Oregon

John A. Kitzhaber. MD. Governor

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March 12, 2014

Via Electronic Filing and U.S. Mail (only for confidential)

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
PO BOX 1088
SALEM OR 97308

RE: Docket No. UM 1633 – In the Matter of
PUBLIC UTILITY COMMISSION OF OREGON
Investigation into Treatment of Pension Costs in Utility Rates.

Enclosed for electronic filing in the above-captioned docket is the Public Utility Commission Staff's Redacted Cross-Answering Testimony.

/s/ Mark Brown
Mark Brown
Filing on Behalf of Public Utility Commission Staff
(503) 378-8287
Email: mark.brown@state.or.us

c: UM 1633 Service List (parties)

PUBLIC UTILITY COMMISSION
OF OREGON

UM 1633

STAFF CROSS-ANSWERING TESTIMONY OF

BRIAN BAHR

In the Matter of
PUBLIC UTILITY COMMISSION OF OREGON
Investigation into Treatment of Pension Costs in Utility Rates.

REDACTED
March 12, 2014

CASE: UM 1633
WITNESS: BRIAN BAHR

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 200

Cross-Answering Testimony

<u>REDACTED</u>
March 12, 2014

CERTAIN INFORMATION CONTAINED ON PAGE 10 OF

STAFF EXHIBIT 200

IS CONFIDENTIAL AND SUBJECT TO

PROTECTIVE ORDER NO. 13-013.

YOU MUST HAVE SIGNED

APPENDIX B OF THE PROTECTIVE ORDER

TO RECEIVE THE

CONFIDENTIAL VERSION

OF THIS EXHIBIT.

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Brian Bahr. I am a Senior Utility Analyst in the Energy - Rates, Finance, & Audit Section of the Oregon Public Utility Commission. My current business address is 3930 Fairview Industrial Dr SE, Salem, Oregon 97302.

Q. ARE YOU THE SAME BRIAN BAHR WHO PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A. Yes. I filed testimony previously in this case, designated as Exhibit Staff/100 and Exhibit Staff/101.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to clarify certain aspects of Staff's reply testimony in this docket, address issues raised in Intervener reply testimony, and discuss additional information that has come to light since reply testimony was filed on December 19, 2014.

Q. WHAT CLARIFICATIONS SHOULD BE MADE TO STAFF'S REPLY TESTIMONY?

A. The first clarification to Staff's reply testimony is to provide a more complete definition of the term "excess returns" found on lines eight and 18 of page two, line seven of page 21, line four of page 22, line 18 of page 23, and line eight of page 24.

As explained in prior testimony, a prepaid pension asset or accrued pension liability is affected by cash contributions and by FAS 87 expense. The calculation of FAS 87 expense includes several variable inputs such as the discount rate and expected rate of return on the investment of the pension asset base. As a utility earns a higher return than expected on its pension assets, that return is added to the investment base. The larger investment base, in turn, decreases FAS 87 expense, which would consequently increase the prepaid pension asset balance. The term "excess returns," as used in Staff's reply testimony, refers to the return on the pension investment above that used to calculate FAS 87 expense.

The second clarification to Staff's testimony is related to the accumulated deferred tax benefit associated with a prepaid pension asset. In reply testimony, Staff mistakenly reversed the words 'asset' and 'liability' in the description of the tax effects of the prepaid pension asset.[1] A prepaid pension asset creates an offsetting accumulated deferred tax benefit that appears as a liability, not an asset.

The third clarification to Staff's reply testimony is in regard to Staff's response to the joint utilities' comparison of the prepaid pension asset to the fuel stock of a coal plant. Beginning on line eight of page 11, Staff mistakenly used the word 'depreciation' in regard to the fuel stock. In actuality, though its value would vary depending on purchase contracts and market conditions and it would be expensed using FIFO or LIFO, it would not actually depreciate.

Lastly, some questions have been brought to Staff's attention about the difference between a retrospective true-up and a prospective tracking

[1] *See* Exhibit Staff/100, Bahr/7 at lines 10-12.

mechanism. The retrospective true-up proposed as part of Staff's alternative recommendation in reply testimony would quantify the difference between FAS 87 amounts in rates and actual FAS 87 amounts. Staff included this true-up as part of its alternative recommendation to ensure that if the joint utilities' request to change pension cost recovery is approved, that it is implemented in a way that is fair to both shareholders and customers.

