BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1633

In the Matter of

PUBLIC UTILITY COMMISSION OF OREGON,

RULING AND NOTICE OF PREHEARING CONFERENCE

Investigation into Treatment of Pension Costs in Utility Rates.

DISPOSITION: PROCEDURAL SCHEDULE SUSPENDED; CONFERENCE SCHEDULED

At the request of the Commissioners, the existing procedural schedule is suspended. The Commissioners seek additional information to help determine the proper treatment of pension costs in utility rates.

Use of FAS 87

Although the parties have presented differing recommendations on the treatment of prepaid pension assets, they are nearly unanimous in supporting the continued use of FAS 87 expense to determine utility operating expense. With the exception of Idaho Power, all parties generally agree that FAS 87 is a reasonable proxy for pension contributions and oppose the use of cash contributions for setting rates.

Due to this agreement, the parties have provided little testimony to defend the continued use of FAS 87. These parties recommend no change to how utilities recover their pension contributions despite the fact that (1) FAS 87 has generally not been an accurate reflection on the utilities' actual contributions to their respective pension plans; and (2) the only utility that does not rely on FAS 87 for rate recovery—Idaho Power—has no prepaid pension asset.

Additional Information

The Commissioners want a thorough examination of all the alternatives. They seek additional testimony and analyses to better understand the parties' preference for FAS 87 and to more fully evaluate whether any changes should be made to the current regulatory treatment of pensions. Specifically, the Commissioners want the parties to explore options that include the use of cash contributions to account for pension expense.

The Commissioners have directed me to hold a scheduling conference to determine how best to supplement the record to obtain this additional information. They ask the parties to explore possible Commission workshops and additional rounds of testimony to address two primary questions:

- What are the risks and benefits of allowing utilities to account for pension expense on a cash basis?
- How should the Commission address the prepaid pension assets if it decided to transition to the use of cash contributions to account for pension expense on a going forward basis?

Scheduling Conference

The Public Utility Commission of Oregon will hold a scheduling conference in these proceedings, as follows:

DATE:	May 16, 2014
TIME:	10:00 a.m.
LOCATION:	Public Utility Commission Hearing Room, 2 nd Floor 3930 Fairview Industrial Drive SE Salem, Oregon 97302
VIA DIAL-IN NUMBER:	Please contact AHD at (503) 378-6678 or e-mail to <u>puc.hearings@state.or.us</u> for the dial-in number and participant access code by close of business May 15. <i>As dial-in ports are limited, please respect the limit of one line per party.</i>

Please identify yourself when connected to the call and note that the use of a speaker or cell phone may diminish your ability to hear or be heard.

To request postponement, a party must submit a motion under Oregon Administrative Rule 860-001-0420. Due to the expedited nature of this case, this conference is being set with less than 10 days' notice. If you have questions, please contact the Administrative Hearings Division by telephone (503-378-6678) or by e-mail (<u>puc.hearings@state.or.us</u>).

Dated this 8th day of May, 2014, at Salem, Oregon.

Michael Grant Chief Administrative Law Judge

IF YOU HAVE A DISABILITY AND NEED ACCOMMODATION TO PARTICIPATE IN THIS CONFERENCE, PLEASE LET US KNOW (503) 378-6678, Oregon Relay Service: 7-1-1, or e-mail <u>puc.hearings@state.or.us</u>