121 FERC ¶ 61,241
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Suedeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

America West Airlines, Inc. Docket No. OR07-18-000
Chevron Products Company,
Continental Airlines, Inc.
Northwest Airlines, Inc.,
Southwest Airlines Co.,
US Airways, and
Valero Marketing and Supply Company
v.
Calnev Pipe Line, L.L.C.

ConocoPhillips Co.
v.
Calnev Pipe Line, L.L.C. Docket No. OR07-19-000

(Not consolidated)

ORDER ON COMPLAINT

(Issued December 26, 2007)

1. On August 20, 2007, the complainant Airline parties (Airlines) listed in the caption filed a joint complaint against all of Calnev Pipe Line, L.L.C.'s (Calnev) rates in Docket No. OR07-18-000, including both the grandfathered portion of those rates and the portion in the rates that is not grandfathered. On the same date ConocoPhillips Company (Conoco) also filed a complaint against Calnev in Docket No. OR07-19-000. Except for the different Complainants,[1] the two complaints rely on virtually identical evidence and raise the same procedural and evidentiary issues. The Commission therefore addresses them in a single order, accepts the part of the complaints against the non-grandfathered portion of Calnev rates, and holds that part of the complaints in abeyance. The Commission grants the Complainants 45 days to modify their complaints against the

[1] "Complainants" refers to complainants in both proceedings, as does the word "complaints."

grandfathered portion of Calnev rates in light of the Commission's observations and reservations stated in this order. The Commission dismisses the complaint by US Airways in Docket No. OR07-18-000 because it was not a Calnev customer at the time the complaint was filed.

The Complaints

2. The instant complaints assert all of Calnev's current rates are unjust and unreasonable, including both the grandfathered portion of those rates established in 1991 and the rate component in excess of the grandfathered rate. That the rates Calnev filed in 1991 are grandfathered is not contested here. Rather, the Complainants assert they have provided sufficient *prima facie* grounds to conclude there are substantially changed circumstances to the 1991 grandfathered rates and urge the Commission to set this issue for hearing. They also assert there are reasonable grounds to conclude that the rates as a whole are unjust and unreasonable. They therefore also request the Commission set that issue for hearing and request reparations for all payments in excess of any just and reasonable rate the Commission may establish in this proceeding. Calnev filed an answer asserting the Complainants failed to establish reasonable grounds to conclude that its existing rates are unjust and unreasonable and failed to demonstrate there are substantially changed circumstances to the 1991 grandfathered portion of its rates. It further asserts US Airways was not a Calnev customer when the complaint was filed and therefore lacks standing to file a complaint.

Discussion

3. As noted, the instant complaints consist of challenges to the two parts that make up the structure of Calnev's rates. One part of those rates is the grandfathered rate established in 1991 and the remainder consists of the cumulative increases permitted Calnev under the Commission's oil pipeline indexing regulations since 1991.[2] As the parties recognize, any challenge to the grandfathered portion of the rates must establish that there are substantially changed circumstances to the economic circumstances that are the economic basis for that portion of the rates and which occurred after the date of enactment of the Energy Policy Act of 1992, *i.e.*, after October 24, 1992.[3] For the portion of the rates in excess of the grandfathered rate, Complainants must establish there are reasonable grounds to conclude that challenged rates may not be just and reasonable before the complaint may proceed to hearing. Turning first to this latter point, the complaints rely primarily on Page 700 of Calnev's 2006 FERC Form No. 6, asserting that the return reflected there greatly exceeds Calnev's 2006 cost-of-service. In addition,

[2] *See* 18 C.F.R. §342.3 (2007) for the annual indexing procedure.

[3] *See* Section 1803(a) of the Energy Policy Act of 1992, Public L. No. 102-486, 106 Stat. 2276 (1992) (EPAct of 1992). The effective date was October 24, 1992.

the complaints assert that Calnev overstates its cost-of-service because there are improperly defined cost elements embedded in the cost-of-service.

4. These include the technical components of the income tax allowance, the inclusion of a purchase accounting adjustment (PAA) in Calnev's rate base, the methodology for determining the equity cost-of-capital of a master limited partnership (MLP), the allocation of overhead costs to Calnev by its owning MLP, Kinder Morgan Energy Partners (KMEP), the debt to equity ratio, and which debt instruments should be included in the debt component. Calnev advances various arguments why any adjustments to its cost-of-service are incorrect. These include that: (1) it does not include PAAs in its regulatory cost of service; (2) overhead cost allocations follow Commission protocols; (3) it properly used the debt to equity ratio of Calnev's owning partnership; and, (4) it used the appropriate debt categorization given Commission precedents on the characterization of short term debt.

