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March 30, 2011

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

Arizona Corporation Commission
DOCKETED

MAR 30 2011

DOCKETED BY	<i>MMG</i>
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Re: *AEPCO's Quarterly Update on Its Action Plan; Compliance Item in Relation to Decision No. 72055; Docket No. E-01773A-09-0472*

Dear Sir or Madam:

As required by the Final Ordering Paragraph at page 17 of Decision No. 72055, AEPCO submits this quarterly update on the Action Plan which it filed in this Docket on January 27, 2011 (the "Action Plan"). The Action Plan identified several items which have already been completed.

As to the status of items which are ongoing:

1. Under Fuel Supply Management (Action Plan, p. 1, item 2) regarding the plan for reducing coal inventory, the minimum tonnage has been ordered for this year and additional coal delivery delay or avoidance possibilities continue to be explored.
2. Under Gas Hedging (Action Plan, p. 2, item 1), AEPCO anticipates the measurement program completion and adoption in the second quarter.
3. Under Power Transactions (Action Plan, p. 2, item 2, third responsive step), completion of the written PPFAC product is underway, but completion has been delayed. AEPCO now anticipates filing the processes and procedures by April 30, 2011.
4. Under Engineering Analysis/Plan Management (Action Plan, p. 3, items 1 and 2), the monitoring and assembly of data concerning Apache Station usage have commenced and will continue through March 31, 2012 with the studies anticipated to be completed by September 30 of next year.

Docket Control
March 30, 2011
Page 2

AEPCO will file its next quarterly update on the Action Plan by June 30, 2011.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

A handwritten signature in black ink, appearing to read "Michael M. Grant", with a long horizontal flourish extending to the right.

By:

Michael M. Grant

MMG/plp
10421-59/2707968

Original and 13 copies filed with Docket
Control this 30th day of March, 2011.