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A subsidiary of Pinnacle West Capital Corporation



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December 10, 2007

Mr. Brian Bozzo
Compliance Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

RE: PALO VERDE SEMI-ANNUAL REPORT PURSUANT TO
DOCKET NOS. E-01345A-05-0816, E-01345A-05-0826 AND E-01345A-05-0827
DECISION NO. 69663

Dear Mr. Bozzo:

Decision No. 69663, page 152, Finding of Fact 135 requires Arizona Public Service Company to file with Docket Control a semi-annual report describing Palo Verde Nuclear Generating Station's plant performance, explaining any negative regulatory reports by the NRC or INPO, and providing details of corrective actions taken. The order does not specify a reporting period or due date(s) for this report.

In a recent conversation with you, we discussed this report and the filing requirement(s) necessary for APS to be in compliance with the decision. We agreed that a 6-month reporting period is reasonable for each semi-annual report, and that the reporting periods should end on June 30 and December 31 of each year (until such time as the Commission determines the report is no longer necessary). We further agreed that the report itself would be due to Docket Control 60 days after the end of the reporting period.

Therefore, the initial Palo Verde Semi-Annual Performance Report will be due on February 29, 2008.

If you or your staff have any questions, please call Jeff Johnson at 602-250-2661.

Sincerely,

Barbara Klemstine

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cc: Docket Control (+ 13 copies)

Arizona Corporation Commission
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