5. The Commission does not need to reach these technical cost arguments to hold there exist reasonable grounds to conclude that Calnev's rates are unjust and unreasonable. On July 20, 2007, the Commission so found and provided the reasonable grounds in Docket No. OR07-5-000, *et al.* It stated that Calnev's FERC Form No. 6 for 2006 shows that its 2005 jurisdictional revenues were $52,007,917 compared to a total jurisdictional cost of service derived according to the Commission's Opinion No. 154-B of $38,271,901, and its 2006 jurisdictional revenues were $55,964,596 compared to a cost of service of $40,494,137. A difference of these magnitudes between revenues and costs is sufficient to satisfy the first threshold standard. Thus, in Docket No. OR07-5-000, *et al.* the complainants established reasonable grounds to proceed to hearing on that portion of Calnev's rates that are in excess of the grandfathered rates.[4] The same year is at issue in these dockets and the same result controls.

6. The issue of the grandfathered rates requires further analysis. The Commission recognized that it is difficult to establish substantially changed circumstances during the pleading phase of a proceeding since much of the detailed information is in the control of the pipeline. As such, the Commission only requires a sufficient showing to warrant sending the case to hearing on that issue. In previous cases, the Commission construed this obligation somewhat lightly given the uncertainty surrounding many oil pipeline costing issues, the novel nature of the issue, and in the case of SFPP, its demonstratively high returns. Now many of these uncertainties have been resolved by *BP West Coast Products*[5] and *ExxonMobil*[6] and additional guidance provided by the December order in

[4] *ExxonMobil Oil Corporation, et al. v. Calnev Pipe Line, L.L.C.*, 120 FERC ¶ 61,075 (2007) at P 4 (July 2007 Order).

[5] *BP West Coast Products, L.L.C. v. FERC*, 374 F.3d 1263 (D. C. Cir. 2004) (*BP West Coast*).

Docket No. OR92-8-027, *et al.* [7] That order discusses in detail the implementation of the Commission's income tax allowance policies for partnerships and MLPs in particular, as well as technical matters related to substantially changed circumstances and a number of more conventional oil pipeline cost-of-service factors. Based on these developments, the Commission now requires oil pipeline complaints to be more precisely drafted and to conform to regulatory policies embodied in the Commission's recent oil pipeline orders. However, to assure adequate notice, the Commission has afforded other complainants an opportunity to file amended complaints even though the initial filing might well have failed the Commission's filing standards if the Commission rigorously applied its decisional policies to those complaints.[8] The Commission will do so here and permit the Complainants to modify their complaints for the reasons discussed below.

7. The Commission acknowledges that Complainants have supported their complaints by sworn testimony of a respected economic expert and the language of the complaints is well drafted. However, there are a number of arguments and calculations that are inconsistent with the Commission's established methodology for addressing substantially changed circumstances and some of which are no longer appropriate in light of the Commission's recent orders. Briefly stated, the complaints contain two lines of analysis on the issue of substantially changed circumstances. The first is a comparison of the costs and revenues in the 1991 Basis Period underlying the grandfathered rates and those for the 2006 Complaint period. The complaints assert that while the cost-of-service increased by 105 percent, operating revenues increased by 200 percent. In the same vein, the complaints asserts that Calnev's operating revenue was 13 percent below its cost-of-service for the 1991 Basis Period, but exceeded its cost-of-service by 28 percent in the 2006 Complaint period. Complainants argue that percentage differences of this magnitude meet the Commission's threshold of at least 15 percent applied in *SFPP, L.P.*[9] Complainants base their second analysis on a comparative return on investment using net carrier property as the investment base. The complaints assert that Calnev' return was 7.51 percent using a normalized 1991 Basis Period and 17.59 percent in 2006 Complaint Period. In response, Calnev attacks the assumptions and calculations of both analyses, stating the Complainants improperly calculated percentages and improperly defined the rate base.

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[6] *ExxonMobil Oil Corporation, et al. v. FERC*, 487 F.3d 945 (D.C. Cir. 2007) (*ExxonMobil*).

