

UE-152253 / Pacific Power & Light Company  
February 5, 2016  
PC Data Request 53

### **PC Data Request 53**

**Re: Post-Retirement Benefits Other Than Pensions (OPEB).**

Since the actuarial assumptions for the 2016 OPEB plan would have been selected by PacifiCorp at the end of 2015, please provide the following:

- (a) Please provide the actuarial assumptions that were selected in December 2015 for use in the 2016 OPEB plan year.
- (b) Please provide a full and complete copy of the most recent projections of 2016 OPEB expense provided by the actuarial firm to the Company. This should include the impact of the actual 2015 plan experience and the actuarial assumptions that were selected for the 2016 plan year in December 2015. With the response, please provide all information provided by the actuarial firm in making the estimates.
- (c) Please provide the OPEB expense that would result from the actuarial calculations for 2016 on a similar basis to the Test Year Post Retirement expense contained on Exhibit No.\_\_(SEM-3), page 4.2.2, of (\$4,043,010).

### **Response to PC Data Request 53**

- (a) Please refer to Attachment PC 53-1 for a listing of the actuarial assumptions.
- (b) Please refer to Attachment PC 53-2 for a complete copy of the most recent pension actuarial report.
- (c) Please refer to Attachment PC 53-3. The projected OPEB expense for 2016 on a similar basis to the test OPEB expense previously provided is calculated in the attachment.

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WillisTowersWatson 

PacifiCorp Postretirement Welfare

**Actuarial Valuation Report  
Disclosure for Fiscal Year  
Ending December 31, 2015 and  
2016 Benefit Cost under  
US GAAP**

January 2016



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## Purposes of valuation

PacifiCorp engaged Towers Watson Delaware Inc. (Willis Towers Watson) to value the Company's postretirement benefit plan.

As requested by PacifiCorp (the Company), this report provides information for year-end financial reporting purposes required by FASB Accounting Standards Codification Topic 715-20-50 (ASC 715) for your fiscal year ending December 31, 2015 for the PacifiCorp Postretirement Welfare Plan (the Plan).

The exhibits present year-end financial reporting information in accordance with ASC 715-20-50 and 715-60-50, including net balance sheet position of the Plan, cash flow, plan asset information, amortization amounts during the fiscal year, participant information, the provisions on which the valuation is based, and the actuarial assumptions and methods used in the calculations. Additional input is required (as described below) by the Company in relation to the asset disclosures specified in ASC 715-20-50-1(d) (public entities) or ASC 715-20-50-5(c) (nonpublic entities).

In addition, this report presents the Net Periodic Postretirement Benefit Cost/(Income) (Benefit Cost), in accordance with ASC 715, for the fiscal year beginning January 1, 2016. Both year-end financial reporting and benefit cost results are based on a valuation of the Plan as of December 31, 2015.

### Limitations

This valuation has been conducted for the purposes described above and may not be suitable for any other purpose. In particular, please note the following:

1. As discussed above, certain year-end financial reporting information in accordance with ASC 715-20-50 and 715-60-50 is not included in this report and must be provided by the Company, as follows:
  - Categorization of assets, actual asset allocation at December 31, 2015 and December 31, 2014, and the target asset allocation for 2015.
  - A description of the Company's investment policy for the assets held by the other postretirement benefit plan.
  - A description of the basis used to determine the expected long-term rate of return on plan assets.
2. The expected contribution to the other postretirement benefits plan(s) has been set at \$0.

Note that any significant change in the amounts contributed or expected to be contributed in 2015 will require disclosure in the interim financial statements.

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3. The comparisons of accounting obligations to assets presented in this report cannot be relied upon to determine the need for nor the amount of required future plan contributions. Nevertheless, such comparisons may be useful to assess the need for future contributions because they reflect current interest rates at the measurement date in determining benefit obligations. However, asset gains and losses, demographic experience different from assumed, changes in interest rates, future benefit accruals, if any, and other factors will all affect the need for and amount of future contributions. In addition, if a plan is not required by law to be funded, benefit payments may also be paid directly as they come due.

