BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Application Of Sierra Pacific Power Company (U-903-E) for an Order Authorizing an Immediate Interim Rate Increase, subject to Refund and for Consideration of a Rate Stabilization Plan.	)	Application No. 01-06-041 (Phase 2)

PARTIAL PHASE TWO SETTLEMENT AGREEMENT

WHEREAS, SIERRA PACIFIC POWER COMPANY ("SIERRA") filed Phase 2 of Application 01-06-041 on April 1, 2002 seeking a general rate increase pursuant to Sections 451, 454 and 701 of the Public Utilities Code and Rules 15, 16, 17, 23 and 24 of the Commission's Rules of Practice and Procedure;

WHEREAS Sierra's Application requested that the Commission authorize an overall increase to its revenue requirement of $8.9 million or 17.1% percent, for test year 2003, assuming that its request for interim rate relief (Phase 1) were granted;

WHEREAS Sierra provided written notice of its Application for a general rate increase to its customers in compliance with Rule 24 of the Commission's Rules of Practice and Procedure;

WHEREAS the Office of Ratepayer Advocates ("ORA") moved to dismiss Phase 2 of the Application on April 17, 2002;

WHEREAS the California Ski Areas Association ("CSAA") filed a motion to intervene in this proceeding on May 9, 2002;

WHEREAS the Commission held a Prehearing Conference on May 21, 2002, at which time ORA's Motion to Dismiss was denied and the CSAA's Motion to Intervene was granted;

WHEREAS the Commission issued a Scoping Memo on August 5, 2002 in which it set a procedural schedule for evidentiary hearings on Sierra's Application;

WHEREAS on July 25, 2002 the Commission issued D. 02-07-031, in which it granted Sierra's request in Phase 1 for an interim rate increase of $0.02/kWh, applied to all customer classes except those eligible for California Alternative Rates for Energy ("CARE") and medical baseline, subject to refund;

WHEREAS on December 18, 2002, Sierra filed an amendment to its Phase 2 Application in which it lowered its requested increase to its revenue requirement to $4.8 million representing an overall 9.2% increase;

WHEREAS the Amended Application was the result of the following changes:

a. Reflect D. 02-07-031, issued on July 17, 2002 and approved Sierra's Phase 1 two-cent surcharge to all customers except those eligible for CARE and Medical Baseline rates effective July 18, 2002.
b. Remove low-income related public purpose programs from Operation and Maintenance (O&M). The low-income programs are addressed in A. 02-07-016.
c. Update depreciation rates based on Sierra's Public Utilities Commission of Nevada general rate case decision.
d. Update baseline allowances to comply with D.02-04-026.
e. Update accumulated deferred income taxes resulting from the Job Creation and Worker Assistance Act of 2002.
f. Remove the amortization of the goodwill which resulted from the merger with Nevada Power, from O&M.
g. Remove AB 1890 Implementation Costs from O&M. These costs, including Transition Cost Balancing Account (TCBA) balances will be moved to another phase of this proceeding or a new proceeding.
h. Reflect approved 2003 Cost of Capital ordered in D. 02-11-027.

WHEREAS ORA filed its Report on Results of Operations of Sierra for Test Year 2003 in which it recommended an increase to Sierra's revenue requirement of approximately $1.6 million or 3.3%;

WHEREAS the Commission conducted evidentiary hearings on Sierra's Application on April 9, 2003 in which Sierra, ORA and CSAA were the only parties who appeared and presented evidence;

WHEREAS CSAA only presented evidence on Sierra's and ORA's proposed revenue allocation, marginal cost and rate design proposals;

WHEREAS the parties conducted a settlement conference, notice pursuant to Rule 51 of the Commission's Rules of Practice and Procedure, on May 15, 2003; and

WHEREAS Sierra, ORA and CSAA have reached an agreement to settle all issues in this proceeding pertaining to Sierra's revenue requirements,

NOW THEREFORE, Sierra, ORA and CSAA agree as follows:

1. The increase to Sierra's revenue requirement should be $3.02 million or 5.8%. Appendix A, attached and incorporated into this Agreement by reference is a comparison exhibit that shows the forecasted results of operations for the twelve months ended December 31, 2003. Appendix A is a nine-page comparison of the unbundled results of operations, as stipulated, as amended by Sierra and as filed by ORA before and after the settlement revenue requirement. Page 1 is a summary of the results of operations change by unbundled component. Pages 2-5 detail the results of operations by unbundled component after the stipulated revenue requirement and Pages 6-9 detail the results of operations by unbundled component before the stipulated revenue requirement. The proposed settlement resolves all issues pertaining to the total amount of Sierra's request for an increase to its revenue requirement in A. 01-06-041, Phase 2, and is in

the public interest. The proposed settlement does not resolve the revenue allocation and rate design issues applicable to the agreed upon increase in Sierra's revenue requirement.

