

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
Complainant,)

v.)

PACIFICORP d/b/a PACIFIC POWER &)
LIGHT COMPANY,)
Respondent.)

Docket No. UE-061546

In the Matter of the Petition of)

PACIFIC POWER & LIGHT COMPANY)

For an Accounting Order Approving Deferral)
of Certain Costs Related to the MidAmerican)
Energy Holdings Company Transition.)

Docket No. UE-060817

EXHIBIT NO.__(KEI-4)

RESPONSES TO ICNU DRs 3.2 AND 3.4

February 14, 2007

ICNU Data Request 3.2

Regarding Account 920, there appears to have been an increase of over 50% in these expenses since the last rate case filing by PacifiCorp in Docket No. UE-050684. Please explain the reason for this increase in salaries and provide all supporting information for the increase.

Response to ICNU Data Request 3.2

There are two major factors of the increase in the salaries account 920:

The first factor is that PacifiCorp has undertaken a review of its organization and workforce. As a result of the review, PacifiCorp incurred severance expenses of \$14.9 million during fiscal year 2006 compared to \$1 million during the twelve months ended September 30, 2004 (test period for the last rate case – Docket No. UE-050684).

The second factor is the credit entries made during the prior test period (twelve months ended September 30, 2004) for post employment benefits related to the bankruptcy of Wasatch Crest. Wasatch Crest (formerly Energy Mutual Insurance Company) was a captive insurance company that provided coverage for a portion of the PacifiCorp's worker's compensation policies (mainly for former mining employees with potential black lung claims) where PacifiCorp made annual premium payments and was their only client. In June 2003, Wasatch Crest filed for Chapter 7 bankruptcy and, in that proceeding, PacifiCorp was required to assume full obligation for the \$11.5 million in worker's compensation liability previously carried by Wasatch Crest. The \$11.5 million was reclassified to account 930.2 which, along with a \$6 million adjustment in 2003, resulted in post employee benefits being \$17.5 million lower in the prior rate case test period.

See Attachment ICNU 3.2 for a comparison of account 920 by docket number.

PREPARER: Paul M. Wrigley

SPONSOR: Paul M. Wrigley

ICNU Data Request 3.4

Please provide all workpapers supporting PacifiCorp's pension and benefits costs that are included in Exhibit PMW-4 for the total company, the Washington jurisdiction before adjustment, any Washington adjustments and the total Washington adjusted amount, and detail the amount of these costs related to executive compensation. Please provide a description of where these costs are included in Exhibit PMW-4.

Response to ICNU Data Request 3.4

PacifiCorp test year period ending March 2006 pension and benefits costs are the **actual** total company costs of \$160,412,382 as shown on lines 32-53 of Attachment ICNU 3.4 -1. A copy of the Hewitt actuarial report for Calendar Year 2005 which is the basis for the FAS 87 expense in the case, is included as Attachment ICNU 3.4 -2 on the enclosed CD. Please note that "FAS 87 expense" per the actuarial report includes capitalized utility pension costs as well as non-utility pension costs and thus is not identical to electric utility pension expense. Regarding pension expense related to executives, see Supplemental Executive Retirement Plan (SERP) expense for FY 2006 in Attachment ICNU 3.4 -1. In addition, a portion of total FAS 87 pension expense is attributable to executives but the amount is not separately identified from other pension expense. A copy of the Summary Plan Documents describing the Company's Medical, Dental and Vision Plans has been provided in response to ICNU Data Request 3.9. The portion of these benefits attributable to executives can not be identified. Benefit costs are "loaded" onto labor costs but amounts attributable to specific employees are not equivalent to labor loadings.

The costs are charged to the same FERC accounts as each employee's labor cost and the approximate Washington allocated amount, using a SO factor of 7.4561% would be \$11,960,508.

No adjustments or updates have been made to this data in this filing. The pension and benefits costs are charged to the same FERC accounts as each employee's labor cost and are included in the various accounts in Tab 2 of Exhibit PMW-4 in the total unadjusted results column.

PREPARER: Paul M. Wrigley

SPONSOR: Paul M. Wrigley

5 **March 2006 Wage & Benefit Reconciliation**
 6
 7

SAP Account	Description	12 Months Ended March 2006
5001XX	Regular Ordinary Time	400,626,332
5002XX	Overtime	50,312,002
5003XX	Premium Pay	4,721,633
Subtotal for Escalation		455,659,967
500110	Secondary Labor Adjustment	1,518,813
5005XX	Unused Leave Accrual	1,368,103
500850	Other Salary/Labor Costs	11,164,209
50109X	JO Cutbacks	(1,796,780)
Subtotal Bare Labor		467,914,310
5004XX	Incentive	50,728,948
Total Incentive		50,728,948
500250	Overtime Meals	924,703
500700	Severance/Redundancy	15,295,161
501103	Joint Owner Pension Payment	341,768
501325	Physical Exam	835
502300	Education Assistance	387,937
Total Other Labor		16,950,403
Subtotal Labor and Incentive		535,593,661
501100	Pension - FAS 87	48,388,925
501105	Pension - IBEW 57 - FAS 87	1,970,742
501106	Retirement Allowances	2,571,710
501115	SERP Plan	5,217,391
501150	Post Retirement Benefits - FAS 106	23,394,775
501160	Post Employment Benefits - FAS 112	5,320,852
Total Pensions		86,864,395
501102	Pension Administration	482,827
501125	Medical	43,851,108
501175	Dental	2,628,259
501200	Vision	446,031
501225	Life	1,168,689
501250	Stock/401(k)/ESOP	17,919,927
501251	401(k) Administration	1,018,007
501275	Accidental Death & Disability	2,760
501300	Long-Term Disability	2,322,664
501650	Worker's Compensation	2,407,715
502900	Other Salary Overhead	1,300,000
Total Benefits		73,547,987
Subtotal Pensions and Benefits		160,412,382
58050X	Payroll Tax Expense	32,897,856
580700	Payroll Tax Expense-Unemployment	3,430,916
580800	Other Payroll Taxes	(141)
Total Payroll Taxes		36,328,631
Total Labor		732,334,674
Non-Utility and Capitalized Labor		198,950,372
Total Utility Labor		533,384,302

Response to ICNU Data Request 3.5

Response to ICNU Data Request 3.6

Response to ICNU Data Request 3.5

Response to ICNU Data Request 3.9

Response to ICNU Data Request 3.4