BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 180/UE 181/UE 184

STAFF PREHEARING BRIEF

October 27, 2006

I. Introduction.

Staff agrees with Portland General Electric Company ("PGE") and other parties regarding the appropriate resolution of many of the issues presented by PGE's requests for a general rate increase (Docket No. UE 180), a rate increase to include Port Westward costs (Docket No. UE 184), and to update to its Resource Valuation Mechanism ("RVM")(Docket No. UE 181). Staff, PGE and other parties have entered into four stipulations that address several revenue requirement, direct access, rate spread, and rate design issues as well as issues related to PGE's 2007 RVM filing.[1] The disputed issues presented to the Commission concern PGE's cost of capital; net variable power costs ("NVPC"); the rate treatment of PGE's new generating facility, Port Westward; PGE's proposed Annual Update and Annual Variance mechanisms; PGE's Schedule 76R; street lighting; PGE's service restoration priority; whether PGE should provide an annual report of all practical and prudent tax planning methods it has employed to minimize the currently payable income tax burden imposed on ratepayers under SB 408; whether PGE acted imprudently by not converting to a LLC prior to redistributing its stock to Enron's creditors; and whether PGE should credit customers for certain income taxes previously included in PGE's rates and certain cash payments made by PGE to Enron under the PGE/Enron oral and written Tax Allocation Agreements.

II. PGE's Requests.

In its original filing in Docket No. UE 180, PGE asked the Commission to increase its revenues by $25 million, on an annual basis. PGE increased this request by $73 million in Docket No. UE 181, and by $45 million in Docket No. UE 184. However, PGE proposes that the effective date of the Port Westward-related increase be the date the plant comes on line, expected to be March 1, 2007. The company's original requests added up to an increase of approximately $143 million, a 9.3 percent increase from current rates.[2]

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[1] The Commission has approved the stipulations related to PGE's 2007 RVM filing and Direct Access. A brief description of the stipulations is attached to this brief as an appendix.
[2] Staff/400, Owings 2-3.

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The Company has modified its requests by entering into stipulations resolving several revenue requirement and annual RVM-related issues. Currently, PGE asks the Commission for a pre-Port Westward increase in its revenue requirement of approximately $70.6 million, coupled with a post-Port Westward increase of approximately $42 million.

III. Staff recommendation.

Staff recommends that the Commission increase PGE's pre-Port Westward revenue requirement by $11.6 million. This recommendation includes adjustments stipulated to by staff in the revenue requirement and RVM stipulations and staff's proposed power cost and cost of capital adjustments and represents a rate increase of approximately 1.6 percent. Staff recommends that the Commission increase PGE's revenue requirement when Port Westward comes on-line, by an additional $37.1 million, on an annual basis. This would increase the overall rate increase to 5.6 percent.

IV. Disputed Issues.

a. Staff's power cost adjustments.

Staff recommends that the Commission make four additional adjustments to PGE's proposed NVPC for the forced outage rates for PGE's Boardman and Colstrip plants, the sale of ancillary services, and the extrinsic value of PGE's flexible resources. The following tables summarize PGE's forecasts of 2007 power costs and staff's proposed adjustments:

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Table 1: PGE's Power Cost Forecasts

	Power Cost ($000)
2007 RMV Filing (UE 181)	**813,786**
Include Schedule 125 Part B Load	+50,854
Include Monet Changes	-7,671
2007 GRC Filing (UE 180)	**856,968**
Include Port Westward	-9,648
2007 Port Westward Filing (UE 184)	**847,321**

Table 2: Staff's Power Cost Adjustments

	Power Cost ($000)
PGE's UE 180 Forecast	**856,968**
Boardman Forced Outage Rate Adjustment	-6,592
Colstrip Forced Outage Rate Adjustment	-6,255
Ancillary Services Sales Revenue Adjustment	-1,532
Extrinsic Value Adjustment	-12,353
Coal Loss Adjustment (*no longer at issue*)	-354
Staff's Adjustment Forecast	**829,883**

1. Forced Outage Rate for Boardman Colstrip Plants

To determine test period power costs for ratemaking, the Commission uses a "forced outage rate" to determine normalized generating unit availability. A forced outage is an unplanned failure of a generating unit. The forced outage rate is the proportion of forced outage hours to total hours a unit is capable of providing service on an annual basis. The Commission

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uses forced outage rates to reflect normal generating unit availability in its determination of test period power costs.[3] Since 1984, the Commission has generally used a four-year rolling average of actual unit forced outage rates to determine a unit's normal forced outage rate.

