

1 represented on that board, do you?

2 A I think that will be an issue that the TMWA
3 board and the political powers-to-be will decide.

4 Q Should take up?

5 A I don't want to touch that one.

6 MR. SCHMIDT: Okay. That's all the
7 questions I have. Thank you, Chairman.

8 CHAIRMAN SODERBERG: Mr. Van Dyck?

9 MR. VAN DYCK: Thank you, Chairman.

10 In light of your ruling this morning, we
11 have no questions of this witness.

12 CHAIRMAN SODERBERG: Mr. Hinckley?

13 CROSS-EXAMINATION

14 BY MR. HINCKLEY:

15 Q Good afternoon, Mr. Ceccarelli.

16 In Sierra's application you indicated that
17 Sierra had offered, and that TMWA seemed to be interested
18 in taking, certain services, what has been called
19 transitional services. Are you familiar with those
20 generally?

21 A Generally, yes.

22 Q Would you agree with me that it appears
23 that TMWA's ability to provide adequate customer service
24 right from the outset in going forward for a period of
25 time seems to be contingent on having those type of

1 transitional services received from Sierra Pacific Power
2 Company?

3 A I think from a practical point of view that
4 the service they have been most interested in, which has
5 to do with the revenue cycle issues, billing, metering,
6 it would be very difficult for them to procure that
7 service in the time frame that we would like to close the
8 deal -- under which we would like to close the deal. So
9 I think the transitional services will help us move
10 forward in a timely fashion.

11 Q Since the time of data requests and since
12 the time of the filing of the application, have there
13 been any particular services that have come up anew that
14 now TMWA is asking Sierra Pacific to provide, or services
15 that have been excluded that have otherwise been
16 indicated in those various documents?

17 A There are quite a few transition teams that
18 are working through to determine the actual menu of
19 services they might -- or services from that menu they
20 might select.

21 To my knowledge, again, the only one that's
22 on the table and actively being addressed right now are
23 the revenue cycle billing, metering, customer service
24 issues. But there could be others as we move downstream
25 over the next few months.

1 Q Well, I wanted to ask you what the status
2 of those negotiations were presently. Could you expand
3 upon your statement that right now what's on the table
4 seems to be the revenue cycle-type activities?

5 A Yes. There are ongoing conversations in
6 a negotiations process that's underway - it has not been
7 completed - about the metering, billing, customer service
8 components. I'll just call that revenue cycle services.

9 For instance, it makes an awful lot of
10 sense - at least initially - to have one meter reader
11 walking down the street still reading all three
12 electric -- all three utility services. And so we're
13 trying to work with TMWA to understand exactly what their
14 needs are, portray to them that we would like to provide
15 these transitional services for a period of time, but
16 ultimately we would like to exit the business.

17 Q Well, has the Company taken a position on
18 how long you would offer these transitional services to
19 TMWA?

20 A Nominally we've said 12 months, but again
21 there's an issue for negotiations.

22 Q It sounds to me like the negotiations have
23 not been overly active here recently.

24 Perhaps I should ask my question. What's
25 the timeline that you see now going forward relative to

1 finalizing these agreements?

2 A Well, independent of what the Chairman did
3 as far as the schedule this morning, we were trying to
4 get these locked down, obviously locked down by the time
5 we had the close, which we had projected to be out around
6 end of May, first part of June. So that was our timeline
7 to complete the negotiations on all transition services.

8 Q Is the Company's position that those
9 transitional service contracts would be jurisdictional
10 to this Commission from the standpoint of the Commission
11 overseeing the regulatory operations of Sierra Pacific
12 Power Company?

13 A Clearly, the resources used to provide
14 those services are utility regulated utility resources.
15 We would ask that since these contracts are going to be
16 relatively small in magnitude and short in duration - at
17 least that's the intent at this point - that we provide
18 the Commission and interested parties with the
19 particulars around those transition agreements.

20 Q That you would do what?

21 A That we would provide basically the
22 contract to the Commission on those transitional
23 services.

24 Q Does that mean to file it and ask for some
25 type of authority, approval?

1 A I'm not sure of the nature of the filing.
2 Again, they would be relatively small. We would hope it
3 wouldn't be a step that would impede us from going
4 forward quickly to close. But we would be -- we would
5 provide it in a form that was appropriate for the
6 Commission so they could take a look at them, and if
7 there was an issue we would deal with it quickly.

8 Q With respect to the hydro facilities, could
9 you give us a status on the Company's intention on making
10 any applicable filings in the State of California?

11 A Well, there are a couple of approvals, or I
12 should say rules and a law that we will need to have in
13 our pocket to be able to go ahead and complete the sale
14 of the hydro assets.

15 One that occurred just recently during the
16 chaos in the electric situation in California had to do
17 with a law, AB 6, which prohibited utilities who have
18 operations in the State of California - which includes us
19 in the north - from selling their generating assets. Of
20 course, it was our generating assets, albeit small.
21 We're currently moving forward trying to get an exemption
22 from that for the hydro assets.

23 Subsequent to that there is an 851 filing
24 or release that is required from the State of California
25 that given those two green lights we would be able to

1 complete the sale of those hydro assets.

2 Q Would you summarize for me then what would
3 be the relationship between Sierra Pacific continuing as
4 an owner of those hydro facilities, and TMWA as a
5 purchaser of the balance of the water assets, should it
6 take some time before these two different approvals
7 can -- or logjams, if you will --

8 A Sure.

9 Q -- can be cleared?

10 A Yes. We had anticipated that they might
11 have to close on different time frames, and we have built
12 that provision into the Asset Purchase Agreement.

13 Q Simply a secondary closing later in time?

14 A That's correct.

15 Q How do you pronounce the -- is it Farad?
16 Farad?

17 A Farad. Farad.

18 Q What's the status of the resolution on that
19 issue relative to the insurance status, the
20 reconstruction status?

21 A There is a pending insurance claim for the
22 Farad facility, essentially the diversion structure which
23 was destroyed in the New Year's flood '99, that I guess
24 litigation - not litigation - but that issue with the
25 insurance company is still pending and is unresolved at

1 this point.

2 Q What about the decision to rebuild it? Is
3 it contingent on a resolution first of the insurance
4 situation?

5 A We will be rebuilding the Farad diversion
6 structure. We're trying to resolve the financial issues
7 around it first, but we actually have proceeded with the
8 design and approval process to get the diversion
9 structure reconstructed.

