

Decision 09-10-041 October 29, 2009

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Sierra Pacific Power Company to, Among Other Things, Increase its Authorized Revenues for Electric Service in 2009, Establish Marginal Costs, Allocate Revenue, and Design Rates. (U903E)

Application 08-08-004
Filed August 1, 2008

DECISION APPROVING SETTLEMENT AGREEMENT

Summary

This decision approves an all party settlement agreement (Settlement Agreement) entered into by Sierra Pacific Power Company (Sierra), the Division of Ratepayer Advocates (DRA), and The A-3 Customer Coalition (collectively "Joint Parties") the active parties in this General Rate Case (GRC) proceeding. The Joint Parties reflect a variety of affected interest in this proceeding. The Settlement Agreement¹ establishes a revenue requirement, allocates the revenue requirement responsibility among customer classes, designs a rate structure, and resolves all issues in Sierra's application for general rate relief and for authority to increase its electric rates and charges for electric service.

The Settlement Agreement increases base rate revenues² by \$5.5 million, representing an overall average increase of 7.75% over the current revenue

¹ The Settlement Agreement is attached hereto as Attachment A.

requirement. This is a reduction from Sierra's proposed overall revenue requirement increase of \$8.91 million in its Amended Application filed December 19, 2008. The reduction is primarily the result of adjustments to reduce California-jurisdiction depreciation expense, return on equity, O&M expenses, forecast California plant additions, and other matters. The rate increase will be effective on or after the date new tariffs are filed. Sierra was last authorized to increase base rates in its 2006 GRC. Today's adopted revenue increase represents approximately 62% of Sierra's total requested revenue requirement increase, and reflects the allocated share of expenses from the newly constructed Tracy Combined Cycle Plant, necessary additions to transmission and distribution infrastructure, and increasing costs for both labor and non-labor expenses.

The Settlement Agreement includes an authorized Return on Equity of 10.7% and a weighted average rate of return of 8.51%, rather than 11.4% and 8.81%, respectively, as Sierra originally requested.

In addition, the Settlement Agreement provides for a modified Post Test-Year Adjustment Mechanism and a \$200,000 reduction to Sierra's Energy Efficiency Programs.

1. Procedural History

Sierra Pacific Power Company (Sierra) applied on August 1, 2008 for general rate relief and authority to increase its rates by \$6.6 million in the

² Base rate revenues exclude surcharge revenues such as public purpose programs and Energy Cost Adjustment Clause (ECAC) balancing revenues.

portions of eastern California that it serves.³ The increase, for which Sierra requested an effective date of April 1, 2009, represented an 8.1% overall increase for the utility's California retail customers. The proposed increase reflected a return on equity of 11.4% and a cost of debt of 6.8%. Sierra also requested adoption of a Post Test-Year Adjustment Mechanism (PTAM) to recover cost increases other than those recovered through Sierra's Energy Cost Adjustment Clause (ECAC) during the two years between rate cases. Sierra further requested a 33% increase in spending for its energy efficiency programs, in particular to expand the "SolarGenerations" program it currently offers its Nevada customers to include its California customers.

On September 10, 2008, the Division of Ratepayer Advocates (DRA) and The A-3 Customer Coalition (A-3CC) each timely filed protests of the Application. DRA raised various areas of concern for which it asserted that it would review Sierra's calculations and methodologies, do its own analysis, and develop its own forecasts of revenue requirements, expenses, allocations, and examine the reasonableness of Sierra's proposed PTAM and expansion of energy efficiency programs.

A-3CC, which represents large commercial customers primarily in the Lake Tahoe region, protested the disproportionate impact of Sierra's Marginal Cost Study (MCS) and proposed a rate design for A-3 category customers. A-3CC asked the Commission to reject Sierra's MCS because of statistical error and to order Sierra to use the same methodology it used in its last GRC. A-3CC also argued that the proposed 14.25% rate increase for A-3 customers was more

³ Sierra serves California customers in Nevada, Placer, Sierra, Plumas, Mono, Alpine, and El Dorado Counties.

than 5% above the average for all classes, and asked the Commission to maintain the current cap for increasing rates for any one customer class to the overall average percentage increase in revenue requirement, plus 5%. In contrast, Sierra sought to raise the cap to 5.5% which would allow a more substantial increase to A-3 customers.

On November 7, 2008, Administrative Law Judge (ALJ) Melanie Darling conducted a prehearing conference (PHC) attended by Sierra, DRA and A-3CC. On November 20, 2008, assigned Commissioner Bohn issued a Scoping Memo and Ruling which confirmed the categorization as ratesetting and the need for hearing, defined the issues, and established a schedule for the proceeding.

