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September 25, 2014

VIA ELECTRONIC FILING AND FIRST CLASS MAIL

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

Re: Docket UM 1633

Attention Filing Center:

On behalf of Portland General Electric, PacifiCorp, Avista Utilities, Cascade Natural Gas, and NW Natural Gas ("Joint Utilities), enclosed in the above-referenced docket are an original and five copies of Joint Utilities Rebuttal Testimony. The filing has been served on the parties to the service list as indicated on the attached Certificate of Service.

Please contact this office with any questions.

Very truly yours,

Wendy McIndoo

Wendy McIndoo
Office Manager

cc: Service List

BEFORE THE

PUBLIC UTILITY COMMISSION OF OREGON

UM 1633

Joint Rebuttal Testimony of

Portland General Electric,
PacifiCorp,
Avista Utilities,
Cascade Natural Gas,
NW Natural Gas
("Joint Utilities")

EXHIBIT 600

October 17, 2014

I. INTRODUCTION AND SUMMARY

Q. Please state your names.

A. Our names are Doug Stuver, Brody Wilson, Patrick Hager, Ryan Krasselt, and Michael Parvinen.

Q. Are you the same witnesses who filed direct testimony in this case?

A. Yes. We have previously filed Joint Direct Testimony (Joint Testimony/100), Joint Reply Testimony (Joint Testimony/300), and Joint Opening Testimony (Joint Testimony/500).

Q. What is the purpose of this testimony?

A. This testimony responds to the opening testimony filed by Staff, the Citizens' Utility Board of Oregon ("CUB"), and the Northwest Industrial Gas Users and Industrial Customers of Northwest Utilities ("NWIGU-ICNU") on September 25, 2014. The opening testimony was filed in response to the Commission's request for additional discussion addressing the advantages and disadvantages of continuing to use FAS 87 to recover pension costs, as opposed to changing to a cash-based method.

Q. Please summarize your recommendation to the Commission.

A. After several rounds of testimony and workshops, there is now general agreement regarding two of the fundamental issues in this case:

- First, all parties except CUB agree that the Commission should continue to use a FAS-87-expense-based framework for recovery of pension costs. While CUB recommends a cash-based

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methodology, CUB also concedes that FAS-87-expense-based recovery remains a reasonable approach.[1]

- Second, all parties recognize (either explicitly or tacitly) that the utilities incur costs to finance the prepaid pension asset, or at least some portion of it.[2] The Joint Utilities maintain that each company's prepaid pension asset has been financed by shareholders. Therefore, any inquiry into a utility's individual circumstances should focus exclusively on the prudence of the historical cash contributions. If the Commission concludes, however, that such an historical inquiry is appropriate, then the Joint Utilities agree with all the other parties, who seem to agree that any questions regarding what portion of the prepaid pension asset was financed by the utility should be resolved in utility-specific ratemaking proceedings.

These points of agreement suggest that the Commission should reaffirm its adoption of FAS-87-expense-based recovery, affirm the principle that the utilities should recover their costs to finance the prepaid pension asset, and reserve for individual ratemaking proceedings any questions the Commission may have regarding whether a utility's entire prepaid pension asset should be included in rate base.

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[1] CUB/300; Jenks-McGovern/4.

[2] Staff/300, Bahr/2, CUB/300; Jenks-McGovern/17-18, 28; NWIGU-ICNU/300, Smith/13.

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Q. Please summarize your rebuttal testimony.

A. Our testimony first addresses the fundamental dispute raised by the potential transition to cash-based pension cost recovery—whether and to what extent the Joint Utilities will be able to recover their existing prepaid pension assets. As we explained in our opening testimony, under FAS-87-expense-based recovery, the utilities will recover their prepaid pension assets over time. If the Commission orders a transition to a cash-based methodology, a means for recovering the existing prepaid pension asset must be implemented to avoid a write-off by the utilities of their existing prepaid pension assets and to ensure the recovery that would have otherwise occurred under continued FAS-87-expense-based recovery.

Next, our testimony addresses specific recommendations made and concerns raised by Staff and CUB related to the potential transition to cash-based pension cost recovery. We demonstrate that concerns over whether the Joint Utilities have actually funded their prepaid pension assets are unwarranted and that it is therefore reasonable to allow the Joint Utilities to recover their entire prepaid pension assets as part of a transition to cash-based pension cost recovery.

