



Public Service Commission

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All sent via electronic mail only

Re: Case No. PU-08-862 and Case No. PU-08-742

Dear Mr. Gerhardson, Mr. Savelkoul, and Ms. Bendish:

The Commission discussed these cases at its 2 November 2009 work session, including the additional information filed on 27 October 2009. During the discussion, the Commission indicated that the use of ratepayer dollars to fund economic development projects absent evidence that the funding results in reduced rates for all customers continues to be of major concern. However, the Commission does recognize that a phase out of the ratepayer investment in economic development would be appropriate.

Please respond to the following questions:

- 1) Settlement Agreement paragraph VI.G. states:

If the Commission modifies or conditions approval of this Settlement Agreement, it shall be determined terminated if either Party files a letter with the Commission within three (3) business days of the date of such Order stating that a condition of modification to the Settlement Agreement is unacceptable to such Party.

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Letter - Questions Regarding Economic Development Costs

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If the Commission determines that all parts of the settlement are reasonable except for Economic Development Costs and modifies or conditions approval of the Settlement Agreement to remove Economic Development Costs from the revenue requirement, would any party find the Commission decision unacceptable under Settlement Agreement paragraph VI.G.?

2) If the Commission decides to modify or condition approval of the Settlement Agreement to remove Economic Development Costs from the revenue requirement, and orders a phased out removal of Economic Development Costs from the revenue requirement, what time frame would be reasonable and appropriate for that phase out and how would the phase out be reflected in end user rates?

Thank you for your prompt response to this letter. Please call or e-mail if you have any questions.

Best regards,



Illona A. Jeffcoat-Sacco
General Counsel
Commission Advisory Staff



Patrick Fahn
Director, Compliance and Competitive Markets
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