2. As shown on page 1 of Appendix A, the initial revenue requirement deficiency for Sierra and the ORA was $4.767 million and $1.604 million, respectively. Both Sierra and the ORA agreed to several adjustments and at the end of the hearings, the adjusted requirement deficiency for Sierra and ORA was $3.871 million and $2.662 million, respectively. Settlement discussions were held following the hearings and the ORA agreed to accept Sierra's water division reallocation adjustment in the amount of $.358 million. In turn Sierra accepted the ORA's remaining adjustments related to: Merger cost amortization - $.191 million; Customer Service and Information Expenses - $.190 million; Administrative and General Expenses - $.176 million; and Transmission Plant Additions - $.294 million. The result of these adjustments is the settlement revenue requirement deficiency of $3.020 million.

3. Sierra has agreed to accept ORA's adjustment of $.191 million pertaining to costs associated with its merger with Nevada Power Company. Sierra and ORA agree that Sierra's acceptance of this adjustment is strictly for settlement purposes and does not constitute a waiver of Sierra's right to seek recovery of merger costs in a proceeding before the Public Utilities Commission of Nevada.

4. ORA agrees that Sierra may recover its costs for the implementation of the ORCOM CIS billing system in the amount of $2,420,000 amortized over 5 years.

5. The Energy Cost Adjustment Clause ("ECAC") shall be reinstated either as a result of the Commission's adoption of Resolution E-3817 or as a result of the Commission's final decision in this proceeding.

6. Sierra, ORA and CSAA agree that the partial settlement embodied in this agreement is reasonable in light of the whole record, consistent with law and in the public interest, as required by Rule 51.1(e) and the Commission's policy pertaining to all party settlements. Re San Diego Gas and Electric Company **(1992) 46 CPUC 2d 538.** The information contained in and attached to Sierra's application, as amended, the comparison exhibit attached to this agreement and the evidence submitted at the hearing supports the provisions of this partial settlement agreement.

7. This Settlement Agreement is subject to approval by the Commission. The Parties shall file a joint motion seeking approval of this Settlement Agreement.

8. No Party shall engage in any *ex parte* contact with the Commission in regard to this Settlement Agreement unless such Party states that it is in full support of the Settlement Agreement and each and every term thereof. No party shall seek, directly or indirectly, to have the Commission modify the terms of this Settlement Agreement without the express consent of the other Party.

9. The Parties each agree, without further consideration, to execute and/or cause to be executed, any other documents, and to take any other action as may be necessary, to effectively consummate the subject matter of this Settlement Agreement.

10. No party shall have any authority to bind the other or to act as an agent for the other unless written authority, separate from this Settlement Agreement, is provided.

11. This Settlement Agreement and all covenants set forth herein shall be binding upon and shall inure to the benefit of the respective Parties hereto, their legal successors, heirs, assigns, partners, representatives, executors, administrators, parent companies, subsidiary companies, affiliates, divisions, units, agents, attorneys, officers, directors, and shareholders.

12. This Settlement Agreement and the provisions contained herein shall not be construed or interpreted for or against either party hereto because that party drafted or caused its legal representative to draft any of its provisions.

13. This Settlement Agreement shall be governed by and interpreted in accordance with the domestic laws of the state of California.

14. This Settlement Agreement may be executed in any number of counterparts and by the Parties hereto in separate counterparts, with the same effect as if all Parties had signed one and the same document. All such counterparts shall be deemed to be an original and shall together constitute one and the same Agreement.

15. The provisions of this Settlement Agreement are not severable. If the Commission or any court of competent jurisdiction rules that any material provision of this Settlement Agreement is invalid or unenforceable, or materially modifies any material provision of this Settlement Agreement, then this Settlement Agreement shall be deemed rescinded and the Parties returned to the status quo as of the date of execution of this Settlement.

16. The Parties hereto acknowledge each has read this Settlement Agreement, that each fully understands its rights, privileges and duties under this Settlement Agreement, and that each enters this Agreement freely and voluntarily. Each Party further acknowledges that it has had the opportunity to consult with an attorney of its own choosing to explain the terms of this Settlement Agreement and the consequences of signing it.

17. No provision of this Settlement Agreement shall be considered precedential for purposes of any future or concurrent proceeding.

18. The undersigned hereby acknowledge and covenant that they have been duly authorized to execute this Settlement Agreement on behalf of their respective principals and that such execution is made within the course and scope of their respective agency and/or employment.

IN WITNESS WHEREOF, the parties have executed this Settlement Agreement on May 21, 2003.