II. DISCUSSION

A. General Response to Testimony regarding Cash-Based Recovery

Q. What is the primary dispute among the parties regarding a potential transition from rate recovery based on FAS 87 expense to rate recovery based on cash contributions?

A. The primary dispute relates to what portion of the prepaid pension asset incurred by the Joint Utilities should be recovered in the "transition." Just as the parties

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argued about what portion of the prepaid pension asset the utilities should earn a **"return on"** under FAS-87-expense-based recovery to allow recovery of financing costs, now the parties argue about whether the utilities should receive a **"return of"** the prepaid pension asset if the Commission transitions to cash-based recovery. As a result, many of the arguments raised in the first phase of this docket are similar, if not identical, to those raised in this second phase. Accordingly, Staff, CUB and NWIGU-ICNU continue to question what portion of the prepaid pension asset was "actually" financed by shareholders, arguing that the amount of the prepaid pension asset recoverable from customers should be reduced by any portion resulting from greater-than-forecast investment returns, "over-collection" of FAS 87 expense, and negative FAS 87 expense.[3] In addition, the parties point out that cash contributions may not have been prudent—in particular, CUB is concerned about contributions in excess of minimum contributions—and suggest that any portion of the prepaid due to allegedly imprudent contributions should not be recovered.[4]

Q. Do the arguments previously raised by the Joint Utilities in support of recovery of the return on the prepaid pension asset also support recovery of the prepaid pension asset?

A. Yes. For all of the reasons explained in the first phase of this docket, the Joint Utilities believe that:

[3] *See e.g.* Staff/300, Bahr/14, CUB/300; Jenks-McGovern/17; NWIGU-ICNU/300, Smith/13.

[4] *See e.g* CUB/300; Jenks-McGovern/15.

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- **under a FAS-87-expense-based framework,** they should receive a **return on** the entirety of the prepaid pension asset;
- **under a cash-based framework**, they should receive a **return of** the entirety of the prepaid pension asset (and a return on if recovery is required over time).

There is no reasonable basis to deny recovery of prudently incurred pension costs that are currently recoverable under FAS-87-expense-based rates simply because the Commission changes from an expense to a cash basis for pension cost recovery. However, to the extent that the Commission continues to have concerns about the prudence of utility contributions, or continues to question whether shareholders financed the prepaid pension asset, those are issues that are appropriately considered in individual ratemaking proceedings.

Therefore, the Commission should confirm that utilities will continue to recover their pension costs based on FAS 87 expense, and that in addition, they will be allowed to include their prepaid pension asset in rate base, and thereby recover their prudently incurred financing costs. The Commission should further order that the inclusion of the prepaid pension asset in rate base will occur in individual ratemaking proceedings.

B. Specific Reponses to Staff

Q. What is Staff's primary recommendation in this second phase of the docket?

A. Staff recommends: (a) the Commission continue to use FAS 87 expense as the basis for utility pension cost recovery; (b) the utilities be allowed to earn a return on their prepaid pension balances if demonstrated to be prudently incurred and

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borne by shareholders; and (c) accumulated deferred income taxes be included in rates only as consistent with the treatment of the prepaid pension asset.[5] Staff also recommends no balancing account to track the difference between forecast and actual FAS 87 expense be implemented.

Q. Does Staff agree that if the Commission changes to cash-based pension cost recovery, the Commission must address recovery of the utilities' existing prepaid pension assets?

A. Yes. Staff agrees that if the Commission adopts a cash-based methodology, it will need to address the recovery of the prepaid pension asset that would otherwise be recovered through FAS 87 expense. Specifically, Staff points out that "should the Commission adopt a cash-based pension cost recovery system and not allow any of the current [prepaid pension asset] balances to be recovered, this result would be unjust to the utilities because they would not recover monies actually contributed to the [prepaid pension asset], resulting in unrecovered costs and negative financial impacts."[6]

Q. Does Staff agree that the Joint Utilities will be harmed if the Commission were to deny recovery of the prepaid pension asset?

A. Yes. Staff correctly testifies that if a utility were required to forfeit recovery of the prepaid pension asset, the result would be detrimental to the utility's stock value and credit rating. Staff concludes that the company would be "severely harmed" by this outcome.[7]

[5] Staff/300, Bahr/2.

[6] Staff/300, Bahr/14.