Staff recommends that the Commission abandon its practice of using actual forced outage rates to determine a unit's normal forced outage rate. Using actual forced outage rates gives too much weight to extreme events, resulting in unrealistic forced outage rates. Staff recommends that the Commission determine "normal" forced outage rates based on industry-wide averages from the North American Electric Reliability Council ("NERC").

Using a five-year average equivalent forced outage rate for the NERC peer group appropriate for the Boardman plant in place of the forced outage rate proposed by PGE results in a downward adjustment to PGE's net variable power costs of $7.366 million. However, staff recommends modifying this adjustment to account for "forced maintenance outages." This modification reduces the downward adjustment to $6.592 million.[4]

Using the five-year average equivalent forced outage rate for the NERC peer group appropriate for the Colstrip plant in place of the forced outage rate proposed by PGE results in a downward adjustment to PGE's NVPC of $7.45 million. Again, staff recommends modifying this adjustment to account for "forced maintenance outages." This modification reduces the downward adjustment to $6.255 million.[5]

2. Ancillary Services

Ancillary services are defined by NERC as services necessary to support the transmission of capacity and energy from the resources to the loads while maintaining reliable operation of the provider's transmission system in accordance with good utility practice.[6] PGE began selling ancillary services in January 2005 and includes the costs of ancillary service sales in its 2007 test

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[3] Staff/100, Galbraith/4.
[4] Staff/100, Galbraith/11-12.
[5] Staff/100, Galbraith/13-14.
[6] Staff/200, Wordley/2.

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year NVPC, but not the corresponding revenues. This results in a mismatch of costs and benefits. Staff recommends correcting this mismatch by including ancillary service sale revenues in the 2007 test year revenue requirement, as well as the costs, which results in a downward adjustment to PGE's NVPC of $ 1.532 million.

3. Extrinsic Value

Extrinsic value is the dollar value produced by the flexibility of a power resource to operate profitably in a wholesale power market characterized by volatile and correlated natural gas and electricity prices. This flexibility is also called optionality. The value of optionality is realized through profitable opportunities that present themselves with economic dispatch of the company's flexible resources in the uncertain market. Although PGE has acknowledged the extrinsic value of its resources in its IRP and RFP evaluations, PGE does not include this value in its forecasted NVPC.

Resources not used to full capacity in a forecasted period have extrinsic value. For the 2007 test year in this case, two of PGE's power plants and three purchase power contracts have unused capacity. To estimate the extrinsic value of the two power plants and one of the contracts, staff used estimates of extrinsic value PGE developed for the evaluation of alternative bids in response to the company's 2004 RFP for resource capacity. The remaining two power purchase contracts were evaluated in the RFP. Accordingly, staff used PGE's extrinsic value estimates for those contracts.[7] Including the extrinsic value of these resources in PGE's NVPC results in a downward adjustment to NVPC of $12.353 million.

b. Power-cost-related issues.

1. Port Westward

Staff's will include its final recommendation regarding the prudence of Port Westward in its post-hearing briefs.

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[7] Staff/200, Wordley/11-12.

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2. PGE's proposed Annual Update and Annual Variance mechanisms.

PGE asks the Commission to replace PGE's annual RVM with the Annual Update mechanism, which is a prospective automatic adjustment clause that would forecast normalized NVPC each year. PGE also asks the Commission to adopt an Annual Variance mechanism to track differences between actual NVPC and the NVPC reflected in its rates through the Annual Update mechanism. Specifically, the Annual Variance mechanism would:

- Track the difference between actual unit NVPC and the unit NVPC reflected in rates;[8]
- Determine the Annual Variance by multiplying the difference between unit NVPC by the actual loads from the variance period;
- Place ninety percent of the Annual Variance in a balancing account for later offset or amortization;
- Employ an earnings test prior to amortization of any deferred amounts; and
- Share with customers fifty percent of any earnings exceeding an updated return on equity (ROE) by more than 100 basis points.[9]

PGE's proposed Annual Variance mechanism would shift nearly all of PGE's power cost risk to customers. Staff recommends that the Commission not adopt the radical change in ratemaking proposed by PGE and reject the Annual Variance mechanism, as well as the Annual Update mechanism.