On December 19, 2008, Sierra filed an Amendment to its Application to increase the proposed revenue requirement by \$2.3 million, for a revised total increase of \$8.9 million, an 11% overall increase based on present rates, and to make "a few minor rate design changes."⁴ Sierra stated the amendment resulted from corrections to its cost allocation study related to production and transmission demand in the California service territory. A-3CC calculated the amendment would increase the proposed rate for the A-3 class by 17.2%.

As a consequence of Sierra's amendments, on January 2, 2009, DRA filed a Motion for an Extension of Time for various scheduled dates adopted in the Scoping Memo. On January 13, 2009, ALJ Darling issued a Ruling that adopted a revised procedural schedule, including a revised date of June 16, 2009 to begin the evidentiary hearings. On June 11, 2009, the parties informed ALJ Darling that they had reached a settlement agreement in principle on all contested issues

⁴ Amendment to Application of Sierra in its 2008 GRC at 2.

for the proceeding. Following a telephonic status conference on June 12, 2009, ALJ Darling issued a ruling that postponed the evidentiary hearings scheduled for June 16-22, 2009 until the Motion for Approval of Settlement was submitted and the Commission reached a decision on whether to approve it.

2. The Settlement Agreement

The Joint Parties represent that the settlement negotiations were “lengthy and complex” and involved many different provisions and “numerous trade-offs involving cost of capital, revenue requirement, marginal cost, revenue reconciliation, and rate design issues.”⁵ Pursuant to Rule 12.1 of the Commission’s Rules of Practice and Procedure (Rules), on July 16, 2009, Sierra, DRA and A-3CC filed a Joint Motion to Accept Settlement Agreement of Sierra, DRA, and the A-3 Customer Coalition (Joint Motion). Attached to the Joint Motion, as Attachments A, B, and C, respectively, are the Settlement Agreement, a comparison table summarizing the parties’ positions and the settlement position on results of operations, and a comparison table summarizing the class impacts under present rate revenues, under Sierra’s proposed rate revenues, and under the rate revenues produced by the Settlement Agreement.

The proposed Settlement Agreement is an all-party settlement and resolves all issues raised in the protests and all elements of Sierra’s 2008 GRC. No protest or comment was filed in response to the Joint Motion.

⁵ Joint Motion to Accept Settlement Agreement of Sierra, the DRA, and the A-3 at 4.

2.1. Testimony

Sierra served its prepared direct testimony on revenue requirement,⁶ marginal costs, revenue allocation, and rate design on August 1, 2008. Pursuant to ALJ Darling's Ruling, issued January 13, 2009, which extended time and revised the procedural schedule, DRA served its prepared testimony on results of operations⁷ relating to revenue requirement, PTAM, and Energy Efficiency programs on April 3, 2009 and its prepared testimony regarding cost allocation and rate design on April 17, 2009. Also on April 17, 2009, A-3CC served its prepared testimony on marginal costs and rate design.⁸ On May 29, 2009, Sierra served its rebuttal testimony on DRA's results of operations testimony and on A-3CC's marginal cost and rate design testimony.

2.2. Provisions of the Settlement Agreement

The Settlement Agreement resolves all issues related to Sierra's 2008 GRC. Its primary provisions are summarized below.

2.2.1. Cost of Capital

Sierra proposed a capital structure of 43.71% Equity, 56.29% Debt, a Cost of Debt of 6.8%, a Return on Equity (ROE) of 11.4%, and a weighted average rate of return of 8.81%. No party opposed Sierra's proposed Capital Structure or Cost of Debt. DRA proposed an ROE of 10.5% and as a result of the settlement

⁶ Sierra is a multi-jurisdictional utility that provides electric service under three jurisdictions: California, Nevada, and the Federal Energy Regulatory Commission. Its revenue requirement is based on its cost of service studies and is then allocated among the three jurisdictions.

⁷ DRA's results of operations are based on Sierra's California jurisdictional electric revenues, expenses, and plant.

⁸ A-3CC's testimony addresses the new methodology used by Sierra in its MCS and its impact on the A-3 customer class.

negotiations, the Joint Parties agreed to an ROE of 10.7%. All parties agreed to the revised weighted average rate of return of 8.51%, calculated using the settlement ROE of 10.7%.