[7] Staff/300, Bahr/14.

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Q. Does Staff support full recovery of a company's prepaid pension asset if cash contributions are used to recover pension costs?

A. No. Similar to its position in the first phase, Staff remains concerned that there may be portions of the prepaid pension asset that the utilities' shareholders did not fund, and therefore that the utilities should not be allowed to recover their entire prepaid pension asset.[8]

Q. Does Staff agree with the Joint Utilities' previous testimony that if the Commission continues to use FAS 87 expense for pension cost recovery the current prepaid pension asset will be recovered over time through the FAS 87 expense?[9]

A. Yes. Staff agrees that the entire prepaid pension asset will be recovered by utilities over time through FAS 87 expense if that recovery methodology is continued.[10] On the other hand, Staff contradicts this view by suggesting that under a transition to a cash-based recovery methodology, recovery of the prepaid pension asset may be limited by challenging whether all financing costs were borne by shareholders. There is no principled reason why a change in the timing of recovery of pension costs should result in a reduction to total allowable pension costs as suggested by Staff.

[8] Staff/300, Bahr/12-14.

[9] Joint Testimony/500, Joint Parties/9.

[10] Staff/300, Bahr/10 ("Using cash contributions or FAS 87 for recovery of pension costs arrives at the exact same result."); Staff/300, Bahr/14 (under FAS 87 "utilities will eventually recover the [prepaid pension asset] balance").

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Q. Staff recommends that a utility recover its prepaid pension asset only if it can demonstrate that the prudent cash contributions were funded solely by shareholders and have not been recovered in rates.[11] Is Staff's proposal consistent with how rates are generally established?

A. No. In fact, such an adjustment is not typically applied to a rate base item on a retroactive basis unless a tracking mechanism is already in place. For example, property, plant, and equipment are depreciated annually. There is no requirement that a company's actual depreciation expense be compared to depreciation expense recovered in rates, with the difference used to adjust rate base. Similarly, fuel stock is expensed to net power costs as the fuel is consumed and there is no requirement that actual net power costs incurred for consumed fuel costs be compared to consumed fuel costs in rates, with the difference used to adjust fuel stock in rate base. Thus, Staff's recommendation that the prepaid pension asset be singled out for this unique treatment is inconsistent with established ratemaking principles.

In addition, as the Joint Utilities will discuss in briefing, we understand that re-evaluating historical pension cost recovery to determine the amount of future pension cost recovery implicates illegal retroactive ratemaking. Therefore, in addition to bad policy, such an approach is arguably illegal.

[11] Staff/300, Bahr/24.

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Q. Does Staff support the use of a balancing account to address the inherent volatility of cash contributions?

A. No. Staff rejects proposals to use balancing accounts or other tracker mechanisms for pension cost recovery.[12]

Q. Please explain why Staff's position on balancing accounts leaves customers and utilities at risk.

A. As explained in our opening testimony, cash contributions are volatile and difficult to accurately forecast—facts that Staff acknowledged in its opening testimony as well.[13] As a result, any attempt to forecast cash contributions in rates might well result in significant over- or under-recovery by customers.

Q. Please describe factors that make cash contributions difficult to forecast.

A. Several factors make cash contributions difficult to forecast. First, market returns and discount rates influence the funded status of pension funds and therefore affect when and how much cash a utility needs to contribute. As the 2008 recession demonstrated, such returns can significantly depart from expectations. In addition, legal requirements dictating when and how much cash must be contributed have changed considerably over the past decade. Market returns, discount rates, and legal requirements are factors outside the utilities' control. Given these facts, a balancing account is the best approach for protecting both customers and utilities if the Commission chooses to transition to a cash-based recovery method.

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[12] Staff/300, Bahr/24.

[13] *See* Staff/300, Bahr/6-7.

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Q. Staff recommends that accumulated deferred income taxes related to the prepaid pension asset or accrued pension liability be treated consistently with the treatment of the prepaid pension asset or accrued pension liability.[14] Do the Joint Utilities support this recommendation?

A. Yes. The Joint Utilities agree with this recommendation.

Q. Staff implies that if the Joint Utilities are allowed to recover the financing costs associated with their prepaid pension assets, then the companies will be recovering more than expected, as reflected in their financial statements.[15] Is this a correct or fair premise on which to base rate recovery of the utilities' carrying costs?

