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ATTORNEYS AT LAW

MICHAEL M. GRANT
DIRECT DIAL: (602) 530-8291
E-MAIL: MMG@GKNET.COM

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2575 EAST CAMELBACK ROAD
PHOENIX, ARIZONA 85016-9225
PHONE: (602) 530-8000
FAX: (602) 530-8500
WWW.GKNET.COM

January 10, 2001

Deborah Scott
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: *Environmental Portfolio Surcharge Tariff;*
Docket Nos. RE-00000C-00-0377 and E-00000A-99-0205

Dear Ms. Scott:

In the January 2, 2001 Procedural Order, all Affected Utilities were instructed to file proposed surcharge tariffs in this docket subject to final Commission action on the EPS rules. Although AEPCO is an Affected Utility, as you know, it does not deliver power at retail. Therefore, AEPCO will not be submitting a proposed tariff.

As the all requirements wholesale power provider for its five Arizona Class A member distribution cooperatives, if the Commission approves the EPS Rules, AEPCO anticipates collecting the proceeds of the surcharge from its members and applying those monies to attempt to meet EPS Rules' requirements.

Should you or any other Staff member have questions, please call.

Very truly yours,

GALLAGHER & KENNEDY

By
Michael M. Grant

Original and ten (10) copies
filed with Docket Control.

Linda Maguire

cc: Pat Cooper
Russ Jones
Chris Hitchcock
Tom Hine

MMG/lmm

Enclosure

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