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AZ CORP COMMISSION  
DOCKET CONTROL  
September 13, 2007

**HAND DELIVERED**

Arizona Corporation Commission  
**DOCKETED**

SEP 13 2007

Ernest Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

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Re: *Withdrawal of February 27, 2007 Request for Review of FPPCA Efficacy;*  
*Docket Nos. E-01773A-04-0528 and E-04100A-04-0527*

Dear Mr. Johnson:

On February 27, 2007, AEPCO requested that the Commission review the efficacy of the Fuel and Purchased Power Clause Adjustor mechanism ("FPPCA") because of its concern that the FPPCA's standard procedures were not allowing it to make meaningful progress in reducing the undercollected bank balance. Progress, however, in that regard has improved somewhat in recent months. For that reason, AEPCO withdraws its February 27 request for review.

AEPCO is concerned that, in particular, increases in coal transportation and commodity costs in the second half of 2008 may once again create substantial fuel bank under-recoveries. We will keep the Commission and Staff advised on those and other fuel/purchased power developments and, if circumstances warrant, may need to file another request for review of FPPCA efficacy.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

By:

Michael M. Grant

MMG/plp  
10421-46/1633968

cc (delivered): Jerry Anderson, Utilities Division  
Barbara Keene, Utilities Division

**Original and 15 copies** filed with Docket  
Control this 13<sup>th</sup> day of September, 2007.