[7] *SFPP, L.P.*, 121 FERC ¶ 61,240 (2007) (December 2007 Order).

[8] *See* July 2007 Order at P 8.

[9] *SFPP, L.P.*, 111 FERC ¶ 61,334 at P 38-40, n. 65 (2005) (June 2005 Order).

8. The Commission has several concerns with both lines of analyses, but recognizes that these occur in the context of the evolving nature of the substantially changed circumstances issue.[10] First, the Commission was informed through the appellate arguments in *ExxonMobil* that it is incorrect to use the sum of the changes in two percentages as a measure of absolute change when the percentages have different bases. While this error and others were not addressed on appeal in *ExxonMobil* because the parties had not raised the issues to the Commission, the argument presented on appeal is mathematically correct. Thus, to the extent the Complainants used the total swing in percentages as an analytical approach, they incorporated this error. Moreover, the Complainants note correctly that a comparison of the change in dollar margins might be more appropriate. For these reasons, if the Complainants choose to amend their complaints, they should compare the change in actual revenues and expenses to determine the change in profit margins. The Complainants can then compare profit margins, which are net dollar amounts in percentage terms without mathematical error.

9. More fundamentally, the complaints start from a negative earnings base in the 1991 Basis Period. This is clearly incorrect because the statute looks at the economic basis for the rate, which is based, in part, on the anticipated profit margin incorporated in the rate. If one measures substantially changed circumstances by relative profit or return, the economic circumstances would not ordinarily include a plan to lose money absent a conscious and well documented decision to discount the rate on a long term basis in response to market forces. Rather, the pipeline normally imputes a profit margin not less than its regulatory return that is embedded in the rate. As the Commission's March 2004 Order made clear, the comparison in return measures the difference between the long term planned return for the service and not the change above any short term loss that may be incurred in the initial years the rate is in effect.[11] Complainants' approach thus overstates the percentage gain in the return and any amended complaints must rectify this error.[12]

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[10] For example, the instant complaints were filed well before the December 2007 Order addressing the issues raised by *ExxonMobil* and SFPP's March 2006 compliance filing.

[11] *ARCO Products Co., a Division of Atlantic Richfield Company, Texaco Refinery and Marketing Inc.*, and *Mobil Oil Corporation v. SFPP, et al.*, 106 FERC ¶ 61,300 (2004) at P 23-25. (March 2004 Order).

[12] In addition, the 15 percent figure cited by Complainants is a minimum. In fact, the findings in March 2004 Orders were based on changes in return in excess of 20 percent. *Id.* P 54-56. The Commission upheld this determination on rehearing. *See* June 2005 Order at P 38-40.

10. The Commission also concludes that it cannot accept the proffered analysis of the change in rate base return between the 1991 Basis Period and the 2006 Complaint Period. This approach is not necessary theoretically incorrect, but it is unclear to the Commission whether the analysis includes adjustments to Calnev's cost-of-service that are inconsistent with a number of specific rulings in recent Commission orders. Specifically, regarding a partnership income tax allowance, the Commission has affirmed its prior conclusions that: (1) required the use of a presumed 28 percent marginal tax rate for individual partners; (2) held that incentive distributions to the general partner are acceptable; and (3) held that there is no double recovery of the income tax allowance in the allowed equity return.[13] The Commission also affirmed or clarified its approach to starting rate base,[14] a partnership's use of allowance for deferred income taxes (ADIT),[15] and purchase accounting adjustments.[16] At this point the Commission considers these matters closed for the purpose of any further complaints against an oil or gas master limited partnership.

11. However the instant complaints appear to be based in part, perhaps materially, on these technical cost-of-service arguments the Commission has resolved or rejected in its recent oil pipeline orders. One purpose of the EPAct of 1992 is to simplify and expedite oil pipeline proceedings. This purpose will be compromised if complainant parties continue to base their initial submissions on the issue of substantially changed circumstances on arguments or methodologies that the Commission has expressly rejected. Such a practice places a burden on the Commission and the pipeline that is inconsistent with the statutory purpose. Therefore, in the future, a complainant may place its entire complaint at risk if it does so. However, at this juncture any determinations on the issue of substantially changed circumstances would be more soundly grounded if complainants are provided an opportunity to respond to the Commission's concerns regarding their methodology and to modify their analyses and arguments to fit current Commission policy on these matters. The Commission finds this is preferable to dismissing, or sending to hearing, what may be a marginal case in either regard without further evaluation by all concerned. Moreover, Complainants now have an opportunity to address some of Calnev's more specific criticisms of their analysis and they should do so with supporting analyses, not simply arguments grounded in earlier positions they took in this proceeding.