In both Staff's primary and alternative recommendations in reply testimony, Staff did not recommend a tracking mechanism for the difference between FAS 87 expense in rates and actual FAS 87 expense on a prospective basis. Essentially, the difference between a retrospective true-up and a prospective tracker is that for utilities to change the way rates have been set in the past, customers should be made whole for any amounts they have paid in excess of actual costs. Going forward, where the risk is unknown and assumed to be relatively symmetrical, a tracker is not necessary.

Q. WHAT ARE SOME PRIMARY POINTS FROM REPLY TESTIMONY ON WHICH STAFF AND INTERVENERS APPARENTLY AGREE?

A. Staff identified the following points from reply testimony on which Staff and Interveners apparently agree:

1. All parties filing testimony agree that FAS 87 should continue to be used as the primary basis for setting rates to recover pension cost;[2]

[2] *See* Exhibit Joint Testimony/100, Joint Parties/18 at line 11, Exhibit CUB/100, Jenks-McGovern/42 at line 28, Exhibit NWIGU-ICNU/100, Smith/44 at line 10, and Exhibit Staff/100, Bahr/22 at line nine.

2. Staff, CUB, and Ralph Smith (representing ICNU and NWIGU) all argue that utilities should not be allowed to earn a return on their present prepaid pension asset balances;[3] and,
3. Interveners and Staff both argue that the Commission should not allow a return on the prepaid pension asset unless past FAS 87 amounts in rates are trued up against actual past FAS 87 expense amounts.[4]

Q. WHAT ARE SOME OF THE PRIMARY POINTS ON WHICH STAFF AND INTERVENORS DO NOT AGREE?

A. Staff identified the following points from reply testimony on which Staff and Interveners apparently do not agree:

1. CUB's assertion that the prepaid pension asset does not actually depreciate with the FAS 87 expense amounts;[5]
2. Whether allowing a return on the prepaid pension asset would constitute retroactive ratemaking;
3. Whether the accumulated deferred tax benefit associated with a prepaid pension asset should be included in rate base as a reduction; and
4. Whether a tracking mechanism should be used going forward.

Q. PLEASE DESCRIBE THE PARTIES' POSITONS REGARDING THE DEPRECIATION OF THE PREPAID PENSION ASSET THROUGH FAS 87 EXPENSE AMOUNTS.

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[3] *See* Exhibit CUB/100, Jenks-McGovern/9 at line one, and Exhibit Staff/100, Bahr/2 at line one.
[4] *See* Exhibit NWIGU-ICNU/100, Smith/45 at line 12, Exhibit Staff/100, Bahr/2 at line 16, and Exhibit CUB/100, Jenks-McGovern/29 at line five.
[5] *See* Exhibit CUB/100, Jenks-McGovern/4 at line 20 and Exhibit CUB/100, Jenks-McGovern/19 at line five.

A. On line 20 of page four of its reply testimony, CUB asserts the following, "Mathematically, FAS 87 does not amortize the prepaid pension asset." The contention by CUB is that because the prepaid pension asset is not actually amortized by FAS 87, if a return on the prepaid asset is granted, the utility could have an asset with a return that goes on indefinitely. While the Joint Utilties have at times described the amortization of the prepaid pension asset by FAS 87,[6] they also indicate that FAS 88 is a likely component of the equation:[7]

> *"...a fundamental characteristic of the accounting cost is that the accumulated contributions will equal the accumulated pension costs over the life of the plan. The accounting cost includes the annual FAS 87 costs plus, if any, the FAS 88 costs triggered by special events."*

FAS 87 is designed theoretically to amortize the prepaid pension asset; however, towards the end of the life of a plan as there are fewer remaining participants, most plans find settlement or curtailment to be a reasonable option, in which case FAS 88 is used as accounting guidance to recognize the costs incurred. Staff understands the function of FAS 88 to accelerate deferred costs in the event the termination of the plan is accelerated (e.g. through a curtailment or settlement). Staff does not agree with CUB that granting a return on the prepaid pension asset would allow utilities an indefinite return on their prepaid pension assets.

[6] *See* Exhibit Joint Testimony/200, Joint Parties/14 at line 18.
[7] *See* Exhibit Joint Testimony/200, Vogl/11 at line 19.

Q. PLEASE DESCRIBE THE PARTIES' POSITIONS REGARDING WHETHER ALLOWING A RETURN ON THE PREPAID PENSION ASSET WOULD CONSISTUTE RETROACTIVE RATEMAKING.