2.2.2. Revenue Requirement

In its Amended Application, Sierra proposed an overall revenue requirement increase of \$8.91 million for Test Year 2009 based primarily on (1) inclusion of the new Tracy Combined Cycle Power Plant that became operational July 1, 2008, (2) an increase in the proposed rate of return from 8.73% to 8.81%, (3) investments in new transmission and distribution facilities, and (4) proposed increases in Sierra's Energy Efficiency programs. DRA recommended a \$4.259 million increase in base rate revenues. One of the major differences is that DRA used non-labor escalation factors updated in February 2009, rather than the May 2008 escalation factors used by Sierra in its calculations.⁹ In its rebuttal testimony,¹⁰ Sierra accepted the updated escalation factors, in addition to correcting a calculation error in depreciation expense which reduced the California jurisdictional depreciation expense by \$1.4 million.

The Settlement Agreement proposes a \$5.5 million increase to Sierra's revenue requirement, approximately 62% of Sierra's original request. The items listed below are changes to Sierra's forecasted revenues and expenses as a result of the Settlement Agreement. Changes to revenue requirement are shown in parentheses.

- Reduction of Return on Equity from 11.5% to 10.7% (\$690,000);

⁹ DRA Testimony 1-4 and 1-5.

¹⁰ Sierra's Rebuttal testimony at 4.

- Correction of California jurisdiction depreciation expense incorporating allocation updates (\$1,514,000);
- An overall reduction in Operations and Maintenance expenses (\$733,000);
- A reduction in forecasted California jurisdictional plant, incorporating allocation updates and tax effects (\$331,000);
- Various adjustments to Other Rate Base, including tax impacts (\$227,000);
- An increase in Other Operating Revenues (\$140,000);

The net effect of the Settlement Agreement provisions is to reduce Sierra's base rate revenue requirement increase to \$5.5 million.

2.2.3. Other Provisions

In its application, and amended application, Sierra proposed establishing a PTAM to recover cost increases other than those recovered through Sierra's ECAC during the two years between rate cases. Sierra's proposal included an Attrition Component (reflecting the forecasted Consumer Price Index), less a productivity factor, and a Major Plant Additions Component for additions greater than \$20 million on a companywide basis. Rate changes under the PTAM would be filed by advice letter starting in October 2009 with an effective date of January 1, 2010.

Sierra also proposed an increase in its annual budget for Energy Efficiency programs from \$450,000 to \$600,000 and requested authorization to offer to its California customers a renewable energy incentive program it operates for its Nevada residential customers called the "SolarGenerations Program." Under the SolarGenerations program, Sierra offers rebates to customers for installation of photo-voltaic systems and requires transfer of Renewable Energy Credits (REC) from the customers to Sierra. On

June 26, 2008, the Commission's Energy Division advised Sierra to stop offering the program in California until it obtained specific Commission approval because the REC transfer violated prior Commission decisions.¹¹ Nothing in the Settlement Agreement or this Decision provides authority to Sierra to operate the Solar Generations program in California or otherwise alters the Commission's position as articulated in the June 26, 2008 letter from the Energy Division.

DRA recommended two changes to the proposed PTAM and opposed the Energy Efficiency increase, noting \$123,029.00 in unspent energy efficiency program funds from the last rate case cycle. The Settlement Agreement provides:

- The proposed PTAM is adopted and modified such that (1) the Attrition Component will be based on the September Global Insight U.S. Economic Outlook forecast for CPI, minus 0.5% productivity factor (but not less than zero), and (2) for the Major Plant Additions component, Sierra will provide advance notice to DRA and A-3CC of any plan to make a major plant addition;
- A \$200,000 reduction to Sierra's California Energy Efficiency programs proposed annual budget for the 2009-2011 three year budget cycle, subject to the following:
 - Sierra's 2008 year-end balance of \$123,029 in carryover funds from the last rate base cycle will be tracked and reported in Sierra's next GRC, and if Sierra is unable to use the funds by the end of the 2009-2011 budget cycle, the funds should be refunded to California ratepayers; and

¹¹ Sierra's Testimony, Volume 2, Chapter 4 at Exhibit JWH-1.

- Any Energy Efficiency program funds accumulated during the 2009-2011 budget cycle will be tracked, reported, and unspent funds will be refunded to California ratepayers.

