

# McDowell Rackner & Gibson PC



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May 7, 2013

## VIA ELECTRONIC AND U.S. 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:

Enclosed for filing in docket UM 1633 are an original and five copies of Idaho Power's Opening Brief on Bifurcation Proposal. A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service.

Very truly yours,

Handwritten signature of Wendy McIndoo in cursive script.

Wendy McIndoo  
Office Manager

Enclosures

cc: Service List

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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1633**

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

**IDAHO POWER'S  
OPENING BRIEF ON  
BIFURCATION PROPOSAL**

**I. INTRODUCTION**

Pursuant to Chief Administrative Law Judge (ALJ) Michael Grant's Prehearing Conference Memorandum dated April 9, 2013, Idaho Power Company files this Opening Brief on the Commission's proposal to bifurcate this docket.

On March 27, 2013, ALJ Grant issued a Notice of Prehearing Conference proposing that this docket be divided into two phases:

The first phase would address how the Commission should treat pension costs when setting rates on a going-forward basis. The second would address how the Commission should resolve requests by utilities to recover pension costs incurred in the past.<sup>1</sup>

On April 5, 2013, NW Natural filed a letter recommending that the bifurcation proposal not be adopted for both procedural and substantive reasons. The Commission held a prehearing conference on April 8, 2013, to set a schedule in this docket and address the bifurcation

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<sup>1</sup> *Re. Pub. Util. Comm'n of Or. Investigation into Treatment of Pension Costs in Utility Rates*, Docket UM 1633, Notice of Prehearing Conference (Mar. 27, 2013).

1 proposal. ALJ Grant set a schedule for the parties to brief whether this docket should be  
2 divided into two phases. This brief is filed pursuant to this schedule.

3  
4 **II. DISCUSSION**

5 **A. Pension Cost Recovery Should Be Changed Prospectively and Evaluated Without  
6 Bifurcation.**

7 The Joint Utilities have indicated that they will propose that they continue to recover  
8 pension expense calculated in accordance with Statement of Financial Accounting Standards  
9 (FAS) 87. In addition, the Joint Utilities indicate that they will present a modified methodology for  
10 pension cost recovery in this case to remedy the fact that the current methodology does not  
11 allow for recovery of the significant financing costs now being incurred. Idaho Power  
12 understands that this proposal would allow for the recovery of the costs to finance their current  
13 prepaid pension assets on a prospective basis only.

14 Because a prepaid pension asset represents future pension expense, it would not be  
15 appropriate to contemplate regulatory treatment for pension expense recovery without at the  
16 same time considering regulatory treatment of the prepaid pension asset. This is supported by  
17 basic accounting principles and is consistent with utility regulatory practices generally.  
18 Evaluating pension expense recovery without bifurcation will serve to limit the complexity of this  
19 docket. For these reasons, as well as those found in the Joint Utilities' Opening Brief on  
20 Bifurcation Proposal, Idaho Power does not believe that bifurcation is necessary or efficient to  
21 process this case.

22 **B. Because It Has No Prepaid Pension Asset, Idaho Power Should Be Excused from  
23 the Remainder of the Proceeding.**

24 To date Idaho Power has participated in the initial exploratory workshops and responded  
25 to discovery requests with other investor-owned utilities. Now that the matter at issue is  
26 reasonably clear, Idaho Power does not believe it can materially contribute going forward in this  
27 docket. Unlike the other utilities, Idaho Power does not have a prepaid pension asset and

1 therefore is not incurring any financing costs to be recovered. Idaho Power does not currently  
2 seek a change in recovery of its pension costs. Now that the docket has narrowed to seek a  
3 solution to a ratemaking issue that does not pertain to it, Idaho Power requests that it be  
4 excused from further participation in this docket.

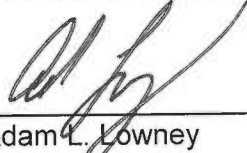
5 **III. CONCLUSION**

6 While Idaho Power Company generally agrees with the positions of the Joint Utilities, it  
7 does not have a direct stake in this docket because Idaho Power does not currently have a  
8 prepaid pension asset and does not anticipate having a prepaid pension asset in the  
9 foreseeable future. Given that the solutions sought in this docket will not address Idaho Power's  
10 present circumstances, Idaho Power requests that the Commission excuse it from further  
11 participation in this docket.

12  
13 DATED: May 7, 2013.

Respectfully submitted,

14 **MCDOWELL RACKNER & GIBSON PC**

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### CERTIFICATE OF SERVICE

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

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3 DATED: May 7, 2013

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