A. The parties disagree on whether a return on the prepaid asset would constitute retroactive ratemaking. The Joint Utilities address this issue in their opening testimony:[8]

> *The rule against retroactive ratemaking prohibits the Commission from setting future rates based on a utility's past revenues and expenses. The Joint Utilities are not seeking to recover past FAS 87 expense or past financing costs. Instead they are seeking approval of a methodology that allows them to recover the costs they incur in the future to finance pension contributions until FAS 87 expense allows "recovery of" their required contributions. The rule against retroactive ratemaking is not implicated by a request to recover future financing costs.*

CUB contends that the prohibition on retroactive ratemaking would be violated if a return on the prepaid pension assets were granted:[9]

> *It also violates the principle against retroactive ratemaking, because historic rates were set based on a set of assumptions related to pension recovery and the proposed*

[8] *See* Exhibit Joint Testimony/100, Joint Parties/16 at line nine.
[9] *See* Exhibit CUB/100, Jenks-McGovern/27 at line 19.

change in treatment will affect the relative equity of historic rate decisions.

NWIGU-ICNU abstains from the issue, as does Staff, which also cites its legality as inappropriate for discussion in testimony and, instead, argues that it should be addressed in legal briefs.[10]

Q. PLEASE DESCRIBE THE PARTIES' POSITIONS REGARDING WHETHER THE ACCUMULATED DEFERRED TAX BENEFIT ASSOCIATED WITH THE PREPAID PENSION ASSET SHOULD BE INCLUDED IN RATE BASE.

A. Staff recommended that the accumulated deferred tax benefit associated with the prepaid pension assets reduce rate base in the same proportion as the amount of prepaid pension asset included in rate base.[11] CUB, however, disagrees that any part of the accumulated deferred tax benefit should be excluded from reducing rate base.[12] The other parties in the docket didn't specifically address the treatment of the associated accumulated deferred tax benefits.

As a recommendation regarding this point involves interpretation of an ORS, Staff defers to legal counsel to address the issue in briefs. If the Commission deems that the utilities are not legally obligated to pass through the tax benefits of the prepaid pension asset, Staff recommends the same proportion be passed through to rate payers as the portion of the financing cost

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[10] *See* Exhibit NWIGU-ICNU/100, Smith/27 at line 22 and Exhibit Staff/100, Bahr/15 at line seven.
[11] *See* Exhibit Staff/100, Bahr/19 at line 16.
[12] *See* Exhibit CUB/100, Jenks-McGovern/31 at line 15.

of the prepaid pension asset is passed through. This recommendation is made on the basis of matching costs and benefits.

Q. PLEASE DESCRIBE THE PARTIES' POSITIONS REGARDING WHETHER A TRACKING MECHANISM IS NEEDED ON A GOING-FORWARD BASIS.

A. With regard to the financing cost of the current balance of the prepaid pension asset / accrued pension liability account, CUB, NWIGU/ICNU, and Staff all discussed the idea that, if the Commission indeed decides to grant a return on the prepaid pension asset / accrued pension liability account balance, an analysis be performed indicating what portion of the balance has actually been funded by shareholders. Staff recommends that the Commission should grant a return on the prepaid pension asset for only the portion of the prepaid pension asset actually funded by shareholders.[13] The Joint Utilities' request did not include such a proposal.

Regarding prepaid pension asset balances accumulating in the future, Staff recommended that no tracker be implemented to track the difference in FAS 87 in rates versus actual FAS 87 expense. CUB stated that it is open to the possibility of a tracker, though not necessarily supportive of one.[14] Neither the Joint Utilities nor NWIGU-ICNU addressed the possibility of a tracker, although it has been proposed by various utilities in past rate cases.[15]

Q. PLEASE DESCRIBE ANY ADDITIONAL INFORMATION NOT INCLUDED IN STAFF'S PREVIOUSLY FILED TESTIMONY.

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[13] *See* Exhibit NWIGU-ICNU/100, Smith/45 at line 12, Exhibit Staff/100, Bahr/18 at line 10, and Exhibit CUB/100, Jenks-McGovern/29 at line five.
[14] *See* Exhibit CUB/100, Jenks-McGovern/41 at line one.
[15] *See* PGE's application in Docket No. UE 262 and NWN's application in Docket No. UG 221.

A. The joint utilities project that the nation's continued economic malaise stemming from the 2008 financial crisis will exacerbate the prepaid pension asset balance.[16] CUB has argued that the market has essentially already recovered, mitigating the consequences of the financial crisis in 2008.[17] Towers Watson released a report on January 2, 2014, indicating that pension funding levels increased sharply in 2013, and are expected to continue that trend in the future. The causes of this increase in funding levels are rising interest rates and a strong stock market.[18] The results of this report seem to support CUB's assertion that the 2008 crisis was a blip and should be treated as simple market risk, rather than as a significant event affecting the utilities' ability to fund their pension plans.