## Section 1: Summary of key results

### Benefit cost, assets & obligations

All monetary amounts shown in US Dollars

Fiscal Year Beginning		01/01/2016	01/01/2015 <sup>1</sup>
<b>Benefit Cost/ (Income)</b>	Net Periodic Postretirement Benefit Cost/(Income)	(10,015,299)	(9,431,488)
	Amortization of Regulatory (Liability)/Asset	864,492	489,171
	Immediate Recognition of Benefit Cost/(Income) due to Special Events	0	1,110,082
	<b>Total Benefit Cost/(Income)</b>	<b>(9,150,807)</b>	<b>(7,832,235)</b>
Measurement Date		12/31/2015	12/31/2014
<b>Plan Assets</b>	Fair Value of Assets (FVA)	305,039,549	482,205,800
	Market Related Value of Assets (MRVA)	298,808,477	450,372,596
	Return on Fair Value Assets during Prior Year	0.19%	5.45%
<b>Benefit Obligations</b>	Accumulated Postretirement Benefit Obligation (APBO)	(362,442,472)	(539,444,925)
<b>Funded Ratios</b>	Fair Value of Assets to APBO	84.2%	89.4%
<b>Accumulated Other Comprehensive (Income)/Loss</b>	Net Prior Service Cost/(Credit)	(19,506,000)	(26,186,000)
	Net Loss/(Gain)	36,243,797	41,265,976
	Net Regulatory (Liability)/Asset	8,724,727	1,678,034
	<b>Total Accumulated Other Comprehensive (Income)/Loss</b>	<b>25,462,524</b>	<b>16,758,010</b>
<b>Assumptions</b>	Discount Rate	4.35%	3.90%
	Expected Long-term Rate of Return on Plan Assets <sup>2</sup>	7.50%	7.00%
	Current Health Care Cost Trend Rate	N/A	8.00%
	Ultimate Health Care Cost Trend Rate	N/A	5.00%
	Year of Ultimate Trend Rate	N/A	2025
Participant Data	Census Date	01/01/2015	01/01/2014

<sup>1</sup> Benefit cost for 2015 reflects remeasurement of the plan on May 31, 2015 and recalculation of cost for the final seven months of the year.

<sup>2</sup> 2015 rate of return on assets assumption is the average of a 6.50% assumption for the first five months of the year reflecting liquidation of \$150 million of Collectively Bargained VEBA assets and a 7.50% assumption for the final seven months of the year.

## Comments on results

The actuarial gain/(loss) due to demographic experience, including any assumption changes, and investment return different from assumed during the prior year was \$16,978,405 and \$(22,104,264) respectively.

## Change in net periodic cost and funded position

The net periodic cost decreased from \$(7,832,235) in fiscal 2015 to \$(9,150,807) in fiscal 2016 and the funded position declined from \$(57,239,125) to \$(57,402,923).

Significant reasons for these changes include the following:

- The return on the fair value of plan assets since the prior measurement date was lower than expected, which reduced the funded position.
- The return on the market-related value of plan assets, which reflects gradual recognition of asset gains and losses over the past five years, was higher than expected, which decreased the net periodic cost.
- The discount rate increased 45 basis points compared to the prior year, which decreased the net periodic cost and improved the funded position.
- The Energy West mine was shut down during 2015 and all postretirement welfare benefits for Energy West Union participants were transferred to the UMWA in exchange for a one-time payment of \$150 million plus a second one-time payment estimated to be \$2.8 million for a closed group of ten employees that are anticipated to attain eligibility within five years. The transfer resulted in a re-measurement on May 31, 2015 at a discount rate of 4.05%, which decreased the net periodic cost and improved the funded position.

## Basis for valuation

Appendix A summarizes the assumptions and methods used in the valuation. Appendix B summarizes our understanding of the principal provisions of the plan being valued. Unless otherwise described below under Subsequent Events, assumptions were selected based on information known as of the measurement date.

## Changes in assumptions

- Discount rate changed from 3.90% to 4.35%
- The expected rate of return on assets was changed from 7.00% (6.50% for the first five months and 7.50% for the final seven months) to 7.50%.

PacifiCorp Postretirement Welfare

**Changes in methods**

None

**Changes in benefits valued**

None

**Subsequent Events**

None

**Additional information**

- December 31, 2013 obligations include \$10,912,819 of unused HRA balances, \$7,000,000 of sick leave credits and \$2,318,631 for a closed group of ten Energy West Union employees that may attain eligibility by 2020.

# Actuarial certification

This valuation has been conducted in accordance with generally accepted actuarial principles and practices. However, please note the information discussed below regarding this valuation.