In Order No. 05-1261, the Commission specified that a hydro-related PCA should be (1) limited to unusual events; (2) revenue neutral; (3) long-term; and should (4) preclude adjustments if overall earnings are reasonable.[10] Although the Commission identified these criteria for a hydro-related PCA, staff sees no reason to depart from these guidelines for the general PCA mechanisms proposed by PGE.

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[8] Unit NVPC is defined as NVPC divided by loads (i.e., NVPC per KWh).
[9] Staff/800, Galbraith 5.
[10] OPUC Order No. 05-1261 at 8.

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PGE's proposed Annual Variance mechanism does not meet the Commission's design criteria. PGE's Annual Variance mechanism is not limited to unusual events. Instead, PGE's mechanism would shift to customers $0.90 of each $1.00 of NVPC variation. Furthermore, it would shift these costs to customers even if PGE's overall earnings were reasonable.

PGE's Annual Update mechanism would be cumbersome and time consuming and it is unclear whether its benefits would outweigh the regulatory burden it would impose. Accordingly, staff recommends the Commission reject this proposed mechanism as well.

Staff's proposed Power Cost Adjustment ("PCA") mechanism satisfies the Commission's design criteria. Staff recommends a long-term retrospective PCA mechanism that would:

- Track the difference between the actual unit NVPC and the unit NVPC reflected in rates;
- Determine the annual variance amount by multiplying the difference between unit NVPC by the normalized loads reflected in rates;
- Use a power cost deadband equal to plus and minus 150 basis points of ROE to exclude normal variation from triggering the mechanism;
- Place ninety percent of all amounts exceeding the power cost deadband in a balancing account for later offset or amortization;
- Use an earnings test with a deadband equal to plus or minus 100 basis points of ROE to override any surcharges (surcredits) when the company's earnings are above (below) the bottom (top) of a reasonable range; and
- Apply any surcharges or surcredits to customers that were charged cost-of-service rates during the PCA year.

The primary purpose of a PCA is to protect the utility from major increases in net variable power costs. Staff's proposed mechanism does this, and also incents the utility to minimize NVPC, does not incent direct access eligible customers on their choice to elect direct access or remain with the company and also, overrides any surcharges or surcredits triggered by large variability in NVPC if PGE's earnings are above or below a reasonable range.

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3. Stochastic power cost modeling.

Staff recommends that the Commission indicate a preference for stochastic power cost modeling. PGE's current power cost modeling fails to adequately capture the uncertainty associated with, and interaction of, system loads electricity and natural gas market prices, hydroelectric generation and thermal unit availability. Stochastic modeling does, and therefore provides a more realistic simulation of PGE's actual power system operations.

PGE previously committed to work with staff to evaluate stochastic modeling of power costs for ratemaking purposes and as a result of that agreement, hired a consultant to study the potential of, and issues surrounding, stochastic power cost modeling. Additional work is needed, however, and it is unclear whether PGE will continue efforts toward stochastic power cost modeling without the Commission indicating its desire for PGE to do so.

b. Cost of capital.

Staff's recommends a 6.31 percent cost of debt and 9.4 cost of equity ("COE") based on a capital structure of 50 percent debt and 50 percent equity, for a 7.86 percent overall rate of return.

1. Cost of Debt.

To arrive at its recommendation for a 6.31 percent cost of long-term debt, staff made the following adjustments to PGE's cost-of-debt analysis, which reduced PGE's proposed 6.826 percent cost of debt to the 6.31 percent recommended by staff:

1. Recalculated the internal rate of return (IRR) because PGE's calculation appeared to be in error.
2. Substituted the actual amount of a $100 million issuance PGE plans to issue for mid-2007 for the average gross proceeds ($54 million), PGE used to calculate the IRR.
3. Removed losses on reacquired debt.
4. Re-priced PGE's pro forma debt issuance to reflect updated interest rates and spreads.

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5. Re-priced six issuances negatively affected by Enron's ownership of PGE.

The first four of these adjustments are standard adjustments to ensure that the cost of debt determined by the Commission reflects the actual cost of debt during the period that rates will be in effect. The fifth adjustment is needed to address the negative impact of Enron's ownership of PGE on PGE's cost of debt.

