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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MARC SPITZER, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
MIKE GLEASON  
KRISTEN K. MAYES

Arizona Corporation Commission

**DOCKETED**

NOV - 4 2004

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AZ CORP COMMISSION  
DOCUMENT CONTROL

2004 NOV - 4 P 2: 03

RECEIVED

IN THE MATTER OF THE APPLICATION OF  
ARIZONA PUBLIC SERVICE COMPANY  
FOR A HEARING TO DETERMINE THE  
FAIR VALUE OF THE UTILITY PROPERTY  
OF THE COMPANY FOR RATEMAKING  
PURPOSES, TO FIX A JUST AND  
REASONABLE RATE OF RETURN  
THEREON, TO APPROVE RATE  
SCHEDULES DESIGNED TO DEVELOP  
SUCH RETURN, AND FOR APPROVAL OF  
PURCHASE POWER CONTRACT.

DOCKET NO. E-01345A-03-0437

**NOTICE OF FILING THE  
SUMMARY OF THE  
TESTIMONY OF JESSE A.  
DILLON**

PPL EnergyPlus, LLC, and PPL Southwest Generation Holdings, LLC, (collectively  
“PPL”) hereby provide notice of filing the Summary of the Testimony of their witness, Jesse  
A. Dillon, in the above-captioned docket in connection with the Proposed Settlement  
Agreement.

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RESPECTFULLY SUBMITTED this 4th day of November, 2004.

MOYES STOREY, LTD.



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ORIGINAL plus 15 copies of the  
of the foregoing filed this  
4<sup>th</sup> day of November 2004, with:

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SUMMARY OF THE TESTIMONY OF

JESSE A. DILLON

On behalf of PPL EnergyPlus, LLC, and PPL Southwest Generation Holdings, LLC

Docket No. E-01345A-03-0437

November 4, 2004

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SUMMARY OF THE DIRECT TESTIMONY  
OF  
JESSE A. DILLON

I am testifying on behalf of PPL EnergyPlus, LLC and PPL Southwest Generation Holdings, LLC (collectively "PPL"). PPL supports the settlement agreement filed in this proceeding (the "Settlement") as a fair and reasonable compromise among many parties representing a broad spectrum of diverse interests, and believes the Settlement is in the best interest of the public.

In response to the request of Commissioner Mayes, I note that upon intervention PPL did not independently take a "litigation position" in this case. PPL does independently support the Settlement. PPL is also a member of the Arizona Competitive Power Alliance ("ACPA") and agrees with the position of ACPA in support of the Settlement. PPL concurs with the response of Greg Patterson explaining how key components of the Settlement achieve substantial objectives of ACPA. PPL believes those objectives are best advanced by the Settlement, in contrast to the alternative of litigating the extremely diverse initial positions of parties in this case and possibly litigating in other cases other important disputed issues that are resolved by the compromises in the Settlement. The Settlement is conducive to an effective and competitive wholesale market. PPL believes that an effective and competitive wholesale market will promote the availability of the lowest cost power to ratepayers and serve the best interest of the public.