## Reliances

In preparing the results presented in this report, we have relied upon information regarding plan provisions, participants, assets, and sponsor accounting policies and methods provided by the Company and other persons or organizations designated by the Company. We have relied on all the data and information provided as complete and accurate. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. Based on discussions with and concurrence by the plan sponsor, assumptions or estimates may have been made if data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations. The results presented in this report are directly dependent upon the accuracy and completeness of the underlying data and information. Any material inaccuracy in the data, assets, plan provisions or other information provided to us may have produced results that are not suitable for the purposes of this report and such inaccuracies, as corrected by the Company, may produce materially different results that could require that a revised report be issued.

## Measurement of benefit obligations, plan assets and balance sheet adjustments

### Census date/measurement date

The measurement date is December 31, 2015. The benefit obligations were measured as of The Company's December 31, 2015 fiscal year end and are based on participant data as of the census date, January 1, 2015. We have projected forward benefit obligations to the end of the year, adjusting for benefit payments, expected growth in benefit obligations, changes in key assumptions and plan provisions, and any significant changes in plan demographics that occurred during the year.

This is the same data that was used for the calculation of the Net Periodic Postretirement Benefit Cost/(Income) for the fiscal year ending December 31, 2016.

## **Plan assets and balance sheet adjustments**

Information about the fair value of plan assets was furnished to us by the Company. The Company also provided information about the general ledger account balances for the other postretirement benefit plan cost at December 31, 2015, which reflect the expected funded status of the plans before adjustment to reflect the funded status based on the year-end measurements, and differences between the expected Medicare Part D subsidies and amounts received during the year. Willis Towers Watson used information supplied by the Company regarding postretirement benefit asset, postretirement benefit liability and amounts recognized in accumulated other comprehensive income as of December 31, 2015. This data was reviewed for reasonableness and consistency, but no audit was performed.

Accumulated other comprehensive (income)/loss amounts shown in the report are shown prior to adjustment for tax effects. Any tax effects in AOCI should be determined in consultation with the Company's tax advisors and auditors.

## **Assumptions and methods under U.S. GAAP**

As required by U.S. GAAP, the actuarial assumptions and methods employed in the development of the other postretirement benefit cost and other financial reporting have been selected by the Company. Willis Towers Watson has concurred with these assumptions and methods, except for the expected rate of return on plan assets. Evaluation of the expected return assumption was outside the scope of Willis Towers Watson's assignment and would have required substantial additional work that we were not engaged to perform. U.S. GAAP requires that each significant assumption "individually represent the best estimate of a particular future event."

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated by Willis Towers Watson, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this report could have been developed by selecting different reasonable assumptions.

A summary of the assumptions and methods used is provided in Appendix A. Note that any subsequent changes in methods or assumptions for the December 31, 2015 measurement date will change the results shown in this report.

## **Nature of actuarial calculations**

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision, which is not a characteristic of actuarial calculations.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period), and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

See Basis for Valuation in Section 1 above for a discussion of any material events that have occurred after the valuation date that are not reflected in this valuation.

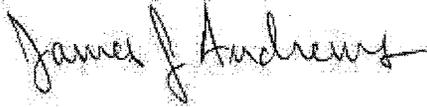
### **Limitations on use**

This report is provided subject to the terms set out herein and in our engagement letter dated July 25, 2012 and any accompanying or referenced terms and conditions.

The information contained in this report was prepared for the internal use of the Company and its auditors in connection with our actuarial valuation of the other postretirement benefit plan as described in Purposes of Valuation above. It is not intended for and may not be used for other purposes, and we accept no responsibility or liability in this regard. The Company may distribute this actuarial valuation report to the appropriate authorities who have the legal right to require The Company to provide them this report, in which case the Company will use best efforts to notify Willis Towers Watson in advance of this distribution. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Willis Towers Watson's prior written consent. Willis Towers Watson accepts no responsibility for any consequences arising from any other party relying on this report or any advice relating to its contents.

## Professional qualifications

The undersigned consulting actuaries are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to other postretirement benefit plans. Our objectivity is not impaired by any relationship between the plan sponsor and our employer, Towers Watson Delaware Inc.