PGE agreed, as a condition of the Commission's approval of its request to re-distribute its stock to Enron's creditors, not to seek recovery of increases in its costs of capital due to Enron's ownership.[11] Statements made by PGE in certain financing applications filed with the Commission from late 2001 through 2003, the nature of those applications and certain statements by PGE's Chief Financial Officer to the Commission in 2001, demonstrate that PGE did in fact experience financial pressure as a result of Enron's bankruptcy and its failed attempt to sell PGE to Northwest Natural Gas Company. To ensure that the impact of Enron's ownership on PGE's cost of debt is excluded from PGE's rates, staff re-priced six debt issuances that it identified as negatively affected by Enron's ownership of PGE.

2. Cost of Equity.

Staff recommends a 9.4 percent COE. Staff applied single and multi-stage discounted cash flow ("DCF") models to a carefully selected sample group of twelve companies. Then, staff conducted sensitivity analyses on the range of results produced by the models, including an analysis that assumed growth rates higher than those actually recommended by staff, and staff's reconciliation produced a cost of equity range slightly narrower than that produced by the models.

Staff's recommended COE assumes a capital structure of 50 percent common equity and 50 percent debt, which mirrors the common equity ratio of the companies in staff's sample group and is consistent with PGE's target capitalization structure. PGE's COE will be either too high or too low if the Commission adopts a COE based on an analysis of comparable companies but

[11] Order No. 05-1250.

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assumes a capital structure that differs from the average structure of the comparable companies. Accordingly, staff recommends the Commission determine PGE's COE and overall rate of return based on an assumed capital structure that is similar to that of the sample group of companies used by staff to estimate PGE's COE.

In Docket No. UE 115, the Commission adjusted the PGE's cost of equity downward to account for the difference between PGE's capital structure and that of comparable companies on which PGE's COE was based.[12] The Commission noted it is "well understood" that the cost of equity drops as the percentage of common equity in the capital structure increase. In this docket, staff recommends that the Commission simply determine PGE's COE using the same capital structure found in the sample of comparable companies staff used to determine PGE's COE, rather than assume a different capital structure and adjust the COE.

The disparity between the cost of equity estimates provided by the Company in its direct testimony and those provided by staff is due largely to differences in the long-term growth rates used in the different multi-stage DCF models applied by staff and PGE. A multi-stage DCF model requires a current stock price, an initial dividend and estimates of dividend growth for different stages. While a single-stage model assumes that growth is steady and stable, multi-stage models contemplate the growth rate will change over time ("stages"), and ultimately resolve into a final constant growth rate (also called "terminal" or "horizon" growth rate). Staff and PGE generally agree regarding growth rates in the near term, but differ regarding the final long-term growth rate to use in the models.

Staff's analysis is based on application of two different multi-stage DCF models in addition to a single-stage DCF model. In direct testimony, PGE witnesses explain that PGE's proposed COE is based on application of a two-stage DCF model applied to three different comparable samples of proxy companies, as well as a risk positioning model. PGE introduced a new witness in its rebuttal testimony, however, who discussed additional models, including a

[12] *See* OPUC Order No. 01-777 at 36.

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single-stage DCF model based on a sample of six water utilities and two different risk premium analyses.

Staff assumed long-term growth rates of 4.0 to 5.0 percent and used three different methods to obtain these assumptions: (1) analysis of market consensus growth rates (financial analysts' forecasts); (2) sustainable growth; and (3) historical utility growth rates.

The Company also used three methods to estimate long-term growth: (1) a "sustainable growth" rate method similar to what staff used, which obtained an average estimate of 4.78; (2) a forecast of GDP growth, which obtained an estimate of 5.01 percent; and (3) a 40-year average calculation of historical GDP growth, which obtained a long-term growth rate estimate of 6.76 percent. The Company's 4.78 and 5.01 percent assumptions are similar to the assumptions used by staff, but PGE's long-term growth rate assumption based on a 40-year calculation of historical GDP is unrealistically high, and should be rejected.

