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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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