SIERRA PACIFIC POWER COMPANY

By: _____

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OFFICE OF RATEPAYER ADVOCATES

By _____

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By: _____

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Sierra Pacific Power Company
Summary Results of Operations - California Total
Forecasted Twelve Months Ended December 31, 2003
(000$)

LN #	(A) Description	(B) Stipulated	(C) Sierra	(D) ORA	(E) Difference (B) - (C)	(F) Difference (B) - (D)
1						
2	Revenue Change By Component					
3	Generation	$ (1,200)	$ (723)	$ (1,103)	$ (477)	$ (97)
4	Transmission	(959)	(565)	(970)	(394)	11
5	Distribution	5,179	6,055	3,677	(876)	1,502
6	Total	$ 3,020	$ 4,767	$ 1,604	$ (1,747)	$ 1,416

Sierra Pacific Power Company
Summary Results of Operations - California Total
Forecasted Twelve Months Ended December 31, 2003
(000$)

LN #	(A) Description	(B) Stipulated	(C) Sierra	(D) ORA	(E) Difference (B) - (C)	(F) Difference (B) - (D)
			Forecast Results After Revenue Requirement			
1	***Operating Revenues***					
2	Sales Revenues	$ 51,284	$ 53,031	$ 49,868	$ (1,747)	$ 1,416
3	Other Operating Revenues	516	499	516	17	-
4	Revenue Credits	338	338	338	-	-
5	Total Operating Revenues	52,138	53,868	50,722	(1,730)	1,416
6						
7	***Operating Expenses***					
8	Steam Power Generation	1,130	1,148	1,131	(18)	(1)
9	Hydro Power Generation	22	22	22	-	-
10	Other Power Generation	372	387	372	(15)	-
11	Other Power Supply	4	4	4	-	-
12	Transmission	216	246	216	(30)	-
13	Distribution	1,591	1,728	1,591	(137)	-
14	Customer Accounts	2,050	1,566	1,227	484	823
15	Uncollectibles	113	438	111	(325)	2
16	Customer Service & Information	269	456	269	(187)	-
17	Administrative & General	4,135	4,644	3,643	(509)	492
18	Fuel and Purchase Power	23,340	23,340	23,340	-	-
19	Subtotal	33,242	33,979	31,926	(737)	1,316
20	Deferred Income Taxes	500	573	501	(73)	(1)
21	Amortization of ITC	(136)	(137)	(138)	1	2
22	Depreciation & Amortization	6,077	6,545	6,079	(468)	(2)
23	Taxes Other Than Income	2,032	2,133	2,019	(101)	13
24	CA Corporate Franchise Tax	433	425	563	8	(130)
25	Federal Income Taxes	1,828	1,916	1,745	(88)	83
26	Total Operating Expenses	43,976	45,434	42,695	(1,458)	1,281
27	Net Operating Income	$ 8,162	$ 8,434	$ 8,027	$ (272)	$ 135
28						
29	***Rate Base***					
30	Electric Plant In Service					
31	Production	$ 30,616	$ 30,746	$ 30,616	$ (130)	$ -
32	Transmission	20,349	22,638	20,349	(2,289)	-
33	Distribution	114,757	115,040	114,757	(283)	-
34	Intangible	1,457	1,991	1,457	(534)	-
35	General	5,972	6,777	5,971	(805)	1
36	Common	5,130	6,952	5,130	(1,822)	-
37	Total Plant	178,281	184,144	178,280	(5,863)	1
38	Additions					
39	Materials & Supplies	1,890	1,989	2,007	(99)	(117)
40	Prepayments	355	356	337	(1)	18
41	Other Additions	1,936	406	406	1,530	1,530
42	Working Cash	1,064	1,387	980	(323)	84
43	Total Additions	5,245	4,138	3,730	1,107	1,515
44	Deductions					
45	Customer Advances	3,341	3,341	3,341	-	-
46	Accum Deferred Inc Taxes	14,552	15,201	14,552	(649)	-
47	Accum Deferred Invst Tax Cred	1	1	1	-	-
48	Other Deductions	2,490	2,549	2,462	(59)	28
49	Total Deductions	20,384	21,092	20,356	(708)	28
50	Depreciation Reserve	72,860	73,891	72,861	(1,031)	(1)
51	Rate Base	$ 90,282	$ 93,299	$ 88,793	$ (3,017)	$ 1,489
52						
53	Rate of Return	9.04%	9.04%	9.04%	0.00%	0.00%

Sierra Pacific Power Company
Summary Results of Operations - California - Generation
Forecasted Twelve Months Ended December 31, 2003
(000$)

