



# Citizens' Utility Board of Oregon

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September 17, 2012

Public Utility Commission  
Attn: Filing Center  
550 Capitol St. NE #215  
P.O. Box 2148  
Salem, OR 97308-2148

**Re: UG 221 CUB Opening Brief Errata Filing**

Dear Filing Center:

Please find enclosed an original and five copies of **Errata to Citizens' Utility Board of Oregon's Opening Brief**. CUB inadvertently omitted the full citation in footnote 64, which is now included. CUB apologizes for the error.

Sincerely,

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1 afoul of the rule against retroactive ratemaking. If new policy is set in this docket—which CUB  
2 does not think it should be—it is very important that this issue be thoroughly vetted to ensure  
3 that the playing-field is fair to other utilities and their customers.

4 **F. NW Natural’s Out-of-Period Pension Contributions Are Not Pre-Paid Costs Akin to**  
5 **Other Long-Term Assets**

6 Several commissions have described pension costs as expenses, rather than “pre-paid  
7 obligations”<sup>62</sup> appropriately included in rate base.<sup>63</sup> As stated by the Pennsylvania Public Utility  
8 Commission, “[i]t is an axiom of ratemaking that pension fund costs are recurring and are a  
9 traditionally claimed expense item in any and all base rate filings made by jurisdictional utilities  
10 which provide such pension benefits.”<sup>64</sup> The Maryland and the District of Columbia  
11 commissions have found that pension costs were “classic, ongoing costs of running a utility  
12 company” and did not qualify for “specialized ratemaking treatment.”<sup>65</sup> Even utilities themselves  
13 have described pension costs as expenses appropriate for deferral. In arguing that deferral and  
14 amortization of its out-of-period pension loss was appropriate, Delmarva Power & Light  
15 Company likened pension expenses to expenses incurred in restoring the system after a major  
16 storm.<sup>66</sup>

17 Additionally, the mere fact that pension expenses may be considered “pre-paid” does not

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<sup>62</sup> UG 221/NW Natural/400/Feltz/27, lines 17-18.

<sup>63</sup> See e.g.: *Re: Application of San Diego Gas & Electric Company (U902M) for authority to update its gas and electric revenue requirement and base rates effective on January 1, 2008*, Application 06-12-009, Decision 09-09-011 (Cal. PUC Sept. 10, 2009)(discussing SDG&E pension contributions as expenses that would impact revenue requirement); *Re: Delmarva Power & Light Company for an Increase in Electric Base Rates and Miscellaneous Tariff Changes, et al.*, Docket No. 09-414 and 09-276T, Order No. 8011 at 56 (Del. PSC Aug. 9, 2011).

<sup>64</sup> *Re: Aqua Pennsylvania*, Docket No. R-00038805, Order Entered Aug. 5, 2004 at 35-36 (PA PUC).

<sup>65</sup> *Re: Application of Delmarva Power & Light Company for an Increase in its Retail Rates for the Distribution of Electric Energy*, Case No. 9192, Order No. 83085 at 15-16 (Md. PSC Dec. 30, 2009); see also *Re: Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service*, Formal Case No. 1076, Order No. 15710 (D.C. PSC Mar. 2, 2011).

<sup>66</sup> *Re: Delmarva Power & Light Company for an Increase in Electric Base Rates and Miscellaneous Tariff Changes, et al.*, Docket No. 09-414 and 09-276T, Order No. 8011 at 56 (Del. PSC Aug. 9, 2011)(The Commission ultimately denied Delmarva’s request for deferral and amortization of its out-of-period pension losses.).

## UG 221 – CERTIFICATE OF SERVICE

I hereby certify that, on this 17<sup>th</sup> day of September 2012, I served the foregoing **Errata to Citizens' Utility Board of Oregon's Opening Brief** in docket UG 221 upon each party listed in the UG 221 Service List by email and, where paper service is not waived, by U.S. mail, postage prepaid, and upon the Commission by email and by sending one original and five copies by U.S. mail, postage prepaid, to the Commission's Salem offices.

**(W denotes waiver of paper service)**

**(C denotes service of Confidential material authorized)**

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Respectfully submitted,



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