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AZ CORP COMMISSION  
DOCUMENT CONTROL

January 22, 2007

Arizona Corporation Commission  
DOCKETED

JAN 22 2007

DOCKETED BY  
NW

Chairman Jeff Hatch-Miller  
Commissioner William A. Mundell  
Commissioner Mike Gleason  
Commissioner Kristin K. Mayes  
Commissioner Gary Pierce  
Parties to the 1999 Settlement Agreement  
Intervenors in Docket No. E-01933A-05-0650

Re: Meetings to Propose Joint Resolutions In Docket No. E-01933-05-0650

Dear Chairman Hatch-Miller, Commissioners, Parties and Intervenors:

Tucson Electric Power Company ("TEP") respectfully requests that the Commission and other Parties to the 1999 Settlement Agreement<sup>1</sup> meet to "propose joint resolutions" for the issues that have been raised in Docket No. E-01933A-05-0650 (the "1999 Settlement Agreement Amendment Case").

This request is made pursuant to Section 13.2 of the 1999 Settlement Agreement, which provides:

The parties acknowledge that TEP's ability to offer Competitive Retail Access is contingent upon conditions and circumstances, a number of which are not within the direct control of the Parties. *Accordingly, the Parties agree that it may become necessary to modify the terms of retail access to account for such factors, and they further agree to address such matters in good faith and to cooperate in an effort to propose joint resolutions for any such matters.* (emphasis added)

The direct testimony filed by TEP, Commission Staff and the Intervenors in the 1999 Settlement Agreement Amendment Case has made it clear that there are divergent views, both of the status of retail electric competition in Arizona and in the interpretation

<sup>1</sup> Amended Settlement Agreement entered into on December 1, 1999 between Tucson Electric Power, the Arizona Corporation Commission ("Commission"), Arizona Residential Utility Consumer Office ("RUCO"), Arizonans for Electric Choice and Competition ("AECC") and the Arizona Community Action Agency ("ACAA"), collectively referred to as the "Parties", approved in Decision No. 62103 (the "1999 Settlement Agreement"). The Commission is a Party to the 1999 Settlement Agreement pursuant to Section 13.3.

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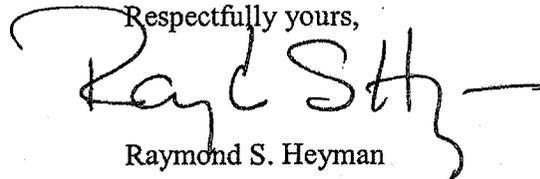
of the 1999 Settlement Agreement. Accordingly, meetings pursuant to Section 13.2 are now appropriate and timely.

TEP will contact the Commission and other Parties to the 1999 Settlement Agreement to discuss a meeting schedule. In the event that joint resolutions are agreed upon, then TEP will schedule meetings with the non-signatory Intervenors, and will request a Procedural Conference with the Presiding Administrative Law Judge in the 1999 Settlement Agreement Amendment Case.

TEP is filing a copy of this letter with the Commission's Docket Control and providing a copy of this letter to those Intervenors in the 1999 Settlement Agreement Amendment Case that are not parties to the 1999 Settlement Agreement.

TEP looks forward to participating in the Section 13.2 meeting process in an effort to propose joint resolutions to the important issues raised regarding retail electric competition and in the 1999 Settlement Agreement.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Ray S. Heyman", with a horizontal line extending to the right from the end of the signature.

Raymond S. Heyman

cc: Docket Control