



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204  
PortlandGeneral.com

January 12, 2016

***Email***

puc.filingcenter@state.or.us

Oregon Public Utilities Commission  
Attention: Filing Center  
201 High Street SE  
PO Box 1088  
Salem, OR 97308-1088

**RE: UM 1623 PGE Pension Deferral**

Attention: Filing Center

On December 2, 2015, PGE filed its Opening Testimony in this docket. PGE has since discovered a minor erratum that slightly lowers PGE's deferral for 2012 from \$3.0 million to \$2.9 million. PGE has included a red-lined edit depicting the change and a copy of the revised page in PGE Exhibit 100 with the change adopted. Also included is a revised copy of PGE Exhibit 101.

Thank you in advance for your assistance. If you have any questions or require further information, please call Greg Batzler at (503) 464-8644. Please direct all formal correspondence and requests to the following email address: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Patrick G. Hager III".

Patrick G. Hager III  
Manager, Regulatory Affairs

## I. Deferral Application History

1 **Q. Please describe how PGE accounts for pension expense.**

2 A. PGE records its pension expense based on Accounting Standards Codification (ASC) 715,  
3 “Compensation – Retirement Benefits,” which prior to July 1, 2009, was known as  
4 Statement of Financial Accounting Standards No. 87 or “FAS 87.” This accounting  
5 treatment requires that the cost of employee pension benefits reflect accruals that equal the  
6 present value of pension commitments to employees. Determining the amount of annual  
7 pension expense depends on a complicated interplay of forecasted items such as interest  
8 rates and market investment returns, along with prior history, which, in turn, affects future  
9 projected obligations and plan assets. PGE and other parties provided extensive detail on  
10 the components making up pension expense in testimony throughout the UM 1633  
11 proceeding.

12 **Q. What amount of pension expense did the Commission approve in UE 215 (test year**  
13 **2011)?**

14 A. PGE’s final approved revenue requirement for UE 215 included \$5.1 million for FAS 87  
15 pension expense. PGE’s next general rate case was UE 262, with a 2014 test year.

16 **Q. What did PGE record as its actual pension expense in 2012 and 2013?**

17 A. In 2012, PGE’s actual net FAS 87 pension expense after capitalization was \$13.2 million  
18 and in 2013, it was \$18.6 million. These amounts are significantly higher than the amount  
19 included in PGE’s rates for these years, with the amounts subject to the deferral totaling  
20 approximately ~~\$2.93-0~~ \$2.93-0 million for 2012<sup>1</sup> and \$13.5 million for 2013 as shown in PGE  
21 Exhibit 101. While subsequent general rate cases have allowed PGE to update amounts

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<sup>1</sup> The amount requested for 2012 is pro-rated based on the filing date of the original application.

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## PGE Pension Recovery for 2012-2013

(millions)	2012*	2013
A. Expense	20.6	31.1
B. Expense (net)	13.2	18.6
C. Regulatory recovery of FAS 87	5.1	5.1
D. Unrecovered FAS 87 (B-C)	2.9	13.5
Regulated Adjusted ROE	9.48%	6.43%

\*Unrecovered FAS 87 for 2012 is pro-rated to account for PGE's original filing date of 8/22/2012