James J. Andrews, FSA, EA  
Consultant  
January 2016



Kristoff M. Hendrickson, FSA, EA  
Consultant  
January 2016



Jon Nilson, FSA, EA  
Pricing Specialist  
January 2016

The Pricing Specialist is responsible for developing and/or determining the reasonableness of retiree welfare plan trend and participation assumptions as well as assumed per capita claims costs (including the aging/morbidity assumption if applicable). The Valuation Actuary is responsible for other aspects of the valuation (e.g., developing and/or reviewing the reasonableness of other valuation assumptions and methods, ensuring that the valuation model reasonably reflects the substantive plan and actual plan operation, preparing demographic data, performing the valuation, implementing the correct accounting or funding calculations, etc.).

<http://natct.internal.towerswatson.com/clients/608047/PacifiCorpRET2016Actuarial/Documents/Valuations/Disclosure and Cost/PacifiCorp PRW 2015 Disclosure and FY2016 Cost.docx>

## Section 2: Accounting exhibits

### 2.1 Disclosed benefit cost

All monetary amounts shown in US Dollars

Fiscal Year Ending	12/31/2015	12/31/2014
<b>A Disclosed Benefit Cost</b>		
1 Employer service cost	2,822,302	5,817,077
2 Interest cost	15,784,542	28,354,493
3 Expected return on assets	(22,860,424)	(31,347,619)
4 Subtotal	(4,253,580)	2,823,951
5 Net prior service cost/(credit) amortization	(6,680,000)	(6,680,000)
6 Net loss/(gain) amortization	1,502,092	8,626,134
7 Net regulatory (liability)/asset amortization	489,171	489,171
8 Amortization Subtotal	(4,688,737)	2,435,305
9 Net periodic postretirement benefit cost/(income)	(8,942,317)	5,259,256
10 Curtailments	0	0
11 Regulatory asset creation	(7,535,864)	0
12 Settlement charge	8,645,946	0
13 Special/contractual termination benefits	0	0
14 Disclosed benefit cost	(7,832,235)	5,259,256
<b>B Assumptions Used to Determine Benefit Cost<sup>1</sup></b>		
1 Discount rate <sup>2</sup>	3.90%	4.90%
2 Long-term rate of return on assets <sup>3</sup>	7.00%	7.50%
3 Rate of compensation increase	N/A	N/A
4 Current health care cost trend rate	N/A	8.00%
5 Ultimate health care cost trend rate	N/A	5.00%
6 Year of ultimate trend rate	N/A	2019

<sup>1</sup> These assumptions were used to calculate Net Periodic Postretirement Benefit Cost/(Income) as of the beginning of the year. Rates are expressed on an annual basis where applicable. See Appendix A for interim measurements, if any.

<sup>2</sup> Discount rate assumption used to calculate 2015 benefit cost was 3.90% for the first five months, prior to the re-measurement, and 4.05% for the final seven months.

<sup>3</sup> Expected rate of return on assets assumption used to calculate 2015 benefit cost was 6.50% for the first five months, prior to the re-measurement, and 7.50% for the final seven months.

Fiscal Year Ending	12/31/2015	12/31/2014
<b>C Effect of 1% Increase in Health Care Cost Trend Rates</b>		
1 Employer service cost	2,822,302	6,928,689
2 Interest cost	15,784,542	30,364,461
3 Total	18,606,844	37,293,150
4 Amount change	0	3,121,580
5 Percentage change	0.00%	9.14%
<b>D Effect of 1% Reduction in Health Care Cost Trend Rates</b>		
1 Employer service cost	2,822,302	5,038,953
2 Interest cost	15,784,542	26,746,592
3 Total	18,606,844	31,785,545
4 Amount change	0	(2,386,025)
5 Percentage change	0.00%	(6.98%)

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## 2.2 Balance sheet asset/(liability)

