for Business program is funded by APS customers and approved by the Arizona Corporation Commission.



REDUCE. SAVE. CONTROL.

In partnership with APS, we are proud to offer low interest rate financing for customers participating in the APS Solutions for Business program.

- Save on monthly electric bills with energy efficiency upgrades
- Reduce project costs with APS rebates
- Loans from \$1,000 - \$250,000
- For small businesses, governments and schools

Low Rates Available for a Limited Time Only



Visit www.aps.com/businessrebates for rebate program details and eligibility. The APS Solutions for Business program is funded by APS customers and is approved by the Arizona Corporation Commission. Credit approval required.



WWW.NBARIZONA.COM

MEMBER FDIC



Contact one of our Banking Specialists:
 <insert Name>
 <Title or Branch Name>
 <Enter Street Name>
 <insert City, State and Zip>
 <P: 999.999.9999> <F: 999.999.9999>
 <First.Last name>@nbarizona.com

Flyer

PROGRAM OVERVIEW



Web Banner

Online Banking Login

User ID **Go**

Where do I enter my password?

[Sign Up Now](#) | [Password Reset](#)

Open An Account:
I am interested in...

Apply For A Loan:
I am interested in...

Locate A Branch Or ATM:
 Go

Resource Center

- myPHOTOcard™
- Financial Calculators
- Check Reorder
- Online Security Center
- Arizona Economy Tracker
- EZ Budget
- Bank Transition Kit

- Personal Banking
- Business Banking
- About N|AZ
- Contact Us

REDUCE. SAVE. CONTROL.

3.99% FIXED RATE

Green Returns Energy Efficiency Loans

[Learn More](#)

Banking	Loans	Specialty
<ul style="list-style-type: none"> Online Banking Checking Savings Certificates of Deposit Gift Cards 	<ul style="list-style-type: none"> Credit Card Personal Auto Home Mortgage Home Equity Lot & Construction 	<ul style="list-style-type: none"> Executive Banking Nonprofit Women's Financial Group Green Returns Banking Program The Private Bank Wealth Management

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PROGRAM OVERVIEW

Rate Sheet



Personal Banking Business Banking About NBIAZ Contact Us

GREEN RETURNS SAVING MORE THAN MONEY

Limited Time Offer

For a limited time, save even more with a 3.99% fixed rate on energy efficiency loan and lease amounts from \$1,000 to \$50,000. Program available for qualifying small businesses, schools and governments participating in the APS Solutions for Business Program.

For terms and conditions, please see Rates below.

Green Returns Non-Residential Financing

By taking steps to be more energy-efficient you can control rising energy costs and contribute to Arizona's economic growth and sustainability. Our energy efficiency financing program makes green choices affordable and easy.

NBIAZ has partnered with APS to offer low interest rate financing for small businesses, schools and governments participating in the APS Solutions for Business program.* APS rebates can reduce a significant portion of the project costs and financing may cover the rest.

To start saving on your utility bill and making Arizona's future brighter, download an application and follow our simple financing process guide**.

Applications

- [Small Business Loans \\$10,000 or less](#)
- [Small Business Loans greater than \\$10,000](#)
- [Public Schools and Governments](#)

Process Guide

- [Small Business Loans \\$10,000 or less](#)
- [Small Business Loans greater than \\$10,000](#)
- [Public Schools and Governments](#)

Rates

- [Small Business \(including nonprofit organizations and private schools\)](#)
- [Public Schools and Governments](#)

Savings Estimator

*Visit www.aps.com/business/creditline for details on program details and eligibility. The APS Solutions for Business program is funded by APS customers and is approved by the Arizona Corporation Commission.

**Credit approval required

Green Returns

- [Green Returns Banking Program](#)
- [Green Returns Checking](#)
- [Green Returns Energy Efficiency Financing](#)
- [Green Returns Residential Solar Leasing](#)
- [Green Returns at National Bank of Arizona](#)
- [Green Returns Solar In Action](#)

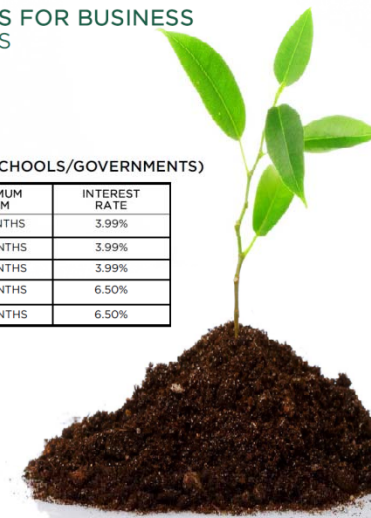


GREEN RETURNS SAVING MORE THAN MONEY

APS SOLUTIONS FOR BUSINESS INTEREST RATES

NON-RESIDENTIAL (EXCLUDING PUBLIC SCHOOLS/GOVERNMENTS)

FINANCING AMOUNT	MAXIMUM TERM	INTEREST RATE
\$1,000 - \$2,500	12 MONTHS	3.99%
\$2,501 - \$15,000	24 MONTHS	3.99%
\$15,001 - \$50,000	36 MONTHS	3.99%
\$50,001 - \$100,000	48 MONTHS	6.50%
\$100,001 AND UP	60 MONTHS	6.50%



NATIONAL BANK OF ARIZONA
www.nbarizona.com

INTEREST RATES EFFECTIVE 10/01/2010 - 10/31/2010 and subject to availability of program funds. Credit approval required. Interest rates are subject to change without notice. Interest rates only apply for qualified applicants of the APS Solutions for Business efficiency measures program. Member FDIC.

NEXT STEPS

- Residential Financing Program
- Expand to other utilities within the state
- Open up to large corporate customers
- Make it a pre-cursor for any solar installation

QUESTIONS/CONTACTS

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