A. No. The fact that the Joint Utilities have disclosed to investors that they do not currently earn a return on the regulatory assets associated with pension costs does not mean that it is reasonable to continue to disallow recovery of this very real cost or that it would be unfair to allow the prospective recovery of financing costs. It is also worth reiterating that many jurisdictions already allow utilities to recover the financing costs associated with prepaid pension assets, so it is not unusual to allow rate base treatment of the prepaid pension asset.

C. Specific Responses to CUB

Q. What is CUB's primary recommendation regarding whether the Commission should use FAS 87 expense or cash to determine pension costs in rates?

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[14] Staff/300, Bahr/2.

[15] Staff/300, Bahr/17.

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A. CUB believes that a cash-based pension recovery is preferable to the current FAS-87-expense-based recovery. However, CUB supports a transition to cash-based recovery only if the utilities are denied full recovery of (*i.e.*, the return of) their prepaid pension assets.[16]

Q. CUB proposes to deny the utilities the opportunity to fully recover their prepaid pension assets. Does this proposal conflict with other positions CUBCUB has previously taken in this docket?

A. Yes. CUB agrees with all parties that utilities will recover their prepaid pension assets over time through the FAS 87 expense built into rates.[17] CUB also agrees that FAS-87-expense-based recovery represents a reasonable approach to pension cost recovery.[18] Thus, CUB implicitly agrees that the utilities should be allowed to recover their prepaid pension assets.

Q. CUB argues that the Joint Utilities should not be allowed to recover their full prepaid pension assets because it will be nearly impossible to demonstrate that their historical contributions were prudent.[19] In particular, CUB recommends that the Commission presume that all cash contributions greater than the minimum required contributions are imprudent.[20] Can the Joint Utilities demonstrate the prudence of their historical cash contributions?

[16] CUB/300, Jenks-McGovern/30.

[17] CUB/300, Jenks-McGovern/4.

[18] CUB/300, Jenks-McGovern/4.

[19] CUB/300, Jenks-McGovern/17.

[20] CUB/300, Jenks-McGovern/17.

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A. Yes. As stated above, the Joint Utilities can demonstrate that their historical cash contributions, even those greater than the minimum required, were prudent.

Q. Why would a company contribute more than the minimum required amount?

A. There are many reasons that a company would contribute more than the legally required minimum amounts. For example, a company's credit facility may contain covenants that require it to maintain a minimum funding ratio. In order to meet this minimum funded status, the utility may need to contribute more than the legally-required minimum. Greater cash contributions also improve the funded status of a plan, thereby reducing future cash contributions and future FAS 87 expense. Additionally, greater cash contributions reduce the amount of the unfunded pension liability that is recorded on the Company's financial statements. Reducing the unfunded pension liability improves a company's credit metrics utilized by rating agencies to rate a company. Increased cash contributions may also help avoid benefit restrictions (*e.g.*, ability to make lump sum payments to retirees). Companies may also choose to contribute above the minimum in order to take advantage of the tax benefits. Additionally, a company can lower the premiums paid to the Pension Benefit Guarantee Corporation (PBGC)[21] by increasing the funded status of its plan.

Q. Even assuming CUB could show that it was imprudent for a utility to contribute more than the minimum amount to its pension funds, would

[21] The PBGC is a quasi-governmental agency created by the Employee Retirement Income Security Act of 1974 and intended to encourage the continuation and maintenance of private-sector defined benefit pension plans, provide timely and uninterrupted payment of pension benefits, and keep pension insurance premiums at a minimum.

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customers be harmed by allowing the utility to recover its full prepaid pension asset?

A. No. In fact, even if CUB could show that one of the utilities did historically contribute more than CUB deems prudent, customers would have benefitted because greater contributions drive down FAS 87 expense. Moreover, it is important to keep in mind that that to date, the utilities have not recovered their costs to finance the prepaid asset—nor are they requesting that they be reimbursed for these financing costs retroactively. Thus, if a utility made a contribution earlier than required, it bore the historical financing costs associated with that contribution while at the same time driving down FAS 87 expense to the benefit of customers.