All monetary amounts shown in US Dollars

Fiscal Year Ending	12/31/2015	12/31/2014
<b>A Development of Balance Sheet Asset/(Liability)</b>		
1 Accumulated postretirement benefit obligation (APBO)	(362,442,472)	(539,444,925)
2 Fair value of assets (FVA) <sup>1</sup>	305,039,549	482,205,800
3 Net balance sheet asset/(liability)	(57,402,923)	(57,239,125)
<b>B Current and Noncurrent Allocation</b>		
1 Noncurrent asset	0	0
2 Current liability	(297,425)	(287,222)
3 Noncurrent liability	(57,105,498)	(56,951,903)
4 Net balance sheet asset/(liability)	(57,402,923)	(57,239,125)
<b>C Reconciliation of Net Balance Sheet Asset/(Liability)</b>		
1 Net balance sheet asset/(liability) at end of prior fiscal year	(57,239,125)	(112,482,886)
2 Employer service cost	(2,822,302)	(5,817,077)
3 Interest cost	(15,784,542)	(28,354,493)
4 Expected return on assets	22,860,424	31,347,619
5 Plan amendments	0	0
6 Actuarial gain/(loss)	(5,125,859)	57,618,981
7 Employer contributions	0	0
8 Benefits paid directly by the Company <sup>2</sup>	1,459,671	1,431,172
9 Medicare Part D subsidy on benefits paid during the year	(217,707)	(370,333)
10 Acquisitions/divestitures	0	0
11 Curtailments	0	0
12 Settlements (if settled using corporate cash)	0	0
13 Special/contractual termination benefits	0	0
14 Prescription drug rebates	(533,483)	(612,108)
15 Net balance sheet asset/(liability) at end of current fiscal year	(57,402,923)	(57,239,125)
<b>D Assumptions and Dates Used at Disclosure</b>		
1 Discount rate	4.35%	3.90%
2 Rate of compensation increase	N/A	N/A
3 Current health care cost trend rate	N/A	8.00%
4 Ultimate health care cost trend rate	N/A	5.00%
5 Year of ultimate trend rate	N/A	2025
6 Census date	01/01/2015	01/01/2014

<sup>1</sup> Excludes receivable contributions.

<sup>2</sup> Net of retiree contributions.

Fiscal Year Ending	12/31/2015	12/31/2014
<b>E Effect of 1% Increase in Health Care Cost Trend Rates</b>		
1 Accumulated postretirement benefit obligation (APBO)	362,442,472	539,444,925
2 Amount change	0	0
3 Percentage change	0.00%	0.00%
<b>F Effect of 1% Reduction in Health Care Cost Trend Rates</b>		
1 Accumulated postretirement benefit obligation (APBO)	362,442,472	539,444,925
2 Amount change	0	0
3 Percentage change	0.00%	0.00%

## 2.3 Accumulated other comprehensive (income)/loss

All monetary amounts shown in US Dollars

Fiscal Year Ending	12/31/2015	12/31/2014
<b>A Accumulated Other Comprehensive (Income)/Loss</b>		
1 Net prior service cost/(credit)	(19,506,000)	(26,186,000)
2 Net loss/(gain)	36,243,797	41,265,976
3 Net regulatory (liability)/asset	8,724,727	1,678,034
4 Accumulated other comprehensive (income)/loss <sup>1</sup>	25,462,524	16,758,010
<b>B Development of Accumulated Other Comprehensive (Income)/Loss (AOCI)</b>		
1 AOCI at prior fiscal year end	16,758,010	76,812,296
2 Amounts amortized/recognized during the year		
a Net prior service (cost)/credit	6,680,000	6,680,000
b Net (loss)/gain	(1,502,092)	(8,626,134)
c Net regulatory liability/(asset)	(489,171)	(489,171)
d Immediate recognition of settlement	(1,110,082)	0
3 Occurring during the year		
a Net prior service cost/(credit)	0	0
b Net loss/(gain)	5,125,859	(57,618,981)
4 AOCI at current fiscal year end	25,462,524	16,758,010

<sup>1</sup> Amount shown is pre-tax and should be adjusted by plan sponsor for tax effects.

## 2.4 Additional disclosure information

All monetary amounts shown in US Dollars

	12/31/2015	12/31/2014
<b>A Accumulated Postretirement Benefit Obligation (APBO)</b>		
1 Fully eligible actives	71,271,976	77,486,609
2 Other actives	44,022,776	54,656,248
3 Retirees, dependents and surviving spouses	247,147,720	407,302,068
4 Accumulated postretirement benefit obligation	362,442,472	539,444,925

	Benefit Payments <sup>1</sup> including Medicare Part D Subsidy	Medicare Part D Subsidy
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<b>B Expected Future Benefit Payments and Medicare Part D Subsidies</b>		
1 During fiscal year ending 12/31/2016	27,980,936	0
2 During fiscal year ending 12/31/2017	28,082,606	0
3 During fiscal year ending 12/31/2018	27,500,273	0
4 During fiscal year ending 12/31/2019	27,296,669	0
5 During fiscal year ending 12/31/2020	29,709,062	0
6 During fiscal years ending 12/31/2021 through 12/31/2025	121,704,022	0

<b>C Expected Contributions during fiscal year ending December 31, 2016</b>		
1 Employer		0
2 Plan participants <sup>2</sup>		N/A

<b>D Expected Amortization Amounts during fiscal year ending December 31, 2016<sup>3</sup></b>		
1 Amortization of net regulatory (liability)/asset		864,492
2 Amortization of net prior service cost/(credit)		(6,680,000)
3 Amortization of net loss/(gain)		542,035
4 Total		(5,273,473)

<sup>1</sup> Net of retiree contributions.

