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June 2, 1998

Arizona Corporation Commission
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VIA FACSIMILE

Mr. Ray Williamson
Acting Director
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Commissioner Kunasek's June 1 Letter to you;
Docket No. RE-00000C-94-0165

Dear Mr. Williamson:

Mr. Bullis faxed me Commissioner Kunasek's letter and the questions attached to it which were directed to me and others. I did not review it until this morning because I was out of the office yesterday.

As you know, together with others, I met with you, Mr. Rose, Ms. Alward, Ms. Hubbard and Messrs. Ahearn and Wallace on May 7, 1998. The meeting had been called by Mr. Rose to discuss what at that point was a four-point proposal by Staff on stranded costs, metering, affiliate organization and competition phase-in matters.

Also in attendance at the meeting were Mr. Curtis who represents Mohave and Navapache, Mr. Hughes and Mr. Mesho of Mohave and Navapache, Mr. Dabelstein of Citizens, Mr. Jones of Grand Canyon and Ms. Cooper of AEPCO. I believe this is a complete list of persons who attended the meeting.

As to Commissioner Kunasek's other question as to the outcome of the meeting, I would note that I was an active participant in the meeting, offering my clients' views and positions on these Staff proposals. For this reason, I did not take very detailed notes of what was actually said.

However, I have reviewed Mr. Marks' letter to you of May 14, 1998. With particular reference to the last paragraphs on page 3 of that letter, I agree with the statements set forth there that "Staff intended to have the Hearing Officer's Recommended Order 'pulled', with Staff's recommendation substituted for that

Mr. Ray Williamson
June 2, 1998
Page 2

order" and that Mr. Rose did indicate "the Commissioners supported Staff's new proposal." Another outcome was that Mr. Rose also advised me while the cooperatives were invited to provide written input on Staff's proposal, he could assure me that unless the cooperatives were willing to drop their lawsuits against the Commission, any of the cooperatives' suggested modifications to the Staff proposal would be "non-starters."

Very truly yours,



By

Michael M. Grant

Original and 10 copies
filed with Docket Control

cc: Chairman/Commissioner Jim Irvin (via hand delivery)
Commissioner Renz Jennings (via hand delivery)
Commissioner Carl Kunasek (via hand delivery)
Paul Bullis, Esq. (via hand delivery)
All Parties of Record