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ARIZONA CORPORATION COMMISSION

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October 18, 2005

Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason

Re: Recent shutdown of Palo Verde Nuclear Generating Station; APS Power Supply Adjustor,
Docket Nos. E-01345A-03-0437 and E-01345A-05-0526

Dear Colleagues:

I write to concur with Commissioner Mundell on the need for a Special Open Meeting to address the recent outages of the Palo Verde Nuclear Generating Station and its potential impacts on ratepayers.

In response to an inquiry that I posed on August 25, 2005, about the impact of the Palo Verde shutdowns this summer, Arizona Public Service ("Company") stated that it intended to seek recovery of \$30 million associated with those shutdowns. The Company reached an agreement with Staff not to seek immediate recovery of \$20 million of these costs, but the Company made it clear that it intends to seek recovery of those funds through the PSA in the future.

APS spokespeople have been quoted in newspapers stating that the Company is uncertain whether it will seek a rate adjustment associated with last week's outages. I would like the Company to tell both the Commission and consumers whether they will seek to recover all, or part of the costs associated with this most recent shutdown.

The latest outage of Palo Verde only heightens my concern about these costs, and strongly suggests a need to review our policy regarding allowing such costs to be flowed through adjustor mechanisms.

Sincerely,

Kris Mayes
Commissioner

Cc: Brian McNeil
Ernest Johnson
Lyn Farmer
Chris Kempley

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