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[13] December 2007 Order at P 35-39, 54-58, and 52-53 .

[14] *Id.* at P 121-24.

[15] *Id.* at P 140-44.

[16] *Id.* at P 126.

12. The Commission also conducted its own preliminary analysis of the instant complaints based on the information on Page 700 of Calnev's FERC Report No. 6 for the years 2002 through 2006. The reported information includes total costs, volume by barrels, and gross and net revenues. As discussed in the pleadings, the total revenue is based on rates that include a grandfathered component of 83 cents per barrel and the cumulative increases taken under the Commission's indexing procedures. Thus, given a total rate at the time of the complaints of 112.8 cents per barrel, 29.8 cents is for cost-based increases keyed to the industry average annual cost increases since the indexing procedure became effective. If volume remains constant and cost factors are unchanged, increases under the indexing regulations would maintain the return embedded in the grandfathered rate assuming the pipeline's cost increases were equal to the industry average. Since neither assumption necessarily holds, the issue of substantially change circumstances focuses on whether the return generated by the grandfathered rate in the complaint year exceeds its embedded return after (1) the real revenue growth driven by the increase in volumes, less (2) the increased costs caused by the increase in volume and inflation, plus (3) any reduction in the cost of service factors embedded in the grandfathered less. In other words, if current volumes times the grandfathered rate are inadequate to cover current costs, after allowing for a downward adjustment of the net change in the cost-of-service factors in the rate design, the return of the grandfathered rate declines and there are no substantially changed circumstances.[17]

13. The formula discussed in the prior paragraph is addressed numerically in Attachment A. The first column lists the FERC Form No. 6 report year. The second shows the reported barrels, and the third, Calnev's grandfathered rate of 83 cents per barrel. The fourth column determines the total revenue generated by the grandfathered rate and compares it to Calnev's total costs as reported on Page 700 of the relevant year. The fifth column calculates whether the revenues generated by the grandfathered rate are sufficient to cover current costs as reported by Calnev. In the first of the three alternative analyses the answer is no, except for the year 2002. Thus, if one assumes that the costs reported on Page 700 of Calnev's FERC Form No. 6 accurately reflect its Opinion No. 154-B cost-of-service, there were no substantially changed circumstances because the return generated by the grandfathered rate actually declined. Given the assumption just stated, the conclusion from Attachment A would be that there are no substantially changed circumstances to Calnev's 83 cents per barrel grandfathered rate. Rather, to the extent that Calnev is over recovering its cost of service, it would be from revenue growth and cumulative increases from index filings that exceed its actual cost increases.

14. However, the formulation stated here also recognizes that there can be net reductions in the cost of service components that could result in an increase in the return embedded in the grandfathered rate. A full oil pipeline Order No. 154-B cost of service

[17] *Cf. ExxonMobil* at 959-60.

is normally required to establish whether there have been material changes to the cost-of-service factors that underpin the total cost-of-service reported on Page 700 of the FERC Form No. 6. At the filing phase, neither a complainant nor the Commission has that information available. However, there are indirect methods for testing whether there were sufficient changes to Calnev's Page 700 cost of service to hold that there are reasonable grounds to conclude that there were substantially changed circumstances in the complaint years at issue here. To accomplish this, the Commission reduced the cost-of-service displayed in Attachment A for the years 2002 through 2006 by 10, 12.5 and 15 percent. It is only in 2006 that a hypothetical 15 percent cost reduction suggests that Calnev would be over-recovering its cost of service if the 83 cents per barrel grandfathered rate is applied to 2006 volumes. Moreover, Calnev's Page 700 states that the return component was $8,610,898 for that year. Using the 47.34 equity factor cited by the complaint for the year 2005[18] suggests an equity component of about $4,076,399 compared to a hypothetical over-recovery of $1,103,757, or an increase in the embedded return of 27.08 percent, if one assumes the 15 percent reduction in Calnev's book cost of service.