<sup>2</sup> Plan participant contributions are included in section B above.

<sup>3</sup> These amounts have been determined assuming there are no special events, plan amendments, assumption changes, or actuarial losses/(gains) during the upcoming fiscal year.

## 2.5 Changes in disclosed liabilities and assets

All monetary amounts shown in US Dollars

Fiscal Year Ending	12/31/2015	12/31/2014
<b>A Change in Accumulated Postretirement Benefit Obligation (APBO)</b>		
1 APBO at prior fiscal year end	539,444,925	597,702,800
2 Employer service cost	2,822,302	5,817,077
3 Interest cost	15,784,542	28,354,493
4 Actuarial loss/(gain)	(16,978,405)	(63,304,850)
5 Plan participants' contributions	6,171,200	6,992,963
6 Benefits paid from plan assets	(34,093,611)	(35,668,827)
7 Benefits paid from the Company <sup>1</sup>	(1,459,671)	(1,431,172)
8 Medicare Part D subsidy	217,707	370,333
9 Administrative expenses paid	0	0
10 Plan change	0	0
11 Acquisitions/(divestitures)	0	0
12 Curtailments	0	0
13 UMWA transfer	(150,000,000)	0
14 Special/contractual termination benefits	0	0
15 Prescription drug rebates	533,483	612,108
<b>16 APBO at current fiscal year end</b>	<b>362,442,472</b>	<b>539,444,925</b>
<b>B Change in Plan Assets</b>		
1 Fair value of assets at prior fiscal year end	482,205,800	485,219,914
2 Actual return on assets	756,160	25,661,750
3 Employer contributions	0	0
4 Plan participants' contributions	6,171,200	6,992,963
5 Benefits paid	(34,093,611)	(35,668,827)
6 Administrative expenses paid	0	0
7 Acquisitions/(divestitures)	0	0
8 UMWA transfer	(150,000,000)	0
9 Special/contractual termination benefits	0	0
<b>10 Fair value of assets at current fiscal year end</b>	<b>305,039,549</b>	<b>482,205,800</b>

<sup>1</sup> Net of retiree contributions.

## 2.6 Reconciliation of net balances

All monetary amounts shown in US Dollars

Measurement Date Established	A Reconciliation of Net Prior Service Cost/(Credit)			Amortization Amount in 2015	Effect of Curtailments	Other Events	Net Amount at 12/31/2015	Remaining Amortization Period	Amortization Amount in 2016
	Original Amount	Net Amount at 12/31/2014	Net Amount at 12/31/2015						
12/31/2011	(46,266,000)	(26,186,000)	(19,506,000)	6,680,000	0	0	(19,506,000)	2.92006	6,680,000
Total	(26,186,000)	(26,186,000)	(19,506,000)	6,680,000	0	0	(19,506,000)		6,680,000

All monetary amounts shown in US Dollars

Net Amount at 12/31/2014	B Reconciliation of Net Loss/(Gain) <sup>1</sup>			Amortization Amount in 2015	Experience Loss/(Gain)	Effect of Curtailments	Effect of Settlements	Net Amount at 12/31/2015	Amortization Amount in 2016
	Net Amount at 12/31/2014	Amortization Amount in 2015	Experience Loss/(Gain)						
41,265,976	(1,502,092)	5,125,859	(8,645,946)	0	0	0	36,243,797	(542,035)	

### C Reconciliation of Measurement Date Change (Liability)/Asset

State	C Reconciliation of Measurement Date Change (Liability)/Asset			Amortization Amount in 2015	Effect of Curtailments	Effect of Settlements	Net Amount at 12/31/2015	Remaining Amortization Period	Amortization Amount in 2016
	Net Amount at 12/31/2014	Amortization Amount in 2015	Effect of Settlements						
California	69,952	(17,488)	0	0	0	52,464	3.00000	(17,488)	
Oregon	772,138	(193,035)	0	0	0	579,103	3.00000	(193,035)	
Utah	835,944	(278,648)	0	0	0	557,296	2.00000	(278,648)	
Total	1,678,034	(489,171)	0	0	0	1,188,863		(489,171)	

<sup>1</sup> See Appendix A for description of amortization method.