In addition to the Towers Watson report, many news outlets are reporting similar results; pension costs are falling due to rising interest rates and surging stocks. In a February 6, 2014, webinar sponsored by SNL Knowledge Center on Pension Underfunding in Utilities, the point was made that because interest rates and market returns are expected to continue improving, regulatory lag will start benefitting companies in this context.[19] A chart provided in the webinar illustrates the potential impact on pension funding of movements in the return and discount rate is included as Exhibit Staff/201, Bahr/1. The Wall Street

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[16] *See* Exhibit Joint Testimony/100, Joint Parties/10 at line 14 and Exhibit Joint Testimony/100, Joint Parties/12 at line three.
[17] *See* Exhibit CUB/100, Jenks-McGovern/26 at line 18 as well as Docket No. UE 262, Exhibit CUB/200, Jenks-McGovern/20 at line two.
[18] *See* http://www.towerswatson.com/en-US/Press/2014/01/corporate-pension-plan-funding-levels-increased-sharply-in-2013.
[19] The webinar is available at the following address: https://event.webcasts.com/starthere.jsp?ei=1028774.

Journal also published an article on February 11, 2014, stating that companies are gaining financial flexibility due to falling pension costs.[20]

In response to a data request from Staff, each of the six companies provided an updated accrued pension liability / prepaid pension asset account balance as of December 31, 2013. Of the six utilities, half of the prepaid pension asset /accrued pension liability balances decreased over the past year, and half increased. The two principle components affecting the balance are the FAS 87 expense (which takes into account the market rate of return and the interest rate) and cash payments from the utility to the pension plan. Below is a table illustrating the 2012 and 2013 balance amounts.[21]

Utility	Prepaid Pension Asset Balance as of December 31, 2012 (millions)	Prepaid Pension Asset Balance as of December 31, 2013 (millions)	% change
Pacific Power	$282.4	$310.9	10.1%
NW Natural	$35.4	$25.2	-28.8%
Portland General Electric	$108.0	$76.6	-29.1%
Avista	$62.9	$80.7	28.3%
Cascade Natural Gas	$15.1	$17.7	17.2%
Idaho Power	[redacted]	$(28.8)	[redacted]
Total	[redacted]	**$482.3**	[redacted]

Q. PLEASE RESTATE YOUR RECOMMENDATION.

A. Staff recommends that FAS 87 expense continue to be used to set pension costs in ratemaking proceedings. The utilities should not be allowed to earn a return on their current prepaid pension asset balances, but may request a

[20] For an online version of the article available to WSJ subscribers, see http://blogs.wsj.com/cfo/2014/02/11/pension-costs-fall-freeing-up-more-cash/.

[21] Information used in this table gathered from the following sources: Joint Testimony/100, Joint Parties/11 at line six, Idaho Power's Confidential Response to CUB Data Request No. five, included as Exhibit CUB/104, and responses from utilities to Staff data requests, included as Exhibit Staff/202.

return on prepaid pension asset amounts accumulating in the future. Any return granted on a prepaid pension asset should be offset by the proportionate amount of associated accumulated deferred taxes, exclude the amount accumulated indirectly due to excess pension investment returns, and be subject to a lower rate of return according to the specific circumstances of the request. No tracking mechanism should be implemented, and FAS 88 expenses should be subject to prudence review.

Staff's alternative recommendation is similar to the primary in that utilities may request a return on any accumulation of the prepaid pension asset going forward, but may also request a return on the portion of the balance accumulated since 2008, the year of the Pension Protection Act and the financial crisis. The prepaid pension asset /accrued pension liability account balance on which a return would be allowed would need to be trued up with the difference between FAS 87 expense amounts recovered from customers in rates and the actual FAS 87 expense amounts, to make sure customers are made whole for any potential excess amounts paid. The balance should also exclude the amount accumulated indirectly due to excess pension investment returns, and be offset by the proportionate amount of associated accumulated deferred tax benefit or liability.