LN #	(A) Description	(B) Forecast Results After Revenue Requirement Stipulated	(C) Sierra	(D) ORA	(E) Difference (B) - (C)	(F) Difference (B) - (D)
1	***Operating Revenues***					
2	Sales Revenues	$ 27,239	$ 27,716	$ 27,336	$ (477)	$ (97)
3	Other Operating Revenues	304	294	304	10	-
4	Revenue Credits	44	44	44	-	-
5	Total Operating Revenues	27,587	28,054	27,684	(467)	(97)
6						
7	***Operating Expenses***					
8	Steam Power Generation	1,130	1,148	1,131	(18)	(1)
9	Hydro Power Generation	22	22	22	-	-
10	Other Power Generation	372	387	372	(15)	-
11	Other Power Supply	-	-	-	-	-
12	Transmission	-	-	-	-	-
13	Distribution	-	-	-	-	-
14	Customer Accounts	-	-	-	-	-
15	Uncollectibles	60	229	61	(169)	(1)
16	Customer Service & Information	-	-	-	-	-
17	Administrative & General	1,053	1,372	1,151	(319)	(98)
18	Fuel and Purchase Power	23,340	23,340	23,340	-	-
19	Subtotal	25,977	26,498	26,077	(521)	(100)
20	Deferred Income Taxes	850	810	771	40	79
21	Amortization of ITC	(26)	(26)	(26)	-	-
22	Depreciation & Amortization	1,204	1,245	1,232	(41)	(28)
23	Taxes Other Than Income	302	328	319	(26)	(17)
24	CA Corporate Franchise Tax	118	113	166	5	(48)
25	Federal Income Taxes	(2,255)	(2,314)	(2,236)	59	(19)
26	Total Operating Expenses	26,170	26,654	26,303	(484)	(133)
27	Net Operating Income	$ 1,417	$ 1,400	$ 1,381	$ 17	$ 36
28						
29	***Rate Base***					
30	Electric Plant In Service					
31	Production	$ 30,616	$ 30,746	$ 30,616	$ (130)	$ -
32	Transmission	-	-	-	-	-
33	Distribution	-	-	-	-	-
34	Intangible	401	599	468	(198)	(67)
35	General	1,320	1,542	1,494	(222)	(174)
36	Common	1,221	1,696	1,381	(475)	(160)
37	Total Plant	33,558	34,583	33,959	(1,025)	(401)
38	Additions					
39	Materials & Supplies	757	856	863	(99)	(106)
40	Prepayments	82	84	87	(2)	(5)
41	Other Additions	1,141	406	406	735	735
42	Working Cash	845	669	887	176	(42)
43	Total Additions	2,825	2,015	2,243	810	582
44	Deductions					
45	Customer Advances	-	-	-	-	-
46	Accum Deferred Inc Taxes	3,243	3,346	3,267	(103)	(24)
47	Accum Deferred Invst Tax Cred	-	-	-	-	-
48	Other Deductions	372	393	405	(21)	(33)
49	Total Deductions	3,615	3,739	3,672	(124)	(57)
50	Depreciation Reserve	17,096	17,372	17,258	(276)	(162)
51	Rate Base	$ 15,672	$ 15,467	$ 15,272	$ 135	$ 400
52						
53	Rate of Return	9.04%	9.04%	9.04%	0.00%	0.00%

Sierra Pacific Power Company
Summary Results of Operations - California - Transmission
Forecasted Twelve Months Ended December 31, 2003
(000$)

LN #	(A) Description	(B) Stipulated	(C) Forecast Results After Revenue Requirement Sierra	(D) ORA	(E) Difference (B) - (C)	(F) Difference (B) - (D)
1	***Operating Revenues***					
2	Sales Revenues	$ 2,254	$ 2,648	$ 2,243	$ (394)	$ 11
3	Other Operating Revenues	34	33	34	1	-
4	Revenue Credits	294	294	294	-	-
5	Total Operating Revenues	2,582	2,975	2,571	(393)	11
6						
7	***Operating Expenses***					
8	Steam Power Generation	-	-	-	-	-
9	Hydro Power Generation	-	-	-	-	-
10	Other Power Generation	-	-	-	-	-
11	Other Power Supply	4	4	4	-	-
12	Transmission	216	246	216	(30)	-
13	Distribution	-	-	-	-	-
14	Customer Accounts	-	-	-	-	-
15	Uncollectibles	5	22	5	(17)	-
16	Customer Service & Information	-	-	-	-	-
17	Administrative & General	206	247	196	(41)	10
18	Fuel and Purchase Power	-	-	-	-	-
19	Subtotal	431	519	421	(88)	10
20	Deferred Income Taxes	121	189	164	(68)	(43)
21	Amortization of ITC	(16)	(18)	(17)	2	1
22	Depreciation & Amortization	540	594	543	(54)	(3)
23	Taxes Other Than Income	212	248	213	(36)	(1)
24	CA Corporate Franchise Tax	30	34	44	(4)	(14)
25	Federal Income Taxes	105	62	54	43	51
26	Total Operating Expenses	1,423	1,628	1,422	(205)	1
27	Net Operating Income	$ 1,159	$ 1,347	$ 1,149	$ (188)	$ 10
28						
29	***Rate Base***					
30	Electric Plant In Service					
31	Production	$ -	$ -	$ -	$ -	$ -
32	Transmission	20,349	22,638	20,349	(2,289)	-
33	Distribution	-	-	-	-	-
34	Intangible	58	92	67	(34)	(9)
35	General	682	761	693	(79)	(11)
36	Common	239	336	250	(97)	(11)
37	Total Plant	21,328	23,827	21,359	(2,499)	(31)
38	Additions					
39	Materials & Supplies	167	181	169	(14)	(2)
40	Prepayments	20	21	20	(1)	-
41	Other Additions	129	-	-	129	129
42	Working Cash	87	120	93	(33)	(6)
43	Total Additions	403	322	282	81	121
44	Deductions					
45	Customer Advances	-	-	-	-	-
46	Accum Deferred Inc Taxes	1,989	2,240	1,994	(251)	(5)
47	Accum Deferred Invst Tax Cred	-	-	-	-	-
48	Other Deductions	(76)	(69)	(75)	(7)	(1)
49	Total Deductions	1,913	2,171	1,919	(258)	(6)
50	Depreciation Reserve	6,997	7,079	7,010	(82)	(13)
51	Rate Base	$ 12,821	$ 14,899	$ 12,712	$ (2,078)	$ 109
52						
53	Rate of Return	9.04%	9.04%	9.04%	0.00%	0.00%

