

UE-152253 / Pacific Power & Light Company
January 14, 2016
PC Data Request 40

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Re: Labor Costs.

Please refer to Exhibit No. SEM-3, page 4.2.2. Please explain, in detail, what factors caused the “All Other Labor and Benefit Items” to increase from \$22,003,924 in the Company’s prior rate case (*see*, Natasha C. Siores, Exhibit No. NCS-3, page 4.3.2 of prior rate case, Docket UE-140762) to \$26,816,664 in the current case, which is an increase of approximately \$4.8 million.

Response to PC Data Request 40

Please refer to the table below and also Attachment PC 40. The largest driver behind the increase is the Company’s unused leave accrual expense and other salary overheads. The increase in the unused leave expense is primarily due to a change in the timing of the accrual of unused leave for the Local 57 union employees that occurred at the end of 2013 per the new contract. As the Local 57 union is on the east side of the Company’s system, costs associated with this change are predominantly allocated to the east under the WCA methodology, with the exception being a few employees in Transmission – Grid Operations and Information Technology.

Description	12 Months Ended June 2015	Calendar Year 2013	Increase
Unused Leave Accrual	2,481,545	(1,373,672)	3,855,217
Other Salary Overheads	1,742,747	510,778	1,231,969

PREPARER: Shelley McCoy

SPONSOR: Shelley McCoy