An alternative recommendation is for FAS 87 to continue to be used for setting rates, and no return to be granted on either the current balance of the prepaid pension asset / accrued pension liability account or on any balance accumulating going forward.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

CASE: UM 1633
WITNESS: Brian Bahr

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 201

Exhibit in Support of
Cross-Answering Testimony

March 12, 2014

Table illustrating the effect on funding status of a typical pension fund given changes to market return and discount rate (as of July 1, 2013):

SNLEnergy

Lynch & Associates

The Time for De-risking Is Now

Illustrative Market-based Funded Status

Discount Rate Change

Equity Return	-2.0%	-1.5%	-1.0%	-0.5%	0.0%	+0.5%	+1.0%	+1.5%	+2.0%
40%	84%	90%	96%	102%	108%	115%	122%	128%	135%
30%	80%	86%	91%	97%	103%	110%	116%	123%	129%
20%	76%	81%	87%	93%	98%	104%	110%	117%	123%
10%	72%	77%	83%	88%	93%	99%	105%	111%	117%
0%	68%	73%	78%	83%	88%	94%	99%	105%	110%
-10%	64%	69%	74%	78%	83%	88%	93%	99%	104%
-20%	61%	65%	69%	74%	78%	83%	88%	93%	98%
-30%	57%	61%	65%	69%	73%	78%	82%	87%	91%
-40%	53%	56%	60%	64%	68%	72%	76%	81%	85%

Summary Statistics

Initial Funded Status	88%
Liability Duration	13.3
Portion of Equity Assets	57%
Initial Discount Rate[1]	4.74%

Source: Prudential/Milliman 100 Pension Funding Indices of July 1, 2013

Source: Presentation by Amy Caplan Stern as part of a February 6, 2014, webinar sponsored by SNL Knowledge Center on Pension Underfunding in Utilities accessible at: https://event.webcasts.com/starthere.jsp?ei=1028774.

CASE: UM 1633
WITNESS: Brian Bahr

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 202

Exhibit in Support of
Cross-Answering Testimony

March 12, 2014

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	Oregon	DATE PREPARED:	03/03/2014
CASE NO:	UM 1633	WITNESS:	Ryan Krasselt
REQUESTER:	OPUC Staff	RESPONDER:	Ryan Krasselt
TYPE:	Data Request	DEPT:	Finance
REQUEST NO.:	Staff - 37	TELEPHONE:	(509) 495-2273
		EMAIL:	ryan.krasselt@avistacorp.com

REQUEST:

Please provide the 2013 actual year-end amounts and the most updated current actual balances for the following items:

a. Prepaid pension asset / accrued pension liability balance;
b. Accumulated deferred tax benefit associated with the prepaid pension asset;
c. Funding status percentage of each of the Company's pension plans; and,
d. Cumulative funding percentage of the Company's pension plans.

RESPONSE:

a. The prepaid asset as of December 31, 2013 was $80,704,270.
b. The deferred tax liability associated with the prepaid asset as of December 31, 2013 was $26,980,497.
c. The funded status (based upon the fair value of assets as compared to the project benefit obligation) of the Company's defined benefit plan as of December 31, 2013 was 96.1%. The assets of the plan were $481.5 million compared to the projected benefit obligation of $501.1 million as of December 31, 2013.
d. Refer to item C above.

NW Natural

Rates & Regulatory Affairs

UM 1633 – Investigation into
Treatment of Pension Costs in Utility Rates

Data Request Response

Request No. UM 1633-OPUC-DR 37

Please provide the 2013 actual year-end amounts and the most updated current actual balances for the following items:

a. Prepaid pension asset / accrued pension liability balance;
b. Accumulated deferred tax benefit associated with the prepaid pension asset;
c. Funding status percentage of each of the Company's pension plans; and,
d. Cumulative funding percentage of the Company's pension plans.

Response: 03/07/2014

a.-b.

Accumulated Other Comprehensive Income	$	120,508,589	A
Pension Benefit Obligation		362,385,086	B
Plan Assets		267,061,891	C
Funded Status		(95,323,195)	C - B = D
Prepaid pension asset		25,185,394	A + D
Accumulated deferred taxes		11,771,108	

c.

Funding Status Percentage	73.7%	1 - (-D/B)

d. As we only have one qualified pension plan the answer to D is the same as C. See above.