Sierra Pacific Power Company
Summary Results of Operations - California - Distribution
Forecasted Twelve Months Ended December 31, 2003
(000$)

LN #	(A) Description	(B) Stipulated	(C) Sierra	(D) ORA	(E) Difference (B) - (C)	(F) Difference (B) - (D)
		Forecast Results After Revenue Requirement				
1	***Operating Revenues***					
2	Sales Revenues	$ 21,791	$ 22,667	$ 20,289	$ (876)	$ 1,502
3	Other Operating Revenues	178	172	178	6	-
4	Revenue Credits	-	-	-	-	-
5	Total Operating Revenues	21,969	22,839	20,467	(870)	1,502
6						
7	***Operating Expenses***					
8	Steam Power Generation	-	-	-	-	-
9	Hydro Power Generation	-	-	-	-	-
10	Other Power Generation	-	-	-	-	-
11	Other Power Supply	-	-	-	-	-
12	Transmission	-	-	-	-	-
13	Distribution	1,591	1,728	1,591	(137)	-
14	Customer Accounts	2,050	1,566	1,227	484	823
15	Uncollectibles	48	187	45	(139)	3
16	Customer Service & Information	269	456	269	(187)	-
17	Administrative & General	2,876	3,025	2,296	(149)	580
18	Fuel and Purchase Power	-	-	-	-	-
19	Subtotal	6,834	6,962	5,428	(128)	1,406
20	Deferred Income Taxes	(471)	(426)	(434)	(45)	(37)
21	Amortization of ITC	(94)	(93)	(95)	(1)	1
22	Depreciation & Amortization	4,333	4,706	4,304	(373)	29
23	Taxes Other Than Income	1,518	1,557	1,487	(39)	31
24	CA Corporate Franchise Tax	285	278	353	7	(68)
25	Federal Income Taxes	3,978	4,168	3,927	(190)	51
26	Total Operating Expenses	16,383	17,152	14,970	(769)	1,413
27	Net Operating Income	$ 5,586	$ 5,687	$ 5,497	$ (101)	$ 89
28						
29	***Rate Base***					
30	Electric Plant In Service					
31	Production	$ -	$ -	$ -	$ -	$ -
32	Transmission	-	-	-	-	-
33	Distribution	114,757	115,040	114,757	(283)	-
34	Intangible	998	1,300	922	(302)	76
35	General	3,970	4,474	3,784	(504)	186
36	Common	3,670	4,920	3,499	(1,250)	171
37	Total Plant	123,395	125,734	122,962	(2,339)	433
38	Additions					
39	Materials & Supplies	966	952	975	14	(9)
40	Prepayments	253	251	230	2	23
41	Other Additions	666	-	-	666	666
42	Working Cash	132	598	-	(466)	132
43	Total Additions	2,017	1,801	1,205	216	812
44	Deductions					
45	Customer Advances	3,341	3,341	3,341	-	-
46	Accum Deferred Inc Taxes	9,320	9,615	9,291	(295)	29
47	Accum Deferred Invst Tax Cred	1	1	1	-	-
48	Other Deductions	2,194	2,225	2,132	(31)	62
49	Total Deductions	14,856	15,182	14,765	(326)	91
50	Depreciation Reserve	48,767	49,440	48,593	(673)	174
51	Rate Base	$ 61,789	$ 62,913	$ 60,809	$ (1,124)	$ 980
52						
53	Rate of Return	9.04%	9.04%	9.04%	0.00%	0.00%