2.2.4. Sierra's Marginal Cost of Service Study

In Sierra's 2005 GRC, the Commission adopted a Settlement Agreement that provided Sierra would re-evaluate its method of determining class marginal transmission and distribution demand costs in the 2008 GRC.¹² In this proceeding, Sierra modified its MCS, presumably to improve its calculations of these specified costs. Sierra asserts the MCS used in this application follows the same general marginal cost approach it has used in proceedings before this Commission and the Public Utilities Commission of Nevada for more than 20 years, but with several improvements. The changes made to Sierra's MCS include the following:

- Allocating all annual marginal transmission demand costs to hours of the year using Sierra's system (California and Nevada) Probability of Peak (POP) allocator;
- Allocating marginal transmission demand costs between customer classes exclusively on the basis of customer class coincident peak allocator, a change from the previous 80% coincident/20% non-coincident peak allocation used since its 1993 GRC (D.93-04-056.);
- Allocating marginal distribution demand costs to hours of the year using Sierra's California-System POP allocator (CA POP), causing California costs to be concentrated in the Winter period when Sierra's California system experiences peak load;

¹² Decision (D.) 06-08-024 at 6.

- Allocating 100% of substation marginal costs and 50% of the non-revenue feeder marginal costs to hours of the year and to customer classes using the CA POP, with the balance of non-revenue feeder costs allocated using the non-coincident demand allocator;
- Use of Sierra's facilities (or line extension project) database (actual costs) to determine customer and facilities costs by class, and removal of the line extension facilities costs from demand-driven distribution costs; and
- Increasing the average reserve margin from 5% to 15%, consistent with Sierra's Resource Plan.

DRA agreed with or did not oppose many aspects of the MCS, including the six identified above, but also sought several modifications related to revenue allocation and rate design. A-3CC opposed several aspects of the MCS, including those noted above and emphasized the disproportionate impact of the MCS methodology on cost allocation to the A-3 customer class. In particular, A-3CC recommended that the *median* non-coincident peak (NCP) demand, rather than the *mean* NCP demand, be used to develop the NCP distribution demand allocator for the A-3 class because the presence of four large customers in the class skews the distribution for the whole class and overstates the total non-coincident distribution demand costs for the class.

2.2.5. Marginal Costs, Revenue Allocation, and Rate Design

In settlement discussions, the Parties agreed to accept Sierra's MCS for purposes of this GRC, with some changes including:

- Reallocation of class revenue requirements is based on Equal Percentage of Marginal Cost (EPMC) with a 2% cap on increases to any class above the overall percentage increase, except that (1) the residential

class increase is limited to the 7.75% overall percentage increase, and (2) the PA (agricultural irrigation) class will receive a subsidy that increases from \$9,000 to \$17,000;¹³

- The revenue reconciliation results in the following percentage increases by customer class (exclusive of surcharges):
 - Residential - 7.75%
 - A-1 - 6.20%
 - A-2 - 7.46%
 - A-3 - 9.75%
 - PA - (14.91%) (rate reduction)
 - Street Lighting - 9.43%
 - OLS - 7.49%
- Increases to customer charges by class, as follows:
 - Residential - from \$6.00 to \$6.50
 - A-1 - from \$11.00 to \$12.00
 - A-2 - from \$100.00 to \$107.00
 - A-3 - from \$550.00 to \$565.00
 - PA - from \$11.00 to \$12.00
- Addition of optional Time-Of-Use (TOU) rate schedules for residential, A-1, A-2, and CARE customers, provided Sierra (1) provides information on its website that compares TOU to flat rates and answers customer questions, and (2) offers Residential and CARE customers the Guaranteed

¹³ The subsidy to PA class (agricultural irrigation), designed to reduce rate disparity between adjacent irrigation customers in California and Nevada, was authorized by Commission Resolution E-3050 (September 10, 1987.) Sierra originally proposed a \$27,000 subsidy and DRA originally opposed a subsidy in any amount.

Lowest rate feature currently in effect for Sierra's Nevada residential customers who try the optional TOU schedule.

The parties accepted all other elements of Sierra's proposed rate design, including updated residential baseline and excess rates based on a composite tier differential of 17.5%, and the updated master billing credit, which will be updated consistent with the settlement.

3. Discussion

3.1. Standard of Review

We review this uncontested settlement pursuant to Rule 12.1(d) which provides that, prior to approval, the Commission must find a settlement "reasonable in light of the whole record, consistent with the law, and in the public interest." We find the settlement agreement meets the criteria for a settlement pursuant to Rule 12.1(d), and discuss each of these three criteria below.

Initially, we note that the circumstances of the settlement, particularly its endorsement by all parties, generally support its adoption. DRA, which represents ratepayer interests, and A-3CC, which represents large electric users, both initially protested the application, and both parties actively participated in the proceeding and in the settlement negotiations.

