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**James S. Pignatelli**  
Chairman, President &  
Chief Executive Officer

November 17, 1999

AZ CORP COMMISSION  
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The Honorable Carl J. Kunasek, Chairman  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Arizona Corporation Commission  
**DOCKETED**

NOV 17 1999

Re: November 10, 1999 Letter  
Docket No. E-01933A-98-0471  
Docket No. E-01933A-97-0772  
Docket No. RE-00000C-94-0165

DOCKETED BY 

Dear Carl:

Thank you for giving us the opportunity to clear up any concerns raised by Mr. Rose's e-mails. I met with Mr. Rose for lunch, at his request, on May 24, 1999. This was the only time I have met with Mr. Rose, or for that matter the only time I recall speaking to Mr. Rose since he left the Commission. To my knowledge no other person employed by TEP or any of its affiliates has had any contact with Mr. Rose since he left the Commission.

At the lunch with Mr. Rose, I did not enter into any agreement with Mr. Rose for him to represent TEP in any matter; nor have I ever entered into any business arrangement with Mr. Rose for him to represent TEP in any manner. Moreover I did not ask him to assist us in securing regulatory approval for our settlement. With regard to committing any business opportunities to Prudential Securities, I did not and to date have not entered into any agreement committing securitization to any firm. At the lunch I only stated that consistent with my obligations to my consumers and shareholders, I would consider Prudential along with all qualified firms to bid for any securitization underwriting that may be permitted by this Commission, subject to any financing application that may be filed and approved by the Commission.

Also at the lunch Mr. Rose said that he thought Oneok may be interested in expanding into electricity in Arizona. I told him I would like to meet with them because maybe there was something that TEP and ONEOK could do together. My thoughts were not to sell to Oneok but to work with them to market electricity services to their gas

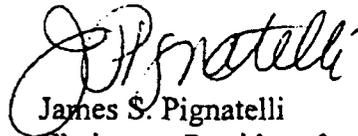
customers in Nevada and Arizona. I took no action to set up any meeting with Oneok and to this day have had no discussions with them. To my knowledge no one at TEP or any of its affiliates have had any contact with any representatives of Oneok.

With regard to Mr. Rose's trip to New York last year, I only know he went and met with various firms regarding the settlement that was then under discussion in Arizona. I understand he was acting in his position as executive secretary. At no time was he acting at the behest of TEP or in any capacity for TEP.

On an overall basis it must be emphasized that Mr. Rose was never involved in any negotiations or discussions with TEP relative to the Settlement Agreement that is the subject of this docket.

I hope this clarifies the facts and alleviates your concerns with regard to Mr. Rose's actions as they relate to TEP.

Sincerely,

  
James S. Pignatelli  
Chairman, President &  
Chief Executive Officer

cc: Jim Irvin, Commissioner  
William A. Mundell, Commissioner  
Brian C. McNeil, Executive Secretary  
Deborah Scott, Director of Utilities  
Lyn Farmer, Chief Counsel  
Jerry L. Rudibaugh, Chief Hearing Officer  
Docket Control (Original and 14 copies)  
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