

# McDowell Rackner & Gibson PC



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February 6, 2015

## VIA ELECTRONIC FILING AND FIRST CLASS MAIL

PUC Filing Center  
Public Utility Commission of Oregon  
PO Box 2148  
Salem, OR 97308-2148

**Re: UM 1633 – In the Matter of OREGON PUBLIC UTILITY COMMISSION, Investigation into Treatment of Pension Costs in Utility Rates**

Attention Filing Center:

On behalf of Avista Utilities, Cascade Natural Gas, NW Natural Gas, PacifiCorp, and Portland General Electric, (Joint Utilities), we request that the enclosed Errata – page 18 of the Joint Utilities Prehearing Brief be substituted for page 18 of the original brief filed on January 30, 2015.

A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service.

Please contact this office with any questions.

Very truly yours,

A handwritten signature in blue ink that reads "Wendy McIndoo".

Wendy McIndoo  
Office Manager

cc: Service List

**ERRATA PAGE 18 – REDLINED VERSION  
JOINT UTILITIES PREHEARING BRIEFF**

1 recovered FAS 87 expense by \$3.8 million.<sup>70</sup> Likewise, since 1992 Avista estimates that is  
2 has under-recovered FAS 87 by approximately \$2.4 million.<sup>71</sup> Thus, while the Joint Utilities do  
3 not agree that it is appropriate to deny recovery of financing costs because of concerns  
4 regarding regulatory lag, it must be noted that **in many cases regulatory lag related to FAS  
5 87 has accrued to the benefit of customers.**

6 CUB also claims that “when pensions perform well, and FAS 87 expenses are  
7 negative, then the Companies keep all the proceeds.” ~~incorrectly claims that “[t]here is not a~~  
8 ~~single company in this docket that flowed through rate relief to their customers when FAS 87~~  
9 ~~expense was [negative].”<sup>72</sup>~~ In fact, both NW Natural’s and PacifiCorp’s rates have included  
10 customer credits associated with negative FAS 87 expenses.<sup>73</sup> And neither Avista nor  
11 Cascade has experienced negative FAS 87 that affected their Oregon jurisdiction, and  
12 therefore could not have passed negative FAS 87 expense on to their Oregon customers.<sup>74</sup>

13 Importantly, if individual utility circumstances call into question the prudence of  
14 historical activities, those questions should be addressed in utility-specific proceedings.

15 **a. The Joint Utilities’ Prepaid Pension Assets are the Result of Cash**  
16 **Contributions in Excess of FAS 87 Pension Expense.**

17 Parties also argue that the prepaid pension asset was caused by greater-than-  
18 expected investment returns and negative FAS 87 expense<sup>75</sup> rather than utility contributions.<sup>76</sup>  
19 This argument is inaccurate.

20 <sup>70</sup> NWN/100, Wilson/6 (“for the period from 1986 through 2010 the Company ‘under-recovered’ FAS 87  
21 expense by approximately \$3.8 million”).

22 <sup>71</sup> Staff/102, Bahr/3.

23 <sup>72</sup> ~~CUB/100, Jenks-McGovern/22; CUB/100, Jenks-McGovern/34 (“when pensions perform well, and  
24 FAS 87 expenses are negative, then the Companies keep all the proceeds”).~~

25 <sup>73</sup> NWN/100, Wilson/9-10; PAC/100, Stuver/2.

26 <sup>74</sup> Staff/102, Bahr/2-5.

<sup>75</sup> CUB/100, Jenks-McGovern/14; CUB/100, Jenks-McGovern/32.

<sup>76</sup> Staff/100, Bahr/23.

**ERRATA PAGE 18 – CLEAN VERSION  
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25 <sup>74</sup> Staff/102, Bahr/2-5.

26 <sup>75</sup> CUB/100, Jenks-McGovern/14; CUB/100, Jenks-McGovern/32.

<sup>76</sup> Staff/100, Bahr/23.

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I served a true and correct copy of the foregoing document in Docket UM  
3 1633 on the following named person(s) on the date indicated below by email addressed to said  
4 person(s) at his or her last-known address(es) indicated below.

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