Q. Would you illustrate your point with an example?

A. Yes. Assume that a utility's minimum contributions were $50 million in 2004 and $50 million in 2005. Assume further that this same company made a contribution of $100 million in 2004, or $50 million greater than required in 2004, and contributed $0 million in 2005. In this case, the early contribution of $50 million would have reduced FAS 87 expense due to additional trust earnings and lower PBGC premiums. Because prepaid pension assets were not included in rate base at that time, the utility, not customers, bore the financing costs associated with the early contribution. For these very reasons, Staff observes that it may be the case that a utility's failure to contribute to pension plans in excess of minimums could actually be imprudent.[22]

[22] Staff/300, Bahr/9.

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Q. CUB also argues against recovery of the prepaid pension asset by claiming that the timing of a transition to cash-based recovery has a significant impact on the amount of the prepaid pension asset that could potentially be recovered.[23] Is this concern reasonable?

A. No. CUB implies that allowing a company to recover its full prepaid pension asset as part of the transition to cash-based recovery would be unfair if the transition occurred in a year when the prepaid pension asset was particularly high. However, CUB's analysis ignores the continued recovery of FAS 87 expense from customers until the transition. If the prepaid pension asset decreases significantly from year to year, that reduction is due to the FAS 87 expense incurred during the year. This phenomenon is clear in CUB's example related to PGE.[24]

PGE's prepaid pension balance decreased from $108 million at the end of 2012 to $76.6 million at the end of 2013. CUB correctly points out that PGE made no cash contributions in 2013, so the reduction is entirely due to the FAS 87 expense in 2013. CUB claims that if the Commission transitioned to cash in 2012 and allowed full recovery of the prepaid pension asset, then customers would have paid $108 million. CUB then claims that if the Commission were to transition in 2013, customers would only pay $76.6 million. CUB claims that this difference would result in PGE being over-compensated if the transition occurred in 2012. The problem with this analysis is that CUB failed to consider that if the

[23] CUB/300, Jenks-McGovern/5-6, 14.

[24] CUB/300, Jenks-McGovern/5.

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transition to cash occurred in at the end of 2012, customers would have paid $108 million (the prepaid pension asset at the time of the transition), but nothing more because PGE had no cash contributions in 2013. On the other hand, if the transition occurred at the end of 2013, customers would pay $76.6 million (the prepaid pension asset at the time of transition) and customers would have paid $31.4 million FAS 87 expense for 2013 (assuming customers paid PGE's full FAS 87 expense; in fact, customers paid only $5.1 million). Under either scenario, customers pay the same—$108 million. CUB's concern is relevant only if there is a significant lag between when the prepaid pension asset is determined for purposes of its recovery and when the transition to cash occurs. Thus, to avoid CUB's concerns, if the Commission orders a transition to cash-based recovery, the timing of that transition must coincide with the balance of the prepaid pension asset at that date.

Q. CUB states that the utilities can be made whole by reimbursing them for their actual cash contributions over the life of the plan, which comprise the full pension cost, or they could be made whole for the full pension cost by reimbursing them over the life of the pension plan for cumulative pension expense.[25] Do you agree with this statement?

A. No. CUB's statement is correct in that it recognizes that over the life of a plan the cumulative cash contributions will equal the cumulative FAS 87 expense. However, CUB's claim that the Joint Utilities will be made whole under either

[25] CUB/300, Jenks-McGovern/4.

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methodology ignores the financing costs that are incurred under the FAS-87-expense-based recovery.

Q. Does the Commission typically allow utilities to recover the costs to finance utility investments?

A. Yes. The Commission allows utilities to recover the costs associated with investments in property, plant, and equipment through the recovery of (a) the actual cash investments through depreciation expense, plus (b) the costs to finance those cash investments through their rate of return, which is applied to rate base. Thus, over time utilities earn both their return on and their return of their investments made on behalf of customers. The same should apply for the prepaid pension asset. Where property, plant, and equipment reimbursement comes in the form of depreciation expense, pension reimbursement comes in the form of FAS 87 expense; and as long as a net asset exists, *i.e.*, the initial investment or cumulative cash contribution is greater than the accumulated depreciation or cumulative FAS 87 expense, financing costs are being incurred and rate base treatment is necessary to make the utility whole.

Q. CUB also argues that the prepaid pension asset should be reduced to only those amounts that have accrued since 2006.[26] Is this recommendation reasonable?

A. No. Whether the prepaid pension asset was established before or after 2006 does not alter the fact that a financing cost is being incurred by the utility.

[26] CUB/300, Jenks-McGovern/15.

