



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

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Joint Application of Sierra Pacific Power)
Company and California Pacific Electric)
Company, LLC for Transfer of Control and) Application 09-10-028
Additional Requests Relating to Proposed)
Transaction)
_____)

**PROTEST OF SIERRA COUNTY
AND REQUEST FOR EVIDENTIARY HEARING**

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In accordance with Rule 2.6 of the Commission’s Rules of Practice and Procedure, Sierra County hereby Protests the Joint Application of Sierra Pacific Power Company (“SPPC”) and California Pacific Electric Company, LLC (“CalPeco”) (together the “Joint Applicants”) for authorization pursuant to Public Utilities Code (“PU Code”)¹ §854(a) to transfer control of the assets and operations that make-up SPPC’s California electric distribution system, as well as its Kings Beach Generating Facility, to CalPeco. In addition to requesting approval under §854(a), the Joint Applicants request authorization for certain other requests that are allegedly related to the proposed transfer of ownership and control of the California electric facilities. Sierra County requests that the Joint Application be set for hearing.

The Joint Application of Sierra Pacific Power Company and California Pacific Electric Company, LLC for Transfer of Control and Additional Requests Relating to Proposed Transaction (“Joint Application”) was filed with the Commission on October 16, 2009. Notice of the filing of the Joint Application first appeared in the Commission’s Daily Calendar on October 26, 2009. Therefore, Sierra County’s Protest is timely filed.

¹ Unless stated to the contrary, all statutory references are to the Public Utilities Code.

I. IDENTIFICATION OF PROTESTANT

Sierra County is located in the Sierra Nevada Mountains, north of Lake Tahoe. Its eastern border is the State of Nevada. The county seat is Downieville. Sierra County covers a total of 959 square miles and has a population of 3,555, as determined by the 2000 census, making it one of the smallest counties in California by population. The City of Loyalton is the only incorporated city in Sierra County. The median family income in Sierra County was \$42,756 as measured by the 2000 census.

Sierra County, with elevations ranging from 3000 to 9000 feet, is generally above the snow line. The interior of Sierra County is served by State Highways 49 primarily in the north and State Highway 89 in the south. Electric service to residents of Sierra County is fragmented with Pacific Gas and Electric Company ("PG&E"), SPPC and Plumas-Sierra Rural Electric Cooperative ("PSREC") all providing service to different communities. PG&E serves the west half of the county while the east half is served by either PSREC or SPPC. Loyalton, Sierra Brooks (a 390 lot subdivision 2 miles south of Loyalton), as well as other properties in the vicinity of Loyalton and Sierraville are served by SPPC, while PSREC serves various properties around Sierra Valley.

II. CORRESPONDENCE

All correspondence and communications with respect to this Protest and Request for Evidentiary Hearing should be addressed as follows:

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III. GROUNDS FOR PROTEST

Sierra County has reviewed the Protest of Plumas-Sierra Rural Electric Cooperative and Request for Hearing, as well as the Protest and Request for Hearing of the City of Loyalton. Sierra County hereby incorporates by reference and adopts that portion of PSREC's Protest that addresses the quality of service and reliability of electric service as it relates to residents and business located in Sierra County,² as well as that portion of the City of Loyalton's Protest relating to electric reliability.³ Sierra County confirms that electric reliability is a serious problem in the service territory served by SPPC. CalPeco does not purport to take any steps that will improve the reliability of electric service to residents and business in Sierra County. In fact, as PSREC points out, electric reliability could further deteriorate.

Sierra County also adopts and incorporates by reference, the discussion in the City of Loyalton's Protest that addresses the importance of the Loyalton Generator,⁴ both in terms of electric reliability, but also in terms of its importance to the economies of Loyalton and Sierra County.⁵ Sierra County is not a rich county; nor are most of the residents of the County. SPPC's decision to stop purchasing electricity from the Loyalton Generator not only adversely affects the economy of Loyalton, but of Sierra County and the surrounding area.