10 Q What's the timeline for that to be
11 completed?

12 A I would say nominally two years.

13 MR. HINCKLEY: I think that's all the
14 questions I have. Thank you.

15 CHAIRMAN SODERBERG: Any redirect?

16 MS. ELLIOT: No, thanks.

17 CHAIRMAN SODERBERG: Mr. Anderson?

18 MR. ANDERSON: I have some questions.

19 CHAIRMAN SODERBERG: Pardon me?

20 MR. ANDERSON: I have some questions.

21 CHAIRMAN SODERBERG: Okay.

22 CLARIFICATION QUESTIONS

23 BY MR. ANDERSON:

24 Q Mr. Ceccarelli, the hydro assets?

25 A Yes.

1 Q Could you refer to Exhibit 1, Section
2 2.4(d) -- I'm sorry, can you turn to the page, Exhibit 1,
3 page 4?

4 A I'm not sure I have a copy of Exhibit 1
5 with me.

6 MS. ELLIOT: That's the contract, the Asset
7 Purchase Agreement.

8 THE WITNESS: Oh, okay. What was that
9 section again?

10 BY MR. ANDERSON:

11 Q 2.4.

12 A 2.4.

13 Q Subsection (d), as in dog.

14 A Yes.

15 Q On the third sentence there where it
16 commences with "Pending" through the fourth sentence of
17 that section --

18 A Okay. I'm with you.

19 Q -- if you were to read that, could you
20 clarify exactly what the intent is of those two
21 sentences?

22 A Sure. Hang on one second.

23 Q Sure.

24 A Okay. I think I've got it.

25 To summarize, I believe what it's trying to

1 tell us there is - in our intention - is that, for
2 instance, the employees associated with maintaining the
3 hydro assets, those employees are going to go to TMWA,
4 and TMWA essentially is going to enjoy the obligations
5 and benefits associated with the ownership, even though
6 we can't transfer the actual hard assets until we get
7 some more approvals.

8 Q Would there be some agreements between
9 TMWA and Sierra in order to have that transaction to
10 occur? It would seem that you would need some kind of
11 transmission agreement or -- practically how are you
12 going to accomplish that?

13 A It's not certain that we would have to have
14 any additional agreements beyond this sales agreement,
15 and utilize the existing rates and tariffs that we've
16 got.

17 MR. ANDERSON: Okay. Thank you.

18 CHAIRMAN SODERBERG: Commissioner McIntire,
19 do you have any questions of this witness?

20 COMMISSIONER McINTIRE: No questions.
21 Thank you.

22 COMMISSION QUESTIONS

23 BY CHAIRMAN SODERBERG:

24 Q Mr. Ceccarelli, I just wanted to go back to
25 some of the questions that were asked you earlier.

1 You have made some representations as to
2 what you believe Sierra Pacific's intent was with respect
3 to obligations of its water division in the future. But
4 I want to make it clear here, are you testifying that
5 your intentions bind TMWA, or are you just testifying
6 that it was the Company's intent that these obligations
7 transfer over but you're not making any representation on
8 behalf of TMWA?

9 A That's exactly right.

10 CHAIRMAN SODERBERG: Okay. I wanted to
11 make sure of that. Thank you. That's all I have.

12 (The witness was excused.)

13 CHAIRMAN SODERBERG: Why don't we bring up
14 Mr. Oldham, and then we'll break for lunch.

15 (One witness was sworn: Steven C. Oldham.

16 MS. ELLIOT: Chairman, if it would be the
17 Commission's pleasure, we would ask that Mr. Oldham's
18 testimony be marked as Exhibit 6, which I believe is next
19 in order.

20 MS. LaGUE: Yes. This will be Exhibit 6.

21 (Exhibit Number 6 was marked for identification.)

22 MS. ELLIOT: Thank you.

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STEVEN C. OLDHAM

called as a witness on behalf of
Sierra Pacific Power Company,
having been first previously duly
sworn, was examined and testified
as follows:

DIRECT EXAMINATION

BY MS. ELLIOT:

Q Good afternoon, Mr. Oldham.

A Good afternoon.

Q Can you state your name for the record,
please.

A My name is Steven Oldham.

Q And by whom are you employed, and in what
capacity?

A I'm the Senior Vice President of Sierra
Pacific Resources.

Q Do you have before you, sir, what's been
marked as Exhibit 6 in this proceeding?

A Yes.

Q Was that testimony prepared by you or under
your direct supervision?

A Yes.

Q Do you have any corrections, additions, or
deletions to make?

1 A No.

2 MS. ELLIOT: Chairman, the witness is
3 available for cross-examination.

4 CHAIRMAN SODERBERG: Mr. Kockenmeister?

5 MR. KOCKENMEISTER: No questions.

6 CHAIRMAN SODERBERG: Mr. Sandoval?

7 MR. SANDOVAL: No questions.

8 CHAIRMAN SODERBERG: Mr. Schmidt?

9 MR. SCHMIDT: No questions. Thank you.

10 CHAIRMAN SODERBERG: Mr. Van Dyck?

11 MR. DICKERSON: No questions.

12 CHAIRMAN SODERBERG: Mr. Hinckley?

13 CROSS-EXAMINATION

14 BY MR. HINCKLEY:

15 Q Mr. Oldham, you're an employee and officer
16 of Sierra Pacific Resources, as indicated in your
17 testimony, and not an officer of Sierra Pacific Power
18 Company?

19 A Yes.

20 Q Are you aware that in the data request
21 process, that the Company responded with some minutes
22 from board meetings relative to the discussion on the
23 sale to TMWA?

24 A I haven't seen the data request, but I
25 don't doubt that.

1 Q Were you at any time a presenter or one of
2 the officers sponsoring the discussion in front of the
3 board of directors on this sale?

4 A Yes, I had some -- yes, I did make some
5 presentations and had discussions with the board.

6 Q Is the Resources board identical to the
7 Power Company board?

8 A Yes. I believe it is. Yes.

9 Q Did you ever present to the Sierra Pacific
10 Power Company board, in contrast to presenting to the
11 Resources board?

12 A If I might just restate that just to make
13 sure I'm clear on it.

14 If you're asking if the Resources board sat
15 as the Power Company board in a separate session, you
16 know actually I don't know the answer to that. I go in
17 and out of the sessions, and I don't know if they were
18 constituted as the Power Company board or as the
19 Resources board. It's the same members, and I did make
20 presentations to them.

21 Q The assets are wholly-owned by Sierra
22 Pacific Power Company, aren't they?

23 A Which is wholly-owned by Sierra Pacific
24 Resources, yes.

25 Q So there would have to be the appropriate

1 resolutions and such from the Power Company board in
2 anticipation of the closing, I take it?