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Q. CUB reiterates the claim it made in previous testimony that the Joint Utilities' prepaid pension assets are the result of negative FAS 87 expense, rather than cash contributions funded by shareholders.[27] Is CUB's claim true?

A. No. This is untrue as demonstrated by Staff's testimony and the individual utility testimony filed in this case.[28] The vast majority of NW Natural's prepaid pension asset has accrued since 2002, when the Company's FAS 87 expense has been consistently positive. NW Natural has had only a few years of negative FAS 87 expense before 2002, and the negative FAS 87 expense was passed through to customers. Similarly, PacifiCorp has experienced only $22.6 million of negative FAS 87 expense since 1998, which is only seven percent of its $311 million prepaid pension asset as of the end of 2013, and PacifiCorp reflected negative pension expense in its rate case filings. At the end of 2013, 73 percent of PGE's prepaid pension asset was the direct result of cash contributions since the enactment of the Pension Protection Act. By year-end 2014, PGE's cash contributions since the enactment of the Pension Protection Act will exceed the balance of its prepaid pension asset. Avista has not experienced negative expense that impacted Oregon customers, and Cascade has never experienced negative FAS 87 expense. Although CUB continuously and vigorously claims that the Joint Utilities' prepaid pension assets are the result of negative FAS 87 expense, the record contradicts this view.

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[27] CUB/300, Jenks-McGovern/17.

[28] *E.g.* NWN/100, Wilson/9-11; PAC/100, Stuver/3; PGE/100, Hager-Jaramillo/3-4; Staff/102, Bahr/1-5.

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Q. In defense of its recommendation that the Commission disallow all or a significant portion of the prepaid pension asset, CUB claims that the write-off resulting from such a disallowance would be inconsequential.[29] Do you agree?

A. No. Each of the Joint Utilities has a substantial prepaid pension asset on its books. As noted by Staff, a write-off of these amounts would result in significant negative impacts on the utilities' earnings and potentially severe financial consequences.[30]

Q. In lieu of allowing the Joint Utilities full recovery of their prepaid pension assets, CUB also recommends an alternative "Net Cash Method" for determining what amount should be recovered.[31] What is your understanding of the Net Cash Method?

A. The Net Cash Method would allow recovery of the difference between what *CUB views* as cumulative prudent cash contributions and the cumulative pension expense "actually recovered in rates" and, in CUB's view, determines the portion of the prepaid asset that was "truly funded" by shareholders. There are two fundamental flaws in CUB's approach. First, it is impossible to determine what was "actually recovered in rates" for pension expense. The only amount that can be determined is the amount of pension expense *estimated* in rates. The amounts collected from customers will necessarily vary from the estimates used

[29] CUB/300, Jenks-McGovern/24.

[30] Staff/300, Bahr/14.

[31] CUB/300, Jenks-McGovern/17-18.

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to set rates for any one particular expense. It is also our understanding that *adjusting future rates to account for variations between actual and estimated amounts* is illegal retroactive ratemaking.

Second, CUB would find, by default, that contributions above the minimum required are imprudent. As discussed earlier, this view of contributions above the minimum is unfounded and unreasonable. To the extent utilities may have made contributions above the minimum ERISA requirement, customers have benefitted though lower FAS 87 expense, not been harmed. Further, the contribution made in one year directly reduces the required contribution in succeeding years; consequently higher contributions than the minimum simply accelerate the timing of contributions and should not result in a permanent removal of higher contributions from prepaid pension recovery in rate base.

Furthermore, CUB does not adequately describe its proposal to address matters such as the amortization period for the prepaid pension asset or the need to provide a return on the unrecovered amount.

In summary, CUB's proposal arguably constitutes retroactive ratemaking, results in unnecessary earnings volatility and potential financial harm to the utilities, and lacks adequate description of how recovery of the prepaid pension asset will be established.

Q. CUB also raises concerns about how multi-state utilities would allocate cash contributions to Oregon for purposes of determining the prepaid pension asset and/or the use of the Net Cash Method.[32] Do you have a recommendation for how inter-jurisdictional allocation should occur?

[32] CUB/300, Jenks-McGovern/19.

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A. The Joint Utilities recommend that the cash contributions be allocated to Oregon on the same basis as FAS 87 expense.

Q. Does this conclude your testimony?

A. Yes.

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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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DATED: October 17, 2014

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