Sierra Pacific Power Company
Summary Results of Operations - California Total
Forecasted Twelve Months Ended December 31, 2003
(000$)

LN #	(A) Description	(B) Stipulated	(C) Sierra	(D) ORA	(E) Difference (B) - (C)	(F) Difference (B) - (D)
			Forecast Results Before Revenue Requirement			
1	***Operating Revenues***					
2	Sales Revenues	$ 48,264	$ 48,264	$ 48,264	$ -	$ -
3	Other Operating Revenues	516	499	516	17	-
4	Revenue Credits	338	338	338	-	-
5	Total Operating Revenues	49,118	49,101	49,118	17	-
6						
7	***Operating Expenses***					
8	Steam Power Generation	1,130	1,148	1,131	(18)	(1)
9	Hydro Power Generation	22	22	22	-	-
10	Other Power Generation	372	387	372	(15)	-
11	Other Power Supply	4	4	4	-	-
12	Transmission	216	246	216	(30)	-
13	Distribution	1,591	1,728	1,591	(137)	-
14	Customer Accounts	2,050	1,566	1,227	484	823
15	Uncollectibles	107	399	107	(292)	-
16	Customer Service & Information	269	456	269	(187)	-
17	Administrative & General	4,134	4,644	3,643	(510)	491
18	Fuel and Purchase Power	23,340	23,340	23,340	-	-
19	Subtotal	33,235	33,940	31,922	(705)	1,313
20	Deferred Income Taxes	500	573	501	(73)	(1)
21	Amortization of ITC	(136)	(137)	(138)	1	2
22	Depreciation & Amortization	6,077	6,545	6,079	(468)	(2)
23	Taxes Other Than Income	2,003	2,087	2,004	(84)	(1)
24	CA Corporate Franchise Tax	399	371	542	28	(143)
25	Federal Income Taxes	792	282	1,196	510	(404)
26	Total Operating Expenses	42,870	43,661	42,106	(791)	764
27	Net Operating Income	$ 6,248	$ 5,440	$ 7,012	$ 808	$ (764)
28						
29	***Rate Base***					
30	Electric Plant In Service					
31	Production	$ 30,616	$ 30,746	$ 30,616	$ (130)	$ -
32	Transmission	20,349	22,638	20,349	(2,289)	-
33	Distribution	114,757	115,040	114,757	(283)	-
34	Intangible	1,457	1,991	1,457	(534)	-
35	General	5,972	6,777	5,972	(805)	-
36	Common	5,130	6,952	5,130	(1,822)	-
37	Total Plant	178,281	184,144	178,281	(5,863)	-
38	Additions					
39	Materials & Supplies	1,890	1,990	2,008	(100)	(118)
40	Prepayments	355	356	337	(1)	18
41	Other Additions	1,936	406	406	1,530	1,530
42	Working Cash	1,168	1,385	1,048	(217)	120
43	Total Additions	5,349	4,137	3,799	1,212	1,550
44	Deductions					
45	Customer Advances	3,341	3,341	3,341	-	-
46	Accum Deferred Inc Taxes	14,552	15,201	14,552	(649)	-
47	Accum Deferred Invst Tax Cred	1	1	1	-	-
48	Other Deductions	2,490	2,549	2,462	(59)	28
49	Total Deductions	20,384	21,092	20,356	(708)	28
50	Depreciation Reserve	72,860	73,891	72,861	(1,031)	(1)
51	Rate Base	$ 90,386	$ 93,298	$ 88,863	$ (2,912)	$ 1,523
52						
53	Rate of Return	6.91%	5.83%	7.89%	1.08%	-0.98%

Sierra Pacific Power Company
Summary Results of Operations - California - Generation
Forecasted Twelve Months Ended December 31, 2003
(000$)