3 A I don't know the answer to that, but I'm
4 sure our lawyers do, and they would make sure that those
5 resolutions are in place.

6 Q You heard my questions to Mr. Ceccarelli,
7 did you not, concerning the Farad weir situation, and
8 also the sale of the hydro assets given the California
9 situation?

10 A Yes, sir.

11 Q I see now that in your testimony you
12 particularly carved out those areas for yourself. Any
13 particular supplement to his answers that would be
14 responsive to my questions?

15 A No. No. The process is difficult in
16 California right now, and I think Mr. Ceccarelli's
17 answers were as thorough as we know.

18 MR. HINCKLEY: I have nothing else. Thank
19 you.

20 CHAIRMAN SODERBERG: Any redirect for the
21 witness?

22 MS. ELLIOT: No.

23 CHAIRMAN SODERBERG: Mr. Anderson?

24 MR. ANDERSON: No questions.

25 CHAIRMAN SODERBERG: Commissioner McIntire?

1 COMMISSIONER McINTIRE: No questions.

2 CHAIRMAN SODERBERG: And I have no
3 questions either. Thank you.

4 THE WITNESS: Thank you.

5 (The witness was excused.)

6 CHAIRMAN SODERBERG: It's a little bit
7 before 12:30. It would be my intention to break for
8 lunch until 1:30.

9 Before we do that, Mr. Kockenmeister,
10 clearly there has been some discussion today on some
11 things that it appears Sierra Pacific is being asked to
12 look into a crystal ball. Do you have somebody available
13 as a witness who could speak on the record under oath as
14 to some of the things we have been discussing this
15 morning?

16 MR. KOCKENMEISTER: Absolutely. Mr. Isaeff
17 to my right here is prepared to speak on behalf of TMWA
18 on those issues.

19 CHAIRMAN SODERBERG: Okay. Why don't we
20 have -- well, that does conclude Sierra's direct case?

21 MS. ELLIOT: Yes.

22 CHAIRMAN SODERBERG: Why don't we, we'll
23 bring on at 1:30 Mr. Isaeff just to make sure we get some
24 things on the record so we can say that they're being
25 said by TMWA.

1 MR. KOCKENMEISTER: Chairman Soderberg,
2 Mr. Isaeff has filed, as you know, written direct
3 testimony in this case.

4 CHAIRMAN SODERBERG: Right.

5 MR. KOCKENMEISTER: At that point in time
6 is it your intention to --

7 CHAIRMAN SODERBERG: Yes. We would do
8 both. But I want to make sure things are clear, and I
9 don't want people believing that you're bound by
10 something that the Power Company said, and I just want to
11 see whether you bind yourself or not bind yourself.

12 MR. KOCKENMEISTER: We're prepared to
13 clarify that.

14 MR. VAN DYCK: Chairman, I'm sorry.
15 Mr. Kockenmeister referenced prepared direct testimony of
16 Mr. Isaeff. He did file rebuttal --

17 MS. ELLIOT: Rebuttal.

18 MR. KOCKENMEISTER: Rebuttal, excuse me.
19 I'll clarify that. Rebuttal.

20 CHAIRMAN SODERBERG: We'll discuss that,
21 save and except how that might impact things that are in
22 THE later phase of the proceeding.

23 Okay. We are on a break until 1:30.

24 (At 12:24 p.m. this date the lunch recess was taken.)

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1 CARSON CITY, NEVADA, WEDNESDAY, MARCH 14, 2001

2 1:32 P.M.

3 -o0o-

4 CHAIRMAN SODERBERG: Let's go back on the
5 record.

6 Mr. Isaeff, I think you're next, and if
7 we can get you to move over a seat and tell us everything
8 we need to know about the Truckee Meadows Water
9 Authority.

10 (One witness was sworn: William Isaeff.)

11 WILLIAM ISAEFF

12 called as a witness on behalf of
13 Sierra Pacific Power Company and
14 Truckee Meadows Water Authority,
15 having been first previously duly
16 sworn, was examined and testified
17 as follows:

18 DIRECT EXAMINATION

19 BY MR. KOCKENMEISTER:

20 Q Mr. Isaeff, would you please state your
21 name for the record.

22 A My name is William Isaeff.

23 Q What is your current position?

24 A I'm the Special Assistant to the Sparks
25 City Manager, Sparks, Nevada.

1 Q And what are your responsibilities for
2 TMWA?

3 A I am the leader of the TMWA transition
4 management team, a three-person team charged along with
5 the Interim Project Manager to oversee the transition
6 from the ownership of the water business by Sierra to the
7 TMWA in accordance with the Asset Purchase Agreement and
8 other related documents.

9 Q Have you reviewed what has been marked as
10 Exhibits 3, 4, and 5, which are letters between Sierra
11 Pacific, Panther Valley, Panther Valley Water, and Sun
12 Valley Water General Improvement District regarding the
13 provisions of service?

14 A Yes, I have examined Exhibits 3, 4, and 5
15 regarding those matters.

16 Q Will TMWA honor the terms and conditions of
17 those letter agreements?

18 A Yes, I can represent to you that we are
19 prepared to honor the terms of these particular three
20 letter agreements.

21 MR. KOCKENMEISTER: Chairman Soderberg,
22 that's all of the questions I have on those particular
23 exhibits.

24 CHAIRMAN SODERBERG: Okay.

25 MS. LaGUE: Do you want to mark his

1 testimony as an exhibit?

2 MR. KOCKENMEISTER: Well --

3 CHAIRMAN SODERBERG: I think we should.

4 MS. LaGUE: Exhibit 7.

5 (Exhibit Number 7 was marked for identification.)

6 MR. KOCKENMEISTER: And I have his resume',
7 which we have marked as a potential exhibit, if you would
8 like to mark that as 8?

9 CHAIRMAN SODERBERG: Is that attached to
10 the testimony?

11 MR. KOCKENMEISTER: It's attached to the
12 testimony.

13 CHAIRMAN SODERBERG: Let's just keep it as
14 one exhibit.

15 MR. KOCKENMEISTER: Keep it that way?
16 That's fine.

17 CHAIRMAN SODERBERG: Okay. Mr. Sandoval,
18 do you have any questions of this witness?

19 MR. SANDOVAL: No questions for Mr. Isaeff.
20 Thank you.

21 MS. ELLIOT: No questions.

22 CHAIRMAN SODERBERG: Mr. Schmidt?

23 MR. SCHMIDT: Well, I guess I have a
24 clarification if I might, Chairman, since we marked the
25 rebuttal testimony. Is that what we did?

