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BEFORE THE ARIZONA CORPORATION COMMISSION

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KRISTIN K. MAYES, Chairman

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BOB STUMP

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**

JUL 30 2009

DOCKETED BY 

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.

DOCKET NO. E-01345A-08-0172

NOTICE OF FILING TESTIMONY

Federal Executive Agencies (FEA), by and through the undersigned attorney, representing all Federal customers of Arizona Public Service Company, hereby provides notice of filing the Testimony of Dr Larry Blank in support of the Proposed Settlement Agreement in this proceeding.

RESPECTFULLY SUBMITTED this 1st day of July 2009.

FEDERAL EXECUTIVE AGENCIES

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Original and thirteen (13) copies of the  
Foregoing filed this 1st day of  
July 2009 with:

Docket Control Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

A copy of the foregoing was mailed/\*emailed this  
1st day of July 2009 to:

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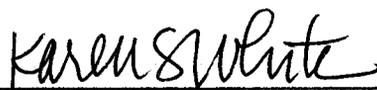
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KAREN S. WHITE, Esq.

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**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 ) Docket No. E-01345A-08-0172  
Approve Rate Schedules Designed to )  
Develop Such Return )  
)**

**DIRECT TESTIMONY**

**OF**

**LARRY BLANK**

**ON BEHALF OF**

**THE FEDERAL EXECUTIVE AGENCIES**

**IN SUPPORT OF  
THE PROPOSED SETTLEMENT AGREEMENT**

**July 1, 2009**

Direct Testimony of Larry Blank  
On behalf of the Federal Executive Agencies

ACC Docket No. E-01345A-08-0172

Page 1

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.**

2 A. My name is Larry Blank. My business address is 2533 North Carson St., Suite 3624, Carson  
3 City, NV 89706.

4 **Q. PLEASE STATE YOUR PROFESSIONAL POSITION(S).**

5 A. I am the principal of TAHOEconomics, LLC, ("Tahoe") a Nevada-registered consulting  
6 company I founded in August 1999, specializing in most facets of regulated utility industries.  
7 I also serve (since 2003) on the faculty of the Dept. of Economics and the Center for Public  
8 Utilities, both housed in the College of Business, New Mexico State University. For the  
9 purposes of this proceeding, I have been engaged through Tahoe.

10 **Q. DID YOU PREVIOUSLY FILE WRITTEN TESTIMONY IN THIS DOCKET?**

11 A. Yes. I prepared pre-filed written testimony in this proceeding dated January 8, 2009.

12 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

13 A. At the request of legal counsel to the Federal Executive Agencies ("FEA"), I have prepared  
14 this written testimony in support of the *Proposed Settlement Agreement*, dated June 12, 2009.

15 **Q. DID YOU PARTICIPATE IN THE SETTLEMENT DISCUSSIONS LEADING UP TO  
16 THE FILING OF THE PROPOSED SETTLEMENT AGREEMENT?**

17 A. Yes, I participated in several of the many settlement discussions prior to the filing of the  
18 *Proposed Settlement Agreement* ("Agreement").

19 **Q. HAVE YOU REVIEWED THE FILED AGREEMENT?**

20 A. Yes.

21 **Q. WHAT IS YOUR OPINION OF THE AGREEMENT?**

22 A. The Agreement nicely balances the various interests of the signing parties in this proceeding.

1 **Q. DO YOU BELIEVE THE RATES, TERMS AND CONDITIONS CONTAINED IN**  
2 **THE AGREEMENT ARE JUST AND REASONABLE?**

3 A. As an entire package, the rates, terms and conditions in the Agreement are just and  
4 reasonable.

5 **Q. DO YOU BELIEVE THE RATES, TERMS AND CONDITIONS CONTAINED IN**  
6 **THE AGREEMENT ARE CONSISTENT WITH THE PUBLIC INTEREST?**

7 A. Yes. Nothing in the agreement strikes me as inconsistent with the public interest.

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A. Yes, thank you.