D Reconciliation of UMWA Transfer Settlement (Liability)/Asset<sup>1</sup>

State	Remaining Amount at 1/1/2015	Amount Amortized during FY2015	Effect of Curtailments	Effect of Settlements	Remaining Amount at 12/31/2015	Remaining Amortization Period	Amount to be Amortized in FY2016
Idaho	0	0	0	520,952	520,952	TBD	0
Oregon	0	0	0	2,036,353	2,036,353	TBD	0
Utah	0	0	0	3,566,253	3,566,253	TBD	0
Wyoming	0	0	0	1,412,306	1,412,306	4.00000	(375,321)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,535,864</b>	<b>7,535,864</b>		<b>(375,321)</b>

<sup>1</sup> Excludes carrying charges

2.7 Reconciliation with prior year's disclosure

All monetary amounts shown in US Dollars

	Accumulated Postretirement Benefit Obligation (i)	Fair Value of Assets (ii)	Net Balance Sheet Asset / (Liability) (i+ii) (iii)	Net Regulatory (Liability)/Asset (iv)	Net Prior Service Cost / (Credit) (v)	Net Loss / (Gain) (vi)	Accumulated Other Comprehensive (Income)/Loss (iv+v+vi) (vii)
1 At December 31, 2014	(539,444,925)	482,205,800	(57,239,125)	1,678,034	(26,186,000)	41,265,976	16,758,010
2 Employer service cost	(2,822,302)		(2,822,302)				
3 Interest cost	(15,784,542)		(15,784,542)				
4 Expected asset return		22,860,424	22,860,424				
5 Amortizations				(489,171)	6,680,000	(1,502,092)	4,688,737
6 Experience loss/gain	16,978,405	(22,104,264)	(5,125,859)			5,125,859	5,125,859
7 Employer contributions		0					
8 Plan participants' contributions	(6,171,200)	6,171,200	0				
9 Benefits paid from plan assets	34,093,611	(34,093,611)	0				
10 Benefits paid from the Company	1,459,671		1,459,671				
11 Medicare Part D subsidy	(217,707)		(217,707)				
12 Administrative expenses paid	0	0	0				
13 Plan changes	0	0	0		0		0
14 Acquisitions/divestitures	0	0	0				
15 Curtailments	0	0	0	0	0	0	0
16 UMWA transfer	150,000,000	(150,000,000)	0	7,535,864		(8,645,946)	(1,110,082)
17 Special/contractual termination benefits	0		0				
18 Prescription drug rebates	(533,483)		(533,483)				
19 Other disbursements	0	0	0	0	0	0	0
20 At December 31, 2015	(362,442,472)	305,039,549	(57,402,923)	8,724,727	(19,506,000)	36,243,797	25,462,524

## 2.8 Development of assets for benefit cost

All monetary amounts shown in US Dollars

	Fair Value	Market-Related Value			
<b>A Reconciliation of Assets</b>					
1 Plan assets at 12/31/2014	482,205,800	450,372,596			
2 Investment return	756,160	26,358,292			
3 Employer contributions	0	0			
4 Plan participants' contributions	6,171,200	6,171,200			
5 Benefits paid	(34,093,611)	(34,093,611)			
6 Administrative expenses paid	0	0			
7 Acquisitions/(divestitures)	0	0			
8 UMWA transfer	(150,000,000)	(150,000,000)			
9 Special/contractual termination benefits	0	0			
10 Plan assets at 12/31/2015	305,039,549	298,808,477			
<b>B Rate of Return on Invested Assets</b>					
1 Weighted invested assets	393,244,395				
2 Rate of return	0.19%				
<b>C Investment Loss/(Gain)</b>					
1 Actual return	756,160				
2 Expected return	22,860,424				
3 Loss/(Gain)	22,104,264				
<b>D Market-Related Value of Assets</b>					
1 Fair value of assets at 12/31/2015	305,039,549				
2 Deferred investment (gains) and losses for last 5 years					
	Measurement Year Ending	(Gain)/Loss	Percent Recognized	Percent Deferred	Deferred Amount
	(i)	(ii)	(iii)	(iv)	(v) = (ii) × (iv)
a	12/31/2015	22,104,264	20.00%	80.00%	17,683,411
b	12/31/2014	5,685,869	40.00%	60.00%	3,411,521
c	12/31/2013	(57,150,553)	60.00%	40.00%	(22,860,221)
d	12/31/2012	(22,328,917)	80.00%	20.00%	(4,465,783)
e	12/31/2011	34,200,000	100.00%	0.00%	0
f	Total				(6,231,072)
3 Market-related value of assets					298,808,477