1 CHAIRMAN SODERBERG: Yes.

2 MR. SCHMIDT: Does that mean we are
3 supposed to be prepared to ask any questions about it?
4 Because some of the testimony rebuts the testimony that
5 we intend to withdraw. A good portion of it rebuts what
6 we intend to withdraw.

7 CHAIRMAN SODERBERG: Do we need to take
8 that out? It would make a cleaner record.

9 MR. KOCKENMEISTER: That would be fine, if
10 we --

11 CHAIRMAN SODERBERG: Do you guys want to
12 take five minutes off and decide what that ought to be?

13 MR. KOCKENMEISTER: Yes, that might be the
14 easiest.

15 CHAIRMAN SODERBERG: Fine.

16 (Off the record.)

17 CHAIRMAN SODERBERG: Let's go back on the
18 record.

19 Have we got an agreement on what should be
20 stricken from Mr. Isaef's testimony?

21 MR. KOCKENMEISTER: Yes, Chairman.
22 Questions and Answers 14, 15, 17, and 18.

23 MS. LaGUE: Would you repeat that? 14,
24 15 --

25 MR. KOCKENMEISTER: 14, 15, 17, and 18.

1 CHAIRMAN SODERBERG: Mr. Schmidt, does that
2 comport with what you see as being rebuttal of testimony
3 that you have now withdrawn?

4 MR. SCHMIDT: Yes, I believe it does.
5 There is still some rate information in there related to
6 the Consumer Advocate's testimony, but I think since that
7 hasn't been withdrawn it's probably best to just pull the
8 questions and respond to Dr. Peseau's testimony that
9 we're withdrawing.

10 CHAIRMAN SODERBERG: Okay. And with that,
11 do you have any cross-examination of this witness?

12 MR. SCHMIDT: Yes, thank you.

13 CROSS-EXAMINATION

14 BY MR. SCHMIDT:

15 Q Mr. Isaeff, good afternoon.

16 A Good afternoon, Mr. Schmidt.

17 Q I always wondered if I would have this
18 opportunity some day when I worked for you.

19 (Laughter)

20 CHAIRMAN SODERBERG: It's a small pond, and
21 the current just moves around, doesn't it?

22 (Laughter)

23 BY MR. SCHMIDT:

24 Q Did you hear the questions that I asked
25 Mr. Ceccarelli this morning?

1 A Yes, I did.

2 Q Could you tell me what TMWA's position is
3 with regard to the applicability and any obligation to
4 comply with Regional Water Planning statutes under
5 Chapter 504A?

6 A Although our attorneys have not yet
7 rendered an opinion on this particular topic, we have
8 discussed amongst ourselves that we would anticipate
9 TMWA succeeding to the position designated by law for
10 the area's largest water purveyor as a member of the TMWA
11 board, and that TMWA would most likely also continue to
12 prepare a water management plan which would have to be
13 found in conformance with the larger regional water
14 management plan, exactly and much as Sierra has done to
15 date since the law went into effect back in 1995.

16 Q So in that regard the water planning
17 efforts would still go to the designated board by statute
18 that is different from the board of TMWA?

19 A I'm sorry, I didn't quite understand the
20 question.

21 Q I know you're familiar -- you are familiar
22 with the Regional Water Planning Board and its makeup --

23 A Indeed, I'm the chairman of the board this
24 year.

25 Q Okay. And do you envision that the plan

1 for water planning that TMWA would create as the purveyor
2 who would take over the former role of Sierra Pacific,
3 would go through or be provided to that Regional Board,
4 of which you are now Chair?

5 A That is correct. That is what I envision
6 happening.

7 Q So that if there is a provision in the
8 cooperative agreement that has TMWA preparing a water
9 plan for its board, that is not meant to replace,
10 supplant, or negate the continuing applicability of the
11 broader Regional Water Planning statute?

12 A That's not my understanding. That board
13 would be approving the plan merely because it would be
14 its plan, and that would not supplant other applicable
15 statutes that might apply to that same plan.

16 Q And with regard to the plan that is
17 currently in place that Sierra has developed, I think
18 it's called the 1995 plan that's a 20-year plan, would
19 you be adopting that plan, or would you be developing a
20 new one, or continuing with that plan until a new one was
21 developed, or how would that work?

22 A I'm not sure this topic has been discussed
23 in any detail. As with a number of similar issues, the
24 TMWA board is simply putting into place a number of
25 things that exist at Sierra right now, such as rates,

1 service provision rules, et cetera, and because of the
2 time frames in which we are trying to close this deal
3 there will not be a TMWA plan created within the next
4 60 days or so, so I would imagine that they would simply
5 continue to operate under the existing plan until they
6 crafted one of their own or chose to make some
7 differences in it.

8 Q As I understand it, in the cooperative
9 agreement that organized the Truckee Meadows Water
10 Authority there was a unique provision contained within
11 the agreement that allows any of the individual members
12 under certain circumstances to become a separate retail
13 purveyor of water; is that correct?

14 A There is a so-called purveyor membership
15 provision in the cooperative agreement, that's correct.

16 Q Could you comment on the likelihood of that
17 occurring?

18 A I certainly could, sir.

19 The purveyor membership provisions,
20 although they are in there and certainly a part of the
21 agreement, I believe have very little likelihood of ever
22 coming about and seeing any of the three members exercise
23 the provision.

24 Part of that reasoning is there will be
25 bond covenants attached to the revenue bonds issued by

1 TMWA for the purchase of the company that will require
2 that there can be no purveyor member while those bonds
3 remain outstanding. That would then imply obviously that
4 you would have to totally refinance this deal to be able
5 to get rid of those particular bonds and have different
6 restrictions perhaps in the future, or you would have to
7 have the permission of all of the outstanding
8 bondholders, which I think would be a very difficult task
9 to achieve.

10 With those types of financial restrictions
11 on there, I think it's not a likelihood that this is
12 going to ever occur. None of the three members have
13 indicated that they intend to move in that direction,
14 plus the cooperative agreement requires, even before
15 anyone could suggest that they might like to be a
16 purveyor member, there are a number of procedural steps
17 that the TMWA board would have to go through in the
18 adoption of various facilities, plans, cost of service
19 plans, et cetera, equity allocation, et cetera, which
20 would be a lengthy process in and of itself for TMWA to
21 adopt those types of procedures.

22 And then it's not automatic. You have to
23 negotiate an agreement with TMWA to become a purveyor
24 member, and many of those issues then would have to be
25 resolved in the negotiations of that.