Sierra County also incorporates by reference and adopts the discussion in Section III B. of PSREC's Protest regarding the lack of benefits that the proposed transaction will provide to the communities served by the resulting utility. Sierra County sees no benefits to local communities resulting from the proposed transaction. At best, it will be a continuation of the status quo, which means the same unreliable electric service that our residents have experienced over the past years. At worse, with the Loyalton Generator idled and SPPC's change of position

² This includes Section IV A. of PSREC's Protest.

³ City of Loyalton Protest Section III.A.

⁴ The Loyalton Generator is a former cogeneration plant that, with the closure of the Sierra Pacific Industries mill is now a stand alone biomass power plant.

⁵ Id. Section III B. and III C.

regarding the principles that would govern the construction of and cost recovery for the Fort Sage Transmission Line, electric reliability to the area could deteriorate even more. SPPC should not be allowed to relinquish its public utility obligations by transferring its California electric distribution system to another without taking steps to ensure that electric reliability will improve.

IV. ALTERNATIVES AND MITIGATION MEASURES

Public Utilities Code §854(d) requires that the Commission consider reasonable options to the proposal to determine whether comparable short-term and long-term economic savings can be achieved through other means while avoiding the possible adverse consequences of the proposal. The City of Loyalton's Protest, listed a number of reasons why selling that portion of SPPC's electric distribution system that is used to serve Loyalton would not achieve savings and, in fact, would result in adverse consequences.⁶ This discussion is equally applicable to the remainder of SPPC customers in Sierra County. The sale of the system to PSREC, however, would achieve short-term and long-term benefits and avoid adverse consequences. Sierra County will not repeat the significant benefits that would accrue as a result of the sale of such system to PSREC, rather than CalPeco. Sierra County hereby adopts and incorporates by reference Section IV of Loyalton's Protest.

Sierra County strongly supports the sale to PSREC of that portion of SPPC's electric distribution system that serves Sierra County. We believe that the sale of the facilities to PSREC on the same terms and conditions and with many of the same supporting arrangements that the Joint Applicants proposed to facilitate the transition of ownership, makes far more sense than the proposed sale of the system to CalPeco. The sale to PSREC will result in long-term and short-term economic savings and benefits while avoiding the adverse consequences of the proposed sale to CalPeco. Sierra County urges the Commission to consider this option.

V. REQUEST FOR HEARING

Sierra County requests that the Joint Application be set for hearing. There are significant material issues of fact that relate to electric reliability as well as the economic impact of the proposed transaction. In addition, the option of selling the SPPC system that is located in Sierra

⁶ Id. Section IV.

County to PSREC has been proposed and should be examined. Sierra County believes that it is a superior option as compared to the proposed sale to CalPeco. Sierra County, together with other protestants in this proceeding, intends to present evidence on why this option is superior and will provide short-term and long-term economic benefits, while avoiding the adverse consequences associated with the sale of the distribution facilities to CalPeco. Sierra County intends to participate through cross-examination and the presentation of evidence in such hearings.

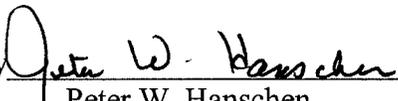
VI. CONCLUSION

For the reasons set forth above, Sierra County protests the Joint Application and requests that this matter be set for hearing. Sierra County respectfully requests that the Commission consider and approve the sale of that portion of SPPC's electric distribution facilities that are located in Sierra County to PSREC.

Dated: November 23, 2009

Respectfully submitted,

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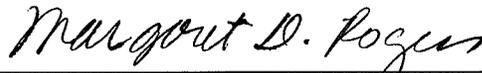
Attorneys for
SIERRA COUNTY

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of **PROTEST OF SIERRA COUNTY AND REQUEST FOR EVIDENTIARY HEARING** on the attached service list. Service was effected by one or more means indicated below:

- Placing the copies in properly addressed sealed envelopes and depositing such envelopes in the United States mail with first-class postage prepaid (*Via First Class Mail*).
- Placing the copies in sealed envelopes and causing such envelopes to be delivered by hand to the offices of each addressee (*Via Courier*).
- Transmitting the copies via facsimile, modem, or other electronic means (*Via Electronic Means*).

Executed in Walnut Creek, California on November 23, 2009.



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