Parties prepared and served exhibits on revenue requirement, marginal costs, revenue allocation, and rate design issues. Thus, the Settlement Agreement was reached after careful analysis of the application by parties representing a broad array of affected interests. The record also shows that the Settlement Agreement was reached after substantial give-and-take between the parties which occurred over a significant amount of time. This give-and-take is demonstrated by the positions initially taken by parties in prepared testimony,

amended testimony, and rebuttal testimony, and the final positions agreed upon in the Settlement Agreement.

The Settlement Agreement is also consistent with Commission decisions on settlements, which express the strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record.¹⁴ This policy supports many worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results.¹⁵ As long as a settlement taken as a whole is reasonable in light of the record, consistent with law, and in the public interest, it may be adopted. We next analyze these criteria with specific reference to the Settlement Agreement.

3.2. Settlement Agreement is Reasonable in Light of the Whole Record

Ordinarily, a question about utility rates is measured by whether the price is “just and reasonable.” (See California Pub. Util. Code § 451.)¹⁶ We first examine whether the proposed rate increases are justified in the proceeding record. We find that they are. The documents filed in this proceeding, including but not limited to, the Application, Amended Application, and the Joint Motion combined with the Testimony, Amended Testimony, and Rebuttal Testimony served by the various parties and admitted to the record by this Decision, contain the information necessary for us to find that the revenue requirement is justified by increased costs of service.

¹⁴ See e.g., D.05-03-022 at 9.

¹⁵ *Id.*

¹⁶ All references are to the Public Utilities Code unless otherwise noted.

The Settlement Agreement is also reasonable. Prior to the settlement, parties conducted extensive discovery, and served detailed testimony on the issues related to revenue requirement, marginal costs, revenue allocation, and rate design. The proceeding record contains sufficient information for us to conclude the Settlement Agreement represents a reasonable compromise of the parties' positions.

3.3. Settlement Agreement is Consistent with Law

The Joint Parties believe that the terms of the Settlement Agreement comply with all applicable statutes. These include, e.g., Pub. Util. Code § 451, which requires that utility rates must be just and reasonable, and § 454, which prevents an increase in public utility rates unless the Commission finds such an increase justified. We agree that the required showings under §§ 451 and 454 have been made. Further, nothing in the Settlement Agreement contravenes statute or prior Commission decisions.

3.4. Settlement Agreement is in the Public Interest

The Settlement Agreement is in the public interest and in the interest of Sierra's customers. The agreed-upon revenue requirement is significantly below Sierra's request. The revenue allocation and rate design proposed in the Settlement Agreement moderate potentially harsh bill impacts but also move revenue responsibility closer to the cost of service.

Our approval of the Settlement Agreement avoids the cost of further litigation, and reduces the use of valuable resources of the Commission and the parties. Finally, we note that the settling parties comprise all of the active parties in Sierra's GRC, and we do not know of any party who contests the Settlement Agreement. Thus, the Settlement Agreement commands the unanimous

sponsorship of all active parties in this proceeding, who fairly represent the interests affected by the Settlement Agreement. We find that the evidentiary record contains sufficient information for us to determine the reasonableness of the Settlement Agreement and for us to discharge any future regulatory obligations with respect to this matter.

For all these reasons, we approve the Settlement Agreement as proposed.

4. Change in Determination on Need for Hearings

The November 20, 2008 Scoping Memo confirmed the categorization of this proceeding as ratesetting and that evidentiary hearings were necessary.

However, the proposed settlement is governed by Rules 12.1 et seq. which provide that no hearing is necessary if there are no material contested issues of fact, or if the contested issue is one of law. After review of the Joint Motion, including Attachments A-C, the prepared testimony and rebuttal testimony of the parties, and other filed documents in the record, ALJ Darling determined that no material contested issue of fact remained and concluded no hearing was required pursuant to Rule 12.3. We therefore change the designation regarding hearings and determine that no hearings are necessary.

5. Motion for Admission of Testimony

The Joint Parties reached settlement before the start of evidentiary hearings in this proceeding and, as a consequence, the testimony of the parties has not yet been made a part of the record. As part of the Joint Motion, the Joint Parties moved that Sierra's original and amended testimony, DRA's testimony, and A-3CC's testimony all be admitted into the record to provide the Commission an evidentiary record on which to evaluate whether the settlement

should be approved pursuant to the criteria set forth in Rule 12.1. No opposition to the motion was filed and the motion is granted, except as set forth below.