1 So my view of that is, is that the
2 likelihood of purveyor membership coming about is
3 extremely small, if not minimal.

4 Q In terms of the system that you're taking
5 over you understand, do you not, that it essentially is
6 an integrated system with portions of the system that
7 cross over geographic or jurisdictional boundary lines
8 of the three members, Reno, Sparks, and Washoe County?

9 A I understand that there are infrastructure
10 facilities, yes, that cross the boundaries of all three
11 of the entities.

12 Q So any attempt to divide up the assets of
13 the entity to become a separate retail purveyor would
14 necessarily require some common understanding or
15 agreement of how to divide the common facilities that
16 support customers that live in any of the three
17 jurisdictions. Right?

18 A I assumed that that would all be subject
19 to the negotiations that would have to take place between
20 TMWA and any future purported purveyor member to resolve
21 those kinds of issues satisfactorily to all concerned.

22 Q And you understand why Sun Valley, because
23 of the way it receives service through transmission pipes
24 through two different cities, would have a concern about
25 that?

1 A I realize that there is a transmission pipe
2 that goes through the City of Reno, one that goes through
3 the City of Sparks, and again if that is an issue I think
4 it would be dealt with in the appropriate way in the
5 appropriate time.

6 Q And in terms of the board makeup, you heard
7 my questions earlier of Mr. Ceccarelli?

8 A Yes.

9 Q Was he correct in representing that the
10 seventh member that's listed in the Asset --

11 A There is a mistake there. Mr. Gino Martini
12 is the Sparks alternate, and is not a regularly sitting
13 member of the Board. There are two other alternates who
14 are not listed there, so I'm afraid we made a mistake
15 there in putting it there. We either should have listed
16 all three alternates as knowledgeable persons, or not
17 listed any other alternates.

18 The membership consists of Mayor Armstrong,
19 Mayor Griffin, Councilman Carrigan from Sparks,
20 Councilwoman Sferrazza-Hogan of Reno, Councilman Aiazzi
21 of Reno, and currently Washoe County Chairman Jim Shaw.
22 Those are the six currently seated members of the board.

23 Mr. Ceccarelli was correct, there is a
24 seventh which has not yet been filled.

25 Q There is no new information with regard to

1 that, any new --

2 A I know of no effort at this time to try and
3 fill that position.

4 MR. SCHMIDT: That's all the questions I
5 have. Thank you.

6 CHAIRMAN SODERBERG: Mr. Van Dyck?

7 MR. VAN DYCK: Thank you, Chairman.

8 And first of all, by way of clarification,
9 we have marked Mr. Isaeff's rebuttal testimony. Am I
10 correct, though, that he will be returning to sponsor his
11 rebuttal testimony --

12 CHAIRMAN SODERBERG: Yes.

13 MR. VAN DYCK: -- at some future time?

14 Nevertheless, would it be appropriate then
15 to ask him a question or two about his rebuttal now?

16 CHAIRMAN SODERBERG: With regard to what
17 topics?

18 MR. VAN DYCK: Well, I was going to ask him
19 just with respect on the topic of what type of proceeding
20 would occur when a rate change is proposed by TMWA in the
21 future, and what that process would entail.

22 CHAIRMAN SODERBERG: I think that's a fair
23 question for this segment of the case. Go ahead.

24 MR. VAN DYCK: Thank you.

25

CROSS-EXAMINATION

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BY MR. VAN DYCK:

Q Good afternoon, Mr. Isaef.

A Good afternoon.

Q I'm looking at Question and Answer 16. It starts at the bottom of page 11.

In particular, starting on line 8 on page 12 you indicate that: Before adopting any rate or service change, TMWA must solicit comments from interested parties, et cetera.

Have you had experience with a rate change that has been filed and approved pursuant to NRS Chapter 237?

A I have not personally. I believe the City of Sparks has done one Business Impact Statement since the law went into effect, and that was handled by the Sparks City Attorney's office in conjunction with the appropriate city department that was doing that.

I have not had a personal involvement in that. I am, however, generally familiar with the requirements of the statute.

Q Okay. Could you comment then generally with respect to the solicitation of comments from interested parties, what type of notice or solicitation that involves?

1 A It is my understanding that the Business
2 Impact Statement requires an affirmative approach by
3 the entity which proposes to adopt a quote, "rule,"
4 unquote which includes a rate change by definition; that
5 they have to affirmatively go out and make contact with
6 the persons who are entities that may be affected by the
7 proposed rule and receive input from them, take that
8 information, come up with alternatives to the rule that
9 is being proposed that would mitigate the impact of the
10 rule change, and reduce all of that to a written report
11 to be submitted by the entity which is considering the
12 adoption of the proposed rule.

13 And then there is a public hearing process
14 on that as well to receive actual input from the public
15 at the time that that is all under consideration.

16 It's a rather extensive, and I would
17 venture given the context of this case, a not inexpensive
18 process for us to have to undertake.

19 Those requirements are in addition, of
20 course, to the Nevada Open Meeting Law requirements for
21 notice and an opportunity to be heard by public entities,
22 to which TMWA is subject to that law.

23 Q Right. And you address this generally.
24 Do you know specifically to what extent consumers have
25 participated either on an individual basis or as an

1 organization in some of these proceedings?

2 A I can only speak for Sparks. As I say, I
3 believe we have done one of them. I was not personally
4 or directly involved in that. I do not know what other
5 governments have done to comply with this statute since
6 it went into effect.

7 Q And Mr. Isaeff, I'm looking at the
8 cooperative agreement, which I believe is part of Exhibit
9 1; is that correct?

10 A I'm not sure. I wasn't here when Exhibit 1
11 was marked. I know it's a part of the Sierra filing.

12 Q And you may not need to turn to this, but
13 there is also a reference in the cooperative agreement
14 that TMWA would comply with NRS Chapter 318. Are you
15 familiar with that?

16 A Yes, that's on page 7 of the cooperative
17 agreement talking about the establishment of rates,
18 tolls, and other charges.

19 Q Correct. And could you enlighten us
20 briefly with respect to any types of procedures that are
21 required under that chapter?

22 A Again, I think this sets forth some
23 statutory procedures that are necessary for a General
24 Improvement District in the State of Nevada to set rates,
25 tolls, and charges.

1 Again, I believe it's similar to notice and
2 an opportunity to be heard in an appropriate forum, and
3 we were looking for something that we could point to
4 there as an additional statutory framework for this type
5 of proceeding, and the negotiators of the Cooperative
6 Agreement thought the references to and the statutory
7 procedures set forth in Chapter 318 were ones that would
8 be appropriate for us to follow.

