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ARIZONA CORPORATION COMMISSION

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June 30, 2004

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AZ CORP COMMISSION
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Chairman Marc Spitzer
Commissioner Jeff Hatch-Miller
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Re: UniSource/Pinnacle West Contract Renegotiations
Docket Nos. E-01032C-00-0751, G-01032A-02-0598, E-01933A-02-0914, E-01032C-02-0914, G-01032A-02-0914 and G-01032E-03-0515 and Guardian Industries Corp. negotiations for a Special Contract

Dear Colleagues:

In my letter dated April 19, 2004, I requested that we expand the scope of the public comment meetings on the reorganization of UniSource to include discussion of the company's efforts to renegotiate its purchased power contract with Pinnacle West, as well as UniSource's willingness to allow its customers to obtain wholesale power from a competitive supplier. Chairman Spitzer and Commissioner Gleason responded to my request in letters dated May 14, 2004, and May 10, 2004, respectively. Both of my colleagues stated that it was their belief that any discussion of contract renegotiation should be held separately from the public comment on the reorganization. Commissioner Gleason made the suggestion that "our inquiry should not be directed solely to just one of the parties." I agree.

Now that the public comment meetings for UniSource's reorganization have concluded, I propose that the Commission hold a special open meeting to discuss the status of the contract renegotiations between Pinnacle West and UniSource, as well as the status of the negotiations that both companies are having with Guardian Industries. I believe that a frank and open discussion with all parties present will, as the Chairman put it, "shine the light of day" on this complex topic.

Sincerely,

William A. Mundell, Commissioner
Arizona Corporation Commission

cc: Parties of Record

Arizona Corporation Commission
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JUN 30 2004

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