15. The complaint in Docket No. OR07-18-000 also references the ongoing proceeding in Docket No. IS06-296-002, stating that the Calnev's filed 2004 cost-of-service in that proceeding was $34.3 million compared to a Page 700 cost-of-service for the same year of $36 million, or a difference of $1.7 million. That complaint also states that Calnev's cost-of-service for the year 2005 filed in Docket No. IS06-296-000 was $35.9 million compared to $38.3 million in its 2005 FERC Form No. 6, or a difference of $2.4 million.[19] Based on the complaint, the difference between the filed and reported cost of service for 2004 was about 5 percent. The difference in 2005 was about 6.3 percent, or less than half the 12.5 percent reduction posited in Attachment A. Under the analysis in Attachment A, a reduction of 12.5 percent would be inadequate to establish substantially changed circumstances if the 83 cents per barrel grandfathered rate is applied to Calnev's 2006 volumes.

16. The instant complaints advance many arguments asserting that Calnev's filed cost of service for 2004 and 2005 are incorrectly calculated, but this order explains why several of the more important ones are no longer apposite in light of recent events. Therefore, in the instant case, the complainants must reframe their complaints in light of the Commission's analyses and the suggestion in Attachment A that Complainant analyses would have to more than double 2004 and 2005 the cost-of-service reductions they reference before meeting the Commission's standards for substantially changed

[18] Docket No. OR07-18-000 complaint at 20.

[19] *Id.* at 14, p 30.

circumstances. The Commission will not rule with finality here given its additional analyses and other observations on the complainants.

17. The Commission has two final observations regarding these complaints. First, the complaints assert that Calnev should base its capital structure on that of KMI, a schedule C corporation that provides management services and many investment and operating decisions for Calnev and its owning MLP, Kinder Morgan Energy Partners (KMEP). Complainants base this argument in part on the assertion that KMI may be responsible for portions of KMEP's or Calnev's debt. This latter assertion appears to have two grounds. The first is an agreement between KMI and the State of California to assure that certain obligations of SFPP, L.P. and Calnev are met in the unlikely event of a default. The second is that KMI includes on its balance sheet for the Securities Exchange Commission's disclosure purposes the possible impact on that balance sheet of a default by one of its subsidiaries. In response, Calnev asserts that the agreement with California is outside the scope of the Commission's regulations and is not a general guarantee of either Calnev's or KMEP's obligations in any event. It argues that KMI specifically disclaimed any such responsibility. Calnev also asserts that KMEP issues its own equity and meets the Commission's standards for use as the appropriate affiliate for determining the equity cost-of-capital of a subsidiary that does not issue its own equity.

18. The Commission agrees that Complainants argument falls far short of the mark in this regard. The first step for determining which entity's equity to use is to turn to one that issues equity in the market, in this case Calnev's owner, KMEP. This removes any reason to reach the debt guarantee issue since KMEP's equity return is clearly not guaranteed and the partnership units float in the equity market based on their own strength. Moreover, Calnev correctly asserts that KMI has denied consistently any responsibility for its pipeline affiliate's debts. This has led the very Complainants in this proceeding to request the Commission to require just such a guarantee through the payment of interim reparations[20] and led other shipper interests to request an investigation of Calnev's, KMEP's, and KMI's financial practices.[21] Obviously Complainants cannot have it both ways. The attempt to substitute KMI's capital structure for that of KMEP is without merit and the Commission advises the Complainants not to pursue it. Finally, US Airways was not a Calnev customer at the time its complaint was filed. The fact that US Airways may acquire a complainant that does use that service does not grant it standing under the Commission's oil pipeline regulations.[22]

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[20] December 2007 Order at P 97-101.

[21] *See BP West Coast Products, LLC and Chevron Products Company v. SFPP, L.P. and Calnev Pipe Line, LLC, et al.*, 121 FERC ¶ 61,239 (2007).

[22] 18 C.F.R. §343.2(b) (2007).

Accordingly, the Commission dismisses the US Airways complaint without prejudice to including it in an amended complaint if it becomes a shipper or changes its current status.

The Commission orders:

(A) The instant complaints against that portion of Calnev's rates in excess of Calnev's 1991 grandfathered rates is accepted, but is held in abeyance pending further action by the Commission.

(B) Complainants have 45 days to revise the portion of their complaints addressing whether there are substantially changed circumstances to Calnev's 1991 grandfathered rates in light of the comments and rulings in the body of the order.

