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January 31, 2002

Chairman William A. Mundell
Commissioner Jim Irvin
Commissioner Marc Spitzer
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Dear Commissioners:

Enclosed please find SRP's first quarterly report on the status of the Santan project. This report provides up-to-date information and documentation on the status of SRP's efforts to comply with each condition contained in the Certificate of Environmental Compatibility (CEC).

In addition, with respect to Condition No. 36, I would like to inform you that, today, Dick Silverman directed that the attached letter be sent to Mr. Dale Lieb, Maricopa County Air Permits Manager. As you can see, SRP will submit a supplement to the Santan air quality permit to exclude diesel-burning provisions. As previously mentioned, SRP has always intended to fully comply with the 41 Santan CEC conditions. SRP trusts that the withdrawal of diesel provisions in the air quality permit application confirms this commitment.

As always, please feel free to contact me if you have additional questions or concerns.

Sincerely,

/s/

Kelly J. Barr

/seb

Enc.

Chairman William A. Mundell
Commissioner Jim Irvin
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cc: Lyn Farmer, Chief Administrative Law Judge
Ernest Johnson, Utilities Director
Patrick Williams, Compliance and Enforcement Manager
Chris Kempley, Legal Director
Brian McNeil, Executive Secretary
Docket Control

Richard H. Silverman, General Manager
Richard M. Hayslip, Manager, Environmental, Land, Risk Management &
Telecom