The Joint Parties included in their request for admission Sierra's original GRC Application and its Amended GRC Application. These requests are unnecessary because the Application and Amended Application were filed with the Commission and are already part of the record. Therefore, this portion of the motion is denied.

A list of all testimony to be admitted into the proceeding record, along with an assigned exhibit number, is attached hereto as Attachment B.

6. Comments on Proposed Decision

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Pub. Util. Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

7. Assignment of Proceeding

John A. Bohn is the assigned Commissioner and Melanie M. Darling is the assigned ALJ in this proceeding.

Findings of Fact

1. On July 16, 2009, Sierra filed a joint motion requesting the Commission to adopt a settlement agreement entitled "Settlement Agreement between Sierra, DRA, and The A-3 Customer Coalition."
2. All parties have agreed to settle this proceeding.
3. All issues in this proceeding are encompassed by, and resolved in, the Settlement Agreement.
4. The parties to the Settlement Agreement are all of the active parties in this proceeding.

5. The parties are fairly reflective of the affected interests.
6. No term of the Settlement Agreement contravenes statutory provisions or prior Commission decisions.
7. The Settlement Agreement conveys to the Commission sufficient information to permit it to discharge its future regulatory obligations with respect to the parties and their interests.
8. The Settlement Agreement is reasonable in light of the record, is consistent with law, and is in the public interest.
9. The revenue requirement as set forth in Exhibit C of the Joint Motion to Accept Settlement Agreement is reasonable.
10. The revenue allocation set forth in Exhibit C of the Joint Motion to Accept Settlement Agreement is reasonable.

Conclusions of Law

1. The Settlement Agreement fully resolves and settles all disputed issues among the parties concerning Sierra's application in this proceeding.
2. The Settlement Agreement we approve is reasonable in light of the whole record, consistent with law, and in the public interest.
3. The Settlement Agreement should be approved.
4. This decision should be effective today so that the Settlement Agreement may be implemented expeditiously.
5. Application 08-08-004 should be closed.

O R D E R

IT IS ORDERED that:

1. The Settlement Agreement set forth in Attachment A to the Joint Motion to Accept Settlement Agreement is approved.

2. Within eight days of today's date, Sierra Pacific Power Company shall file an advice letter with tariff changes and new rates. The tariffs shall become effective on the date filed or such later date as designated by Sierra Pacific Power Company in its Advice Letter, subject to the Energy Division's determination that they are in compliance with this decision.

3. The Joint Parties' Motion to Admit Testimony into the record is granted as set forth in Attachment B.

4. Application 08-08-004 is closed.

This order is effective today.

Dated October 29, 2009, at San Francisco, California.

MICHAEL R. PEEVEY

President

DIAN M. GRUENEICH

JOHN A. BOHN

RACHELLE B. CHONG

TIMOTHY ALAN SIMON

Commissioners

**ATTACHMENT A
(SETTLEMENT AGREEMENT)**

ATTACHMENT B
LIST OF EXHIBITS TO BE ADMITTED

Exhibit No.	Testimony
SPPC-1	Application, Vol. 2 - Testimony Chapters 1-7
SPPC-2	Application, Vol. 3 - Testimony Chapters 8A and 8B
SPPC-3	Application, Vol. 4 - Testimony Chapters 9-14
SPPC-4	Application, Vol. 5 - Work Papers
SPPC-5	Amended Application, Vol. 2 - Testimony Chapters 1-7
SPPC-6	Amended Application, Vol. 4 - Testimony Chapters 9-14
SPPC-7	Amended Application, Vol. 5 - Work Papers
SPPC-8	Rebuttal Testimony
DRA-01	Executive Summary and Other Operating Revenues
DRA-02	Results of Operations Model, Cost Allocations, Unbundling & Revenue Requirements
DRA-03	Sales, Customers, and revenues
DRA-04	Production, Transmission, and Distribution Operation and Maintenance Expenses
DRA-05	Operation and Maintenance Expenses - Customer Accounts and Energy Efficiency Programs
DRA-06	Administrative and General Expenses and Tax Expense
DRA-07	Rate base and Depreciation Expense & Reserve
DRA-08	Production, Transmission, Distribution, Intangible, Common and General Plant
DRA-09	Report on the Cost of Capital
DRA-10	Post Test Year Adjustment Mechanism
DRA-11	Report on Revenue Allocation and Rate design
DRA-12	Report on the Results of Examination
DRA-13	Qualifications of Witnesses
A-3CC-1	Testimony of A-3 Customer Coalition

(END OF ATTACHMENT B)