9 Q Sure. Do you know whether each customer
10 receives individual notice?

11 A I do not personally know that, sir.

12 MR. VAN DYCK: Those are all I have for
13 now. Thank you.

14 CHAIRMAN SODERBERG: Mr. Hinckley?

15 CROSS-EXAMINATION

16 BY MR. HINCKLEY:

17 Q You understand, don't you, Mr. Isaeff, that
18 currently all of Sierra's rates and rules of service for
19 its water customers are contained in their tariffs?

20 A Yes, I understand that's how that's done.

21 Q And is my understanding correct that TMWA,
22 at least at the outset, is taking all of the rates, and
23 those would be the rates that they will charge until they
24 take some further action?

25 A The TMWA board will be presented with a

1 resolution in the not too distant future to adopt the
2 existing wholesale and retail rates of Sierra Pacific
3 effective at time of close, so that they will remain the
4 same.

5 Q And is that the same answer relative to the
6 rules of service?

7 A Yes, it is. There may be some minor
8 adjustments there. I think we have to tweak a few
9 things, like we have to change the word "Sierra" where it
10 appears to make it "TMWA," and things like that.

11 But substantially those rules of service
12 are going to be adopted as well and put into place at
13 closing.

14 Q You've also used the word "transitional,"
15 as many of us have today in referring to the services
16 that you may take from Sierra. Do you have a
17 contemplation also relative to the length of term that
18 you would be looking at for those transitional services?

19 A As Mr. Ceccarelli testified, we have not
20 come to any final agreement on that. I believe we are
21 thinking in terms of something in the 12 to 18-month time
22 period, which I think is consistent with what
23 Mr. Ceccarelli testified to.

24 Q You understand, don't you, that that type
25 of service is not something that is typically offered by

1 Sierra Pacific Power Company as a service rendering?

2 A I don't have personal knowledge of that,
3 but others have told me that that's not a typical thing
4 for them to do because they're not in the business
5 normally of providing those services to third parties,
6 but that it is something within their authority to do on
7 a short-term basis.

8 Q You understand that there would be interest
9 that any transitional service contract would have
10 reimbursement to Sierra that would be compensatory so
11 that the other customers of Sierra weren't subsidizing
12 that service offering?

13 A I understand that, yes.

14 MR. HINCKLEY: I don't think I have
15 anything else. Thank you.

16 CHAIRMAN SODERBERG: Any redirect?

17 MR. KOCKENMEISTER: Miss Elliot, I think --

18 MS. ELLIOT: No.

19 MR. KOCKENMEISTER: No redirect.

20 CHAIRMAN SODERBERG: Paul, do you have any
21 questions of this witness?

22 MR. ANDERSON: No, I don't.

23 CHAIRMAN SODERBERG: Commissioner McIntire?

24 COMMISSIONER McINTIRE: No, Chairman.

25 CHAIRMAN SODERBERG: Thank you very much.

1 THE WITNESS: Thank you, sir.

2 MR. KOCKENMEISTER: A point of
3 clarification, Chairman.

4 Will Mr. Isaeff be called back at a future
5 period of time? Some of the questions that were asked
6 were related to his filed testimony, and I'm just
7 wondering if he will be called back in the future?

8 CHAIRMAN SODERBERG: I would like to call
9 him back for the true portions of his testimony that are
10 actually rebuttal. What I wanted to get out now was
11 basically just, you know, the direct case of
12 understanding the deal, and because some of that came in
13 in what was filed as rebuttal testimony doesn't really
14 make it rebuttal testimony --

15 MR. KOCKENMEISTER: Right.

16 CHAIRMAN SODERBERG: -- so don't go away.

17 THE WITNESS: I'm here.

18 CHAIRMAN SODERBERG: But I would like to
19 have you after the witness you're rebutting.

20 THE WITNESS: Understood.

21 (The witness was excused.)

22 CHAIRMAN SODERBERG: Okay. What do we have
23 next here?

24 MS. ELLIOT: That's the end of our direct
25 case. Mr. Pierce's testimony is rebutting, I would call

1 it, the pure rebuttal of Ms. Norman's testimony, so I
2 would --

3 MR. VAN DYCK: And Chairman, we met over
4 the lunch hour to identify what portions of Miss Norman's
5 testimony should come in under the Phase 1 of this
6 proceeding, so at your pleasure I think we probably
7 should go next.

8 CHAIRMAN SODERBERG: Okay. That sounds
9 like a good idea.

10 MR. VAN DYCK: With that, I'll call
11 Miss Shirley Norman to the stand, please.

12 May we have her prefiled testimony marked
13 next in order?

14 MS. LAGUE: This will be Exhibit 8.
15 (Exhibit Number 8 was marked for identification.)
16 (One witness was sworn: Shirley J. Norman.)

17 SHIRLEY J. NORMAN
18 called as a witness on behalf of
19 the Office of Attorney General
20 Bureau of Consumer Protection,
21 Consumer Advocate's Office
22 having been first previously
23 duly sworn, testified as follows:
24
25

1 DIRECT EXAMINATION

2 BY MR. VAN DYCK:

3 Q Miss Norman, when you're ready could you
4 just state your name and by whom you are employed,
5 please?6 A My name is Shirley Norman, and I'm employed
7 by the Bureau of Consumer Protection.8 Q Do you have in front of you what has been
9 marked as Exhibit 8?

10 A Yes, I do.

11 Q Is that your prepared direct testimony in
12 this case?

13 A Yes, it is.

14 Q And was that document prepared by you or
15 under your supervision?

16 A Yes, it was.

17 Q And in light of the rulings this morning,
18 have you had an opportunity to meet with the Company and
19 identify what portion of your testimony would be heard
20 and subject to cross today?21 A Yes, I did. Questions 8 through 12 relate
22 to this issue.23 Q And I believe that Question 8 starts on
24 page 6 --

25 A Yes.

1 Q -- through the middle of page 9.

2 MR. VAN DYCK: And Chairman, that's our
3 agreement. Certainly to the extent you have additional
4 questions on other matters, you may feel free to ask.

5 BY MR. VAN DYCK:

6 Q With respect to just that section that we
7 have identified, Miss Norman, do you have any changes or
8 corrections to make to your testimony?