LN #	(A) Description	(B) Stipulated	(C) Sierra	(D) ORA	(E) Difference (B) - (C)	(F) Difference (B) - (D)
			Forecast Results Before Revenue Requirement			
1	***Operating Revenues***					
2	Sales Revenues	$ 28,439	$ 28,439	$ 28,439	$ -	$ -
3	Other Operating Revenues	304	294	304	10	-
4	Revenue Credits	44	44	44	-	-
5	Total Operating Revenues	28,787	28,777	28,787	10	-
6						
7	***Operating Expenses***					
8	Steam Power Generation	1,130	1,148	1,131	(18)	(1)
9	Hydro Power Generation	22	22	22	-	-
10	Other Power Generation	372	387	372	(15)	-
11	Other Power Supply	-	-	-	-	-
12	Transmission	-	-	-	-	-
13	Distribution	-	-	-	-	-
14	Customer Accounts	-	-	-	-	-
15	Uncollectibles	63	235	63	(172)	-
16	Customer Service & Information	-	-	-	-	-
17	Administrative & General	1,053	1,372	1,151	(319)	(98)
18	Fuel and Purchase Power	23,340	23,340	23,340	-	-
19	Subtotal	25,980	26,504	26,079	(524)	(99)
20	Deferred Income Taxes	850	810	771	40	79
21	Amortization of ITC	(26)	(26)	(26)	-	-
22	Depreciation & Amortization	1,204	1,245	1,232	(41)	(28)
23	Taxes Other Than Income	314	335	330	(21)	(16)
24	CA Corporate Franchise Tax	131	121	179	10	(48)
25	Federal Income Taxes	(1,843)	(2,066)	(1,857)	223	14
26	Total Operating Expenses	26,610	26,923	26,708	(313)	(98)
27	Net Operating Income	$ 2,177	$ 1,854	$ 2,079	$ 323	$ 98
28						
29	***Rate Base***					
30	Electric Plant In Service					
31	Production	$ 30,616	$ 30,746	$ 30,616	$ (130)	$ -
32	Transmission	-	-	-	-	-
33	Distribution	-	-	-	-	-
34	Intangible	401	599	468	(198)	(67)
35	General	1,320	1,542	1,494	(222)	(174)
36	Common	1,221	1,696	1,381	(475)	(160)
37	Total Plant	33,558	34,583	33,959	(1,025)	(401)
38	Additions					
39	Materials & Supplies	757	856	863	(99)	(106)
40	Prepayments	82	84	87	(2)	(5)
41	Other Additions	1,141	406	406	735	735
42	Working Cash	804	669	840	135	(36)
43	Total Additions	2,784	2,015	2,196	769	588
44	Deductions					
45	Customer Advances	-	-	-	-	-
46	Accum Deferred Inc Taxes	3,243	3,346	3,267	(103)	(24)
47	Accum Deferred Invst Tax Cred	-	-	-	-	-
48	Other Deductions	372	393	405	(21)	(33)
49	Total Deductions	3,615	3,739	3,672	(124)	(57)
50	Depreciation Reserve	17,096	17,372	17,258	(276)	(162)
51	Rate Base	$ 15,631	$ 15,467	$ 15,225	$ 144	$ 406
52						
53	Rate of Return	13.93%	11.97%	13.66%	1.96%	0.27%

Sierra Pacific Power Company
Summary Results of Operations - California - Transmission
Forecasted Twelve Months Ended December 31, 2003
(000$)

LN #	(A) Description	(B) Stipulated	(C) Sierra	(D) ORA	(E) Difference (B) - (C)	(F) Difference (B) - (D)
			Forecast Results Before Revenue Requirement			
1	***Operating Revenues***					
2	Sales Revenues	$ 3,213	$ 3,213	$ 3,213	$ -	$ -
3	Other Operating Revenues	34	33	34	1	-
4	Revenue Credits	294	294	294	-	-
5	Total Operating Revenues	3,541	3,540	3,541	1	-
6						
7	***Operating Expenses***					
8	Steam Power Generation	-	-	-	-	-
9	Hydro Power Generation	-	-	-	-	-
10	Other Power Generation	-	-	-	-	-
11	Other Power Supply	4	4	4	-	-
12	Transmission	216	246	216	(30)	-
13	Distribution	-	-	-	-	-
14	Customer Accounts	-	-	-	-	-
15	Uncollectibles	7	27	7	(20)	-
16	Customer Service & Information	-	-	-	-	-
17	Administrative & General	206	247	196	(41)	10
18	Fuel and Purchase Power	-	-	-	-	-
19	Subtotal	433	524	423	(91)	10
20	Deferred Income Taxes	121	189	164	(68)	(43)
21	Amortization of ITC	(16)	(18)	(17)	2	1
22	Depreciation & Amortization	540	594	543	(54)	(3)
23	Taxes Other Than Income	221	254	223	(33)	(2)
24	CA Corporate Franchise Tax	41	40	55	1	(14)
25	Federal Income Taxes	434	255	387	179	47
26	Total Operating Expenses	1,774	1,838	1,778	(64)	(4)
27	Net Operating Income	$ 1,767	$ 1,702	$ 1,763	$ 65	$ 4
28						
29	***Rate Base***					
30	Electric Plant In Service					
31	Production	$ -	$ -	$ -	$ -	$ -
32	Transmission	20,349	22,638	20,349	(2,289)	-
33	Distribution	-	-	-	-	-
34	Intangible	58	92	67	(34)	(9)
35	General	682	761	694	(79)	(12)
36	Common	239	336	250	(97)	(11)
37	Total Plant	21,328	23,627	21,360	(2,499)	(32)
38	Additions					
39	Materials & Supplies	167	181	169	(14)	(2)
40	Prepayments	20	21	20	(1)	-
41	Other Additions	129	-	-	129	129
42	Working Cash	54	120	51	(66)	3
43	Total Additions	370	322	240	48	130
44	Deductions					
45	Customer Advances	-	-	-	-	-
46	Accum Deferred Inc Taxes	1,989	2,240	1,994	(251)	(5)
47	Accum Deferred Invst Tax Cred	-	-	-	-	-
48	Other Deductions	(76)	(69)	(75)	(7)	(1)
49	Total Deductions	1,913	2,171	1,919	(258)	(6)
50	Depreciation Reserve	6,997	7,079	7,010	(82)	(13)
51	Rate Base	$ 12,788	$ 14,899	$ 12,671	$ (2,111)	$ 117
52						
53	Rate of Return	13.82%	11.42%	13.91%	2.39%	-0.10%