More specifically, the growth rate produced by the 40-year calculation of historical GDP is more than two hundred basis points higher than the estimates obtained by PGE using different methods, is greater than PGE or the electric industry has experienced on average, is based only on nominal GDP, is higher than PGE's own long-term growth goal and also, disregards analyst estimates, sustainable growth rate calculations and historic growth rates.[13] When the Company's DCF model results that rely on the historic GDP growth estimates are discarded, the DCF results discussed in PGE's opening testimony appear to be within a reasonable range and are consistent with the results of staff's analysis.[14]

The new models discussed in PGE's rebuttal testimony do little to inform the Commission regarding the appropriate COE for PGE. First, no evidence demonstrates that the water utilities analyzed in the first new model, a single-stage DCF model, are comparable to PGE. Furthermore, the terminal growth rate in the model is higher than the growth in the overall

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[13] Staff/1000, Morgan/17.
[14] Staff/1000, Morgan/23.

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economy. A basic tenet of economics is that companies cannot grow faster than the economy. Accordingly, the results of the first model are questionable at best.

The second new model is a risk premium analysis using the years 1986 to 2006, and is based on the assumption that Value Lines reported short-term growth is a reasonable proxy for perpetual growth in the overall market. The model reflects the sample group growing at a rate of 12.68 percent, which is an untenable level of growth in light of the tenet identified above.

The third new model is also a risk-premium analysis based on a sample of what are described as "Moody's Electric Utility" companies. This model has several weaknesses, including (1) use of a very broad base of companies, including those that are not purely rate regulated; (2) use of general corporate bond rates, not the actual rates of the sample companies; (3) a failure to address an overall decrease in risk premiums; and (4) a failure to identify the appropriate holding period assumptions.[15]

PGE's risk positioning model.

In addition to a two-stage DCF model and the models introduced in its rebuttal testimony, PGE employs what it refers to as a "risk positioning model" to obtain a COE estimate. Staff recommends that the Commission reject PGE's analysis based on its risk positioning model for several reasons. First, the Commission has previously rejected this model and PGE provides no explanation as to why the Commission should nonetheless accept it in this docket. Second, PGE's modeling has several infirmities, including the omission of relevant variables. Third, PGE provides no foundation for the model's assumption of a deterministic relationship between Treasury rates and public utility COEs.

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[15] Staff/1400, Morgan/37.

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c. Schedule 76R – Economic Replacement Power.

Partial requirements customers who want energy supply from PGE take service under Schedule 75. Schedule 75 customers have the option to take "Economic Replacement Power" service under Schedule 76R. Economic Replacement Power is interruptible energy prescheduled to replace some, or all, of the consumer's on-site generation. The point is to allow the customer-generator to reduce or shut down on-site generation when market prices are low and buy power at market prices from the utility (or, under Schedule 575, an alternative Electricity Service Supplier ("ESS")). It is an adjunct service to Schedule 75, which provides customers that have on-site generation with: 1) supplemental power, which is the energy normally supplied by PGE when the consumer's generator is operating, and 2) backup power during scheduled maintenance and forced outages.

Under Schedule 76R, customers buy Economic Replacement Power at market prices. Currently, however, Economic Replacement Power is priced in Schedule 76R at the Dow Jones Mid-Columbia ("Mid-C") Hourly Price Index, plus a 5% adder, plus wheeling and losses. The hourly price index is a real-time price that is not known until after the fact. Accordingly, it is difficult for partial requirements customers to determine when buying Economic Replacement Power is in fact economic.[16]

ICNU proposes three modifications to Schedule 76R:

- Replace the daily pricing option in 76R with the daily pricing option proposed in Schedules 83/89 (and currently available under Schedule 83), which is composed of the daily on-peak and off-peak Mid-C Firm Price Index, plus wheeling and losses.
- Allow partial requirements customers to receive Economic Replacement Power from an Electricity Service Supplier ("ESS") (to the extent the replacement power is above baseline demand).
- Allow partial requirements customers who qualify to participate in Schedule 87 (Experimental Real Time Pricing) for their load in excess of Baseline Demand.[17]

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[16] Staff/1700, Schwartz/2.
[17] ICNU/200, Iverson-Wolverton/15-16.

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Staff does not oppose ICNU's first recommendation. However, the Schedule 83/89 daily pricing option does not provide day-ahead notice of prices. Staff therefore recommends that the parties consider PacifiCorp's daily pricing option for pre-scheduled Economic Replacement Power. PacifiCorp's daily pricing option for Economic Replacement Power requires pre-scheduling, take or pay, and other provisions that protect the utility against risks.

