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January 29, 2008

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

RE: PALO VERDE OUTAGE REPORT
DECISION NO. 69663
DOCKET NO. E-01345A-05-0816, E-01345A-05-0826, E-01345A-05-0827

Dear Sir or Madame:

Pursuant to Decision No. 69663, enclosed please find an Outage Report for planned or unplanned outages at the Palo Verde Nuclear Generating Station.

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

Sincerely,

Barbara Klemstine

BK/bgs

cc: Brian Bozzo
Ernest Johnson

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**OUTAGE REPORT
PALO VERDE NUCLEAR GENERATING STATION (PVNGS)
PURSUANT TO DECISION NO. 69663**

PVNGS Unit 1 was manually shut down on November 24, 2007, when the unit's Train A Safety Features Actuation System alarmed, indicating that the Emergency Diesel Generator "A" breaker was closed and the generator was on-line. The alarm was erroneous, as operations confirmed that the diesel generator was not on line. This inconsistency was determined to be caused by a failed diode and short circuits in the Actuation System cabinet. The diode was replaced, and Unit 1 was returned to service on November 30, 2007.

Replacement net fuel and purchased power costs incurred as a result of this outage were \$3.8 million. Off-system sales were reduced by 10,692 MWhs, with an associated lost opportunity sales margin of \$79,220.