(C) US Airway's portion of the complaint is dismissed.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Attachment A

Calnev Revenue and Cost Recovery 2002-2006 Using a Grandfathered Rate of .83 per barrel for Each Year

A. Net Revenue Assuming Book Costs or Book Costs Minus a 10 Percent Cost Reduction

Year Page 700	Barrels Reported	Rate	Revenue at .83 p.b..	Total Cost Page 700	Margin over Costs at Book	Costs at Minus 10%	Margin over Costs at - 10%
2002	37623000	0.83	$31,227,090	$31,213,831	$13,259	$28,092,448	$3,134,642
2003-A	38835000	0.83	$32,233,050	$37,419,302	-$5,186,252	$33,677,372	-$1,444,322
2003-B	38835490	0.83	$32,233,457	$40,817,016	-$8,583,559	$36,735,314	-$4,501,858
2004-A	39605021	0.83	$32,872,167	$41,800,732	-$8,928,565	$37,620,659	-$4,748,491
2004-B	39605021	0.83	$32,872,167	$41,800,732	-$8,928,565	$37,620,659	-$4,748,491
2005-A	41165527	0.83	$34,167,387	$39,785,539	-$5,618,152	$35,806,985	-$1,639,598
2005-B	41165527	0.83	$34,167,387	$41,165,527	-$6,998,140	$37,048,974	-$2,881,587
2006-A	42799727	0.83	$35,523,773	$40,494,137	-$4,970,364	$36,444,723	-$920,950

B. Net Revenue Assuming Book Costs or Book Costs Minus a 12.5 Percent Cost Reduction

Year Page 700	Barrels Reported	Rate	Revenue at .83 p.b..	Total Cost Page 700	Book Margin	Costs at Minus 12.5%	Margin at Minus 12.5%
2002	37623000	0.83	$31,227,090	$31,213,831	$13,259	$27,312,102	$3,914,988
2003-A	38835000	0.83	$32,233,050	$37,419,302	-$5,186,252	$32,741,889	-$508,839
2003-B	38835490	0.83	$32,233,457	$40,817,016	-$8,583,559	$35,714,889	-$3,481,432
2004-A	39605021	0.83	$32,872,167	$41,800,732	-$8,928,565	$36,575,641	-$3,703,473
2004-B	39605021	0.83	$32,872,167	$41,800,732	-$8,928,565	$36,575,641	-$3,703,473
2005-A	41165527	0.83	$34,167,387	$39,785,539	-$5,618,152	$34,812,347	-$644,959
2005-B	41165527	0.83	$34,167,387	$41,165,527	-$6,998,140	$36,019,836	-$1,852,449
2006-A	42799727	0.83	$35,523,773	$40,494,137	-$4,970,364	$35,432,370	$91,404

C. Net Revenue Assuming Book Costs or Book Costs Minus a 15 Percent Cost Reduction

Year Page 700	Barrels Reported	Rate	Revenue at .83 pb.	Total Cost Page 700	Book Margin	Costs at Minus 15%	Margin at Minus 15%
2002	37623000	0.83	$31,227,090	$31,213,831	$13,259	$26,531,756	$4,695,334
2003-A	38835000	0.83	$32,233,050	$37,419,302	-$5,186,252	$31,806,407	$426,643
2003-B	38835490	0.83	$32,233,457	$40,817,016	-$8,583,559	$34,694,464	-$2,461,007
2004-A	39605021	0.83	$32,872,167	$41,800,732	-$8,928,565	$35,530,622	-$2,658,455
2004-B	39605021	0.83	$32,872,167	$41,800,732	-$8,928,565	$35,530,622	-$2,658,455
2005-A	41165527	0.83	$34,167,387	$39,785,539	-$5,618,152	$33,817,708	$349,679
2005-B	41165527	0.83	$34,167,387	$41,165,527	-$6,998,140	$34,990,698	-$823,311

2006-A	42799727	0.83	$35,523,773	$40,494,137	-$4,970,364	$34,420,016	$1,103,757

Sources: Calnev FERC Form No. 6, Page 700 for the Calendar Years 2003-2006

Note: The 2003-A year is the numbers for 2003 in the Form No. 6 for the year 2003, 4th Quarter. The 2003-B year is the numbers for 2003 in the Form No. 6 for the year 2004, 4th Quarter. The same methodology is used for each year and reflects that fact that the same costing methodology must be used for the current and preceding years and that this can change the reported costs for any particularly year as the year-to-year comparison progresses.