Staff also supports the intent of ICNU's third recommendation, which is to allow partial requirements customers to choose an interruptible rate option based on hourly, market-based prices, with day-ahead notice of those prices. Schedule 87 provides a Commission-approved methodology for deriving such prices and notice provisions.[18] That methodology could be incorporated into Schedule 76R such that the partial requirements customer would not have to take service under Schedule 87 in order to have the option of day-ahead hourly prices. PGE could propose additional risk mitigation measures beyond those in Schedule 87 to address concerns about hour-to-hour load variations.[19]

Staff is considering the merit of ICNU's second recommended change to Schedule 76R, which is to create a split-service option under which PGE would supply power for the partial requirements customer up to its Baseline Demand, and an ESS would supply Economic Replacement Power above Baseline Demand. Staff will consider any evidence regarding this proposal that may be introduced at the hearing and will make a final recommendation in its post-hearing briefs.

d. Advanced Metering Infrastructure.

PGE has withdrawn its requests relating to Advanced Metering Infrastructure from these consolidated proceedings.[20]

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[18] Staff/1700, Schwartz/5-6.
[19] PGE/2900, Kuns-Cody/22-23.
[20] PGE/3000, Carpenter-Tooman/1-3.

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e. Remaining issues.

Staff did not file testimony regarding the issues raised by the City of Portland, the City of Gresham and the League of Oregon Cities. Staff may make a recommendation regarding the proper resolution of these issues in its post-hearing briefs.

DATED this 27th day of October 2006.

Respectfully submitted,

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Stipulations.

- **Stipulation Regarding RVM Issues:** PGE, ICNU, CUB and staff agree that rates imposed pursuant to PGE's 2007 RVM filing will only be effective from January 1 to January 16, 2007, at which time rates from PGE's general rate case will be effective. The parties to this stipulation agree that for the purpose of calculating the 2007 annual update pursuant to Schedule 125, PGE will adjust its annual net variable power costs downward by $8.588 million. The stipulating parties also agree regarding the treatment of gas transportation costs in the event the Federal Energy Regulatory Commission ("FERC") issues rate orders prior to the final power cost updates in Docket No. UE 181 and that power cost issues raised by the parties in Docket No. UE 181 will be addressed in the general rate case.

- **Stipulation Regarding Direct Access Issues:** PGE, ICNU, Fred Meyer Stores ("Fred Meyer"), the City of Portland, Constellation NewEnergy, Inc., EPCOR Merchant and Capital (US) Inc., and Sempra Global agree that PGE will delete its proposal to provide 3- and 5-year fixed price options under Schedule 489; the customer eligibility requirements of Schedules 483 and 489 as set out in the schedules will remain as filed; Schedule 84 split load option should be approved as filed; PGE will offer three new quarterly direct access enrollment windows in addition to the annual November election window; the Schedule 130 Shopping Incentive Rider will be extended through 2009, with some modifications; PGE will provide a short-term power supply transition adjustment to customers who as of January 1, 2006 elected the Schedule 125 "Part B Opt-Out" for the 2007 service year; and PGE will file and include in its tariff a direct access equivalent to Schedule 38 (Schedule 538).

- **Stipulation Regarding Revenue Requirement Issues:** PGE, ICNU, CUB, Fred Meyer and staff agree regarding the proper resolution of all revenue requirement issues except cost of capital, power costs, treatment of Port Westward, and Advanced Metering Infrastructure.

- **Stipulation Regarding Rate Spread and Rate Design Issues**: PGE, Fred Meyer, CUB, ICNU, and staff agree regarding the resolution of all rate spread/rate design and partial requirements issues raised by these parties, except issues regarding Schedule 76R, Economic Replacement Power. (Staff, ICNU, and PGE have filed testimony regarding the Schedule 76R issues.) The parties agree to support the rate spread/rate design proposal filed by PGE with certain changes relating to the pricing for Schedule 102 Regional Power Act Exchange Credit; Schedules 85/583-S and 85/583-P, Schedule 83; Schedule 75; and the Customer Impact Offset ("CIO").

CERTIFICATE OF SERVICE

I certify that on October 27, 2006, I served the foregoing upon all parties of record in this proceeding by delivering a copy by electronic mail and by mailing a copy by postage prepaid first class mail or by hand delivery/shuttle mail to the parties accepting paper service.

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