9 A No.

10 Q So today would your answers to those
11 questions be the same?

12 A Yes, they would.

13 MR. VAN DYCK: With that, Miss Norman is
14 available for cross-examination.

15 CHAIRMAN SODERBERG: Mr. Kockenmeister?

16 MR. KOCKENMEISTER: Thank you.

17 CROSS-EXAMINATION

18 BY MR. KOCKENMEISTER:

19 Q Good afternoon, Miss Norman.

20 A Good afternoon.

21 Q On page 7, Answer 9, Question 9, you state
22 that:

23 "The BCP has many reservations as to
24 the effect this sale will have on water
25 department customers since the water customers

1 "will no longer be protected by this Commission's
2 regulations."

3 By this statement you don't mean to infer
4 that consumers will not have adequate protections after
5 the transfer, do you?

6 A No. This is necessarily a very unique
7 situation, though, so in a normal purchase, merger where
8 a whole entity is being taken over by another, the
9 Commission would look at whether the rates will be fair,
10 whether the service will be adequate, and in this case,
11 as soon as TMWA takes over, they will no longer be able
12 to do that, at least as far as my understanding is.

13 Q But the Legislature, has it not, has
14 addressed this issue when we have a non-jurisdictional
15 entity providing utility services, has it not?

16 A I believe that's probably a legal
17 definition that I have no knowledge of.

18 Q You heard Mr. Isaef's testimony today --

19 A Yes, I did.

20 Q -- regarding the Business Impact Statement,
21 as well as the Open Meeting Law requirements, as well as
22 the Chapter 318 requirements that will be imposed upon
23 TMWA after the transfer?

24 A Exactly.

25 Q Okay.

1 A It's a little different, though, than
2 actually having a hearing in front of the Commission with
3 opposing witnesses, opposing counsel.

4 Because I have been to a STMGID meeting -
5 it's an acronym, S-T-M-G-I-D - and it's the General
6 Improvement District Water District, and they discussed
7 increases in rates, and it was entirely different than
8 what we see happening here.

9 Q So TMWA is not the only entity out there
10 that provides utility services that's not subject to the
11 Commission's jurisdiction?

12 A That's correct.

13 Q And would you agree also that the TMWA
14 board, which would make the ultimate decisions, has the
15 ultimate responsibility back to its constituents,
16 wouldn't you, on that one?

17 A I would assume so.

18 Q You would also agree that the TMWA board
19 meetings would be open to the public pursuant to the Open
20 Meeting Law?

21 A I would assume they are open to the public
22 as far as they are required to be published.

23 Q Right. Okay. I would like to explore your
24 views on TMWA's fitness to provide water service.

25 Are you aware that all three members of

1 TMWA have extensive utility experience?

2 A I don't know if I would call it
3 "extensive." It's not the 72,000 customers that Sierra
4 has, for example.

5 Q Washoe County does provide water service
6 currently?

7 A Yes. On a much smaller scale they do.

8 Q And the City of Sparks and Reno provide
9 extensive sewer services; is that correct?

10 A And I do understand that, for example,
11 Washoe County did not want to be the purveyor and take
12 over the whole system. They didn't feel like they had
13 adequate preparation to do so.

14 Q That's a good question. That's a good
15 segue. Do you believe that the Operating Plan correctly
16 identifies the tasks that TMWA needs to complete prior to
17 and immediately after the closing of the sale? You refer
18 to the Operating Plan I believe in your testimony.

19 A Right. I was happy to see that the TMWA
20 board, or whoever devised that plan, had actually
21 identified those.

22 Q Are you aware that TMWA has hired Malyn
23 Malquist, former Chairman of the Board of Sierra, as the
24 Interim Project Manager with his detailed knowledge of
25 Sierra's water operations?

1 A Yes, we were aware of that. In fact, we
2 asked for his contract, including the duties that he
3 would perform. We did not, however, receive the duties
4 that he would perform. So I'm not sure exactly what his
5 duties will be.

6 Q Are you aware that Sierra will transfer
7 approximately 87 of its water employees to TMWA as part
8 of the transfer?

9 A Yes. And I address that in my testimony,
10 and the few areas that aren't covered I also addressed in
11 my testimony.

12 Q You're also aware then, as Mr. Hinckley
13 discussed before, in these Transition Services
14 Agreements, that Sierra will provide certain services as
15 a transition?

16 A I think that's the plan.

17 Q Okay. What's your view of that as --

18 A I think Question and Answer 11 answers
19 that. I said that will be a viable solution.

20 Q Okay. Thank you.

21 Turning to your - I apologize, I'm not sure
22 if this is part of the questions that would be taken
23 right now - but your discussions on page 7 - I guess that
24 is part of it right now - regarding the financing, are
25 you aware of the differences between the revenue

1 requirements of a public utility such as TMWA versus an
2 investor-owned utility such as Sierra Pacific?

3 A Actually, I was an accountant for the
4 government for about four-and-a-half years, so of course
5 I am.

6 Q So you are. Then would you agree that your
7 rate base analysis that you have listed as part of your
8 answer to page 9 would not be applicable to a public
9 utility such as TMWA?

10 A It's my understanding that TMWA is planning
11 to charge the water ratepayers for the debt service on
12 that debt, and so it would be \$400 million, at least as
13 far as TMWA has proposed. So it wouldn't be a rate base,
14 but it would be 400 million times whatever the rate that
15 you get for your interest cost.

16 Q Right.

17 A Right.

18 Q So that the analysis, am I correct, would
19 be whether or not the rates currently in effect are
20 sufficient to cover operation and maintenance expenses as
21 well as the debt service? Would you agree that that's
22 the analysis --

23 A Exactly. And I go on to say actually that
24 even though there is a detriment, there is a deficiency
25 really if you take the 400 million times your interest

1 rate versus the rate base times whatever was authorized
2 as rate of return. However, there are things that you
3 won't have to pay, like income tax.

4 Q That's correct.

5 Getting back to one -- changing the subject
6 just for a moment, on what do you base your information
7 that Washoe -- you mentioned that Washoe County was not
8 interested in taking over Sierra Pacific's water --

9 A It was our conversation with Mr. Isaeff and
10 other members that they indicated that Washoe County
11 wasn't interested. It was just an oral conversation we
12 had.

