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LEWIS
AND
ROCA
LLP
LAWYERS

Phoenix Office
40 North Central Avenue
Phoenix, Arizona 85004-4429
Facsimile (602) 262-5747
Telephone (602) 262-5311

Tucson Office
One South Church Avenue
Suite 700
Tucson, Arizona 85701-1611
Facsimile (520) 622-3088
Telephone (520) 622-2090

Las Vegas Office
3993 Ho
Suite 600
Las Vegas, Nevada 89109
Facsimile (702) 949-8398
Telephone (702) 949-8200

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Thomas H. Campbell
Direct Dial: (602) 262-5723
Direct Fax: (602) 734-3841
Internet: TCampbell@lrlaw.com
Admitted in Arizona

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AZ CORP COMMISSION
DOCUMENT CONTROL

Our File Number 43056-00001

September 1, 2004

HAND DELIVERED

Arizona Corporation Commission
Utilities Division – Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

Re: UniSource Energy Services Progress Report
Docket Nos. E-01032C-00-0751, G-01032A-02-0598, E-01933A-02-0914, E-01032C-02-0914, G-01032A-02-0914
A.C.C. Decision No. 66028

Pursuant to A.C.C. Decision No. 66028, UniSource Energy Services (“UES”) files this progress report on the negotiations to restructure the Pinnacle West Capital Corporation (“PWCC”) Power Supply Agreement (“PSA”).

UES has continued its dialogue with PWCC on renegotiating the existing PSA but has not yet seen market conditions that would provide a benefit to its customers. UES will continue to evaluate other supply options and contract structures in order to take advantage of opportunities as they are presented.

Very truly yours,

LEWIS AND ROCA LLP

Thomas H. Campbell

cc: Ernest Johnson, Utilities Division Director
A.C.C. Compliance Manager
All Parties of Record

Arizona Corporation Commission

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