Sierra Pacific Power Company
Summary Results of Operations - California - Distribution
Forecasted Twelve Months Ended December 31, 2003
(000$)

LN #	(A) Description	(B) Stipulated	(C) Sierra	(D) ORA	(E) Difference (B) - (C)	(F) Difference (B) - (D)
		Forecast Results Before Revenue Requirement				
1	***Operating Revenues***					
2	Sales Revenues	$ 16,612	$ 16,612	$ 16,612	$ -	$ -
3	Other Operating Revenues	178	172	178	6	-
4	Revenue Credits	-	-	-	-	-
5	Total Operating Revenues	16,790	16,784	16,790	6	-
6						
7	***Operating Expenses***					
8	Steam Power Generation	-	-	-	-	-
9	Hydro Power Generation	-	-	-	-	-
10	Other Power Generation	-	-	-	-	-
11	Other Power Supply	-	-	-	-	-
12	Transmission	-	-	-	-	-
13	Distribution	1,591	1,728	1,591	(137)	-
14	Customer Accounts	2,050	1,566	1,227	484	823
15	Uncollectibles	37	137	37	(100)	-
16	Customer Service & Information	269	456	269	(187)	-
17	Administrative & General	2,875	3,025	2,296	(150)	579
18	Fuel and Purchase Power	-	-	-	-	-
19	Subtotal	6,822	6,912	5,420	(90)	1,402
20	Deferred Income Taxes	(471)	(426)	(434)	(45)	(37)
21	Amortization of ITC	(94)	(93)	(95)	(1)	1
22	Depreciation & Amortization	4,333	4,706	4,304	(373)	29
23	Taxes Other Than Income	1,468	1,498	1,451	(30)	17
24	CA Corporate Franchise Tax	227	210	308	17	(81)
25	Federal Income Taxes	2,201	2,093	2,666	108	(465)
26	Total Operating Expenses	14,486	14,900	13,620	(414)	866
27	Net Operating Income	$ 2,304	$ 1,884	$ 3,170	$ 420	$ (866)
28						
29	***Rate Base***					
30	Electric Plant In Service					
31	Production	$ -	$ -	$ -	$ -	$ -
32	Transmission	-	-	-	-	-
33	Distribution	114,757	115,040	114,757	(283)	-
34	Intangible	998	1,300	922	(302)	76
35	General	3,970	4,474	3,784	(504)	186
36	Common	3,670	4,920	3,499	(1,250)	171
37	Total Plant	123,395	125,734	122,962	(2,339)	433
38	Additions					
39	Materials & Supplies	966	953	976	13	(10)
40	Prepayments	253	251	230	2	23
41	Other Additions	666	-	-	666	666
42	Working Cash	310	596	157	(286)	153
43	Total Additions	2,195	1,800	1,363	395	832
44	Deductions					
45	Customer Advances	3,341	3,341	3,341	-	-
46	Accum Deferred Inc Taxes	9,320	9,615	9,291	(295)	29
47	Accum Deferred Invst Tax Cred	1	1	1	-	-
48	Other Deductions	2,194	2,225	2,132	(31)	62
49	Total Deductions	14,856	15,182	14,765	(326)	91
50	Depreciation Reserve	48,767	49,440	48,593	(673)	174
51	Rate Base	$ 61,967	$ 62,912	$ 60,967	$ (945)	$ 1,000
52						
53	Rate of Return	3.72%	2.99%	5.20%	0.72%	-1.48%

CERTIFICATE OF MAILING

I hereby certify that I am an employee of Sierra Pacific Power Company and on this 6th day of June, 2003, I served each party with a copy of Sierra Pacific Power Company's PARTIAL PHASE 2 SETTLEMENT AGREEMENT in Docket A. 01-06-041 by Federal Express Mail, U.S. Mail and/or electronic mail, postage prepaid to the following parties:

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(END OF APPENDIX A)