13 MR. KOCKENMEISTER: That's all the
14 questions I have, Chairman Soderberg.

15 CHAIRMAN SODERBERG: Mr. Sandoval?

16 MR. SANDOVAL: No questions. Thank you,
17 Chairman.

18 CHAIRMAN SODERBERG: Miss Elliot?

19 MS. ELLIOT: No questions.

20 CHAIRMAN SODERBERG: Mr. Schmidt?

21 MR. SCHMIDT: No, thank you.

22 CHAIRMAN SODERBERG: Mr. Hinckley?

23 MR. HINCKLEY: Nothing, thank you.

24 CHAIRMAN SODERBERG: Do you have any
25 redirect examination?

1 MR. VAN DYCK: No, sir.

2 CHAIRMAN SODERBERG: Paul?

3 MR. ANDERSON: I have no questions.

4 CHAIRMAN SODERBERG: Commissioner McIntire?

5 COMMISSIONER McINTIRE: No, questions.

6 COMMISSION QUESTIONS

7 BY CHAIRMAN SODERBERG:

8 Q Miss Norman, I'm a little -- I need you
9 just to walk me through something here just so I get it
10 straight.

11 You've raised issues with regard to TMWA's
12 cost of service and what their potential rates would be.
13 What are we supposed to do about that?

14 A Well, and I think that's the problem.
15 There isn't anything you can do about it, other than
16 determine whether the likelihood is that TMWA -- that
17 there will be no detriment to the water ratepayers. I
18 think that's -- that is a dilemma that you face.

19 In a normal situation - not that I want to
20 call this abnormal, but it kind of is - in a normal
21 situation you would have recourse down the road. If it
22 was an IOU that was buying Sierra's system, then you
23 could ensure that water ratepayers would not have to pay
24 any higher rates just because there was a \$400 million,
25 which really would equate in a purchase, to an

1 acquisition premium. You would look at that in that
2 context.

3 Now in this case you have to look at TMWA's
4 statements that they don't plan to raise rates for two
5 years; that this amount of money that they're going to
6 get from these rates will cover O&M costs, construction,
7 the debt service that they're going to have, and any of
8 these labor costs. Because the things that -- they are
9 going to transfer all of those employees, and in those
10 rates today are from a '97 docket. Now I'm assuming that
11 all of those employees got raises from '97 until 2001.
12 So I'm not sure that that will cover it.

13 I think we've gotten assurances from TMWA.
14 I'm hopeful that they can live within that budget. And I
15 believe it was Staff that said that they didn't have an
16 operating budget. So that may be something that you
17 could require just to help you make this decision.

18 Q But I'm looking at the statute that I have
19 to make this decision, and I'm not seeing how that fits
20 in. Quite frankly, I don't know that I would even have
21 the ability to consider whether or not TMWA has made a
22 good faith argument that they won't raise rates. If they
23 turned around five minutes from now and said they're
24 raising rates on the first day, how would that impact the
25 decision I have to make pursuant to 704.390?

1 A That's a hard question. And I certainly
2 sympathize, because I said the exact same thing. We
3 don't have any assurances five minutes after they're
4 given this opportunity to own this system that they won't
5 raise rates. Even though they believe and they've given
6 us some assurances that they may not -- they may not have
7 to raise rates, without the oversight that you all give I
8 don't think that we do have assurances.

9 And so your dilemma will be to determine
10 whether this sale is in the public interest - and the
11 public interest includes the water ratepayers - to
12 determine what TMWA has said is probably what will
13 happen.

14 I mean, there aren't any guarantees of
15 anything. The fact that you have oversight gives you a
16 lot more comfort, I think, than the statutes. The
17 Legislature has given them a mandate on how they have to
18 do it.

19 Since I have actually participated - not as
20 a customer of STMGID - I have witnessed what actually
21 happens in one of those public forums. It's more like
22 our consumer sessions where you take input from the
23 consumers. And they did not pass out, for example, what
24 these new rates would be based on. I called the Washoe
25 County treasurer to get that. But the rank and file

1 probably won't do that. They won't know that there is
2 some basis for these rates.

3 Q So what you're saying is, is that by law
4 there is a different process that a municipal utility
5 would have to deal with, and I think what you're
6 inferring is that your office is not comfortable with
7 that process.

8 A I don't know that I would go so far as to
9 say we're uncomfortable. I think we realize that there
10 is a big difference. The forum that we have here is so
11 much better because you get both sides to the question,
12 where the forum at least at the STMGID - and I don't know
13 that that would be the same at TMWA - at STMGID there
14 weren't two sides. The staff presented, and the board
15 approved. That was it.

16 COMMISSIONER McINTIRE: Chairman, if I
17 could follow up?

18 CHAIRMAN SODERBERG: Sure.

19 COMMISSION QUESTIONS

20 BY COMMISSIONER McINTIRE:

21 Q Are you asking this Commission to pass
22 judgment on what falls outside its jurisdiction and
23 retain jurisdiction?

24 A No. No.

25 Q So what other options do we have, other

1 than retaining jurisdiction, with all these observations
2 on how superior we are? And if so, why did the
3 Legislature not give us jurisdiction over more?

4 A I can't answer that either.

5 COMMISSIONER McINTIRE: Thank you.

6 FURTHER

7 COMMISSION QUESTIONS

8 BY CHAIRMAN SODERBERG:

9 Q Well, Commissioner McIntire has kind of
10 gotten to the heart I guess of what I was a little
11 confused on.

12 I hear in your testimony and today that
13 your office has reservations, but I don't know that there
14 is a solution. I don't know that I can consider --
15 nobody has told me that I can consider these concerns
16 with respect to the statute that I have to apply to this
17 transaction. And I don't hear that anybody has, up until
18 this point, gone to the Legislature in saying that the
19 publicly-owned utility process for ratemaking is somehow
20 inadequate, and it does affect, in fact I believe a
21 majority of urban -- right now it affects the majority of
22 urban water consumers in this state by virtue of the Las
23 Vegas Valley Water District being a publicly-owned
24 entity, and I think that's been going on for years. And
25 I don't know that anybody in this room or anybody else

1 has said that that is somehow an inferior process.

2 I grant you it's different, and I may have
3 my personal opinion on it, but I'm not sure how I can
4 consider that today. Outside of the fact that we might
5 acknowledge there are differences, what do you want me to
6 do, or does your office really know what you want me to
7 do on this one? Are you raising it just for general
8 consideration?

9 A I'm raising it mainly for general
10 consideration, and the fact of what TMWA has agreed as
11 far as the transition services that they still need to
12 adequately provide service to the water customers.

13 Q Okay.

14 A And I believe that's a good solution. I
15 don't know what the solution will be down the road,
16 because they have indicated that it would be a short-term
17 operation, so --

18 CHAIRMAN SODERBERG: Okay. Thank you.

19 (The witness was excused.)

20 MR. VAN DYCK: That concludes our direct
21 case on that stage.

22 CHAIRMAN SODERBERG: Thank you.

23 MR. HINCKLEY: Chairman, I think
24 Mr. Galloway, Staff witness, is the one remaining for
25 this phase.