March 7, 2014

TO: Kay Barnes
Oregon Public Utility Commission
puc.datarequests@state.or.us

FROM: Patrick Hager
Manager, Regulatory Affairs

PORTLAND GENERAL ELECTRIC
UM 1633
PGE Response to OPUC Data Request No. 037
Dated February 21, 2014

Request:

Please provide the 2013 actual year-end amounts and the most updated current actual balances for the following items:

a. **Prepaid pension asset / accrued pension liability balance;**
b. **Accumulated deferred tax benefit associated with the prepaid pension asset;**
c. **Funding status percentage of each of the Company's pension plans; and,**
d. **Cumulative funding percentage of the Company's pension plans.**

Response:

a) PGE's current prepaid pension asset as of December 31, 2013 totals $76,572,878.
b) PGE's net Deferred Tax Liability related to the prepaid pension asset as of December 31, 2013 totals -$29,062,558.
c) PGE must consider two different measures of funded status. First, for Pension Protection Act[1] (PPA) purposes, PGE's pension plan complied with a target 80% funded ratio as of December 31, 2013. Second, for Financial Accounting Standards (FAS) purposes, PGE's pension plan was 85% funded as of December 31, 2013.
d) Please see PGE's response to part c.

[1] The Pension Protection Act of 2006 (Pub. L. 109–280), 120 Stat. 780.

CASCADE NATURAL GAS CORPORATION
Oregon Public Utility Commission
Investigation into Treatment of Pension Costs in Utility Rates
UM 1633

Request No. 38

Date prepared: March 7, 2014

Preparer: Michael Parvinen

Contact: Michael Parvinen

Telephone: 509-734-4593

A38. Please provide the 2013 actual year-end amounts and the most updated current actual balances for the following items:

a. Prepaid pension asset / accrued pension liability balance;
b. Accumulated deferred tax benefit associated with the prepaid pension asset;
c. Funding status percentage of each of the Company's pension plans; and,
d. Cumulative funding percentage of the Company's pension plans.

Response:

a. $17,703,926 (system), $4,346,314 (Oregon)
b. There currently is no deferred tax booked as tax benefits have been flowed through. Assuming rate base treatment of Prepaid Asset Cascade would propose booking a deferred tax based on 35% applied to the asset.
c. 84.17%
d. 84.17%

IDAHO POWER®
An IDACORP Company

March 7, 2014

Subject: Docket No. UM 1633
Idaho Power Company's Response to Staff's Data Request No. 25

STAFF'S DATA REQUEST NO. 25:

Please provide the 2013 actual year-end amounts and the most updated current actual balances for the following items:

a. **Prepaid pension asset/accrued pension liability balance;**

b. **Accumulated deferred tax asset or liability associated with the prepaid pension asset/accrued pension liability;**

c. **Funding status percentage of each of the Company's pension plans; and,**

d. **Cumulative funding percentage of the Company's pension plans.**

IDAHO POWER COMPANY'S RESPONSE TO STAFF'S DATA REQUEST NO. 25:

a. The accrued pension liability balance on a system basis was $28,772,707 as of December 31, 2013, and **[BEGIN CONFIDENTIAL]**[redacted]**[END CONFIDENTIAL]** as of January 31, 2014. The Company has not yet closed its books for any subsequent month.

b. The total system deferred tax liability associated with the difference between plan contributions and book expense as of December 31, 2013, was $18,028,035. The Company only adjusts its deferred taxes on the quarters; so the deferred tax liability balance is not available for any subsequent date.

c. The funded status under the Pension Protection Act as of January 1, 2014, is not yet available. It will be available on a preliminary basis in approximately May 2014.

d. The Company reads this request as referring to the weighted-average funded status of all of its plans combined. As the Company has only one pension plan, its response for this part is the same as for "c" above.

UM 1633/PacifiCorp
March 7, 2014
OPUC Data Request 42

OPUC Data Request 42

Please provide the 2013 actual year-end amounts and the most updated current actual balances for the following items:

(a) Prepaid pension asset / accrued pension liability balance;

(b) Accumulated deferred tax benefit associated with the prepaid pension asset;

(c) Funding status percentage of each of the Company's pension plans; and,

(d) Cumulative funding percentage of the Company's pension plans.

Response to OPUC Data Request 42

(a) $310.9 million prepaid pension asset;

(b) $120.4 million associated accumulated deferred tax benefit;

(c) Pension Benefit Obligation (PBO) funding percentage of 99.8%; and

(d) Please refer to response to (c), above.

CERTIFICATE OF SERVICE

UM 1633

I certify that I have, this day, served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180, to the following parties or attorneys of parties.

Dated this 12th day of March , 2014 at Salem, Oregon

Mark Brown
Public Utility Commission
3930 Fairview Industrial Drive SE
Salem, Oregon 97302
Telephone: (503) 378-8287

UM 1633
SERVICE LIST

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