## 2.9 Summary and comparison of benefit cost and cash flows

All monetary amounts shown in US Dollars

Fiscal Year Ending	12/31/2016	12/31/2015 <sup>1</sup>
<b>A Total Benefit Cost</b>		
1 Employer service cost	2,350,033	2,822,302
2 Interest cost	15,164,140	15,784,542
3 Expected return on assets	(21,391,507)	(22,860,424)
4 Subtotal	(3,877,334)	(4,253,580)
5 Net prior service cost/(credit) amortization	(6,680,000)	(6,680,000)
6 Net loss/(gain) amortization	542,035	1,502,092
7 Net regulatory liability/(asset) amortization	864,492	489,171
8 Amortization Subtotal	(5,273,473)	(4,688,737)
9 Net periodic postretirement benefit cost/(income)	(9,150,807)	(8,942,317)
10 Curtailments	0	0
11 Regulatory asset creation	0	(7,535,864)
12 Settlement charge	0	8,645,946
13 Special/contractual termination benefits	0	0
14 Total benefit cost	(9,150,807)	(7,832,235)
<b>B Assumptions<sup>2</sup></b>		
1 Discount rate <sup>3</sup>	4.35%	3.90%
2 Rate of return on assets <sup>4</sup>	7.50%	7.00%
3 Rate of compensation increase	N/A	N/A
4 Current health care cost trend rate	N/A	N/A
5 Ultimate health care cost trend rate	N/A	N/A
6 Year of ultimate trend rate	N/A	N/A
7 Census date	01/01/2015	01/01/2014
<b>C Assets at Beginning of Year</b>		
1 Fair market value	305,039,549	482,205,800
2 Market-related value	298,808,477	450,372,596
<b>D Cash Flow<sup>5</sup></b>		
	Expected	Actual
1 Employer contributions	0	0
2 Net benefits <sup>6</sup>	27,980,936	29,382,082

<sup>1</sup> Benefit cost for 2015 was re-calculated at the remeasurement, which occurred on May 31, 2015.

<sup>2</sup> These assumptions were used to calculate Net Periodic Postretirement Benefit Cost/(Income) as of the beginning of the year. Rates are expressed on an annual basis where applicable. See Appendix A for interim measurements, if any.

<sup>3</sup> Discount rate assumption used to calculate 2015 benefit cost was 3.90% for the first five months, prior to the re-measurement, and 4.05% for the final seven months.

<sup>4</sup> Expected rate of return on assets assumption used to calculate 2015 benefit cost was 6.50% for the first five months, prior to the re-measurement, and 7.50% for the final seven months.

<sup>5</sup> Net of Medicare Part D subsidy.

<sup>6</sup> Net of retiree contributions over the fiscal year.

## Section 3: Data exhibits

### 3.1 Plan participant data

All monetary amounts shown in US Dollars

Measurement Date		12/31/2015	12/31/2014
Census Date		01/01/2015 <sup>1</sup>	01/01/2014 <sup>2</sup>
<b>Participating Employees</b>	Number	6,007	6,096
	Average Age	48.65	48.87
	Average Service	18.11	18.37
	Average future working life to full retirement age <sup>3</sup>	11.4949	11.0920
<b>Participants with Deferred Benefits</b>	Number	735	702
	Average Age	64.67	64.25
<b>Retirees and Surviving Spouses</b>	Retirees	3,590	3,906
	Average Age for Retirees	73.49	72.57
	Surviving Spouses	829	918
	Average Age for Surviving Spouses	79.79	79.09
	Total	4,419	4,824

<sup>1</sup> Counts exclude Energy West Union participants that had their benefits transferred to the UMWA in 2015.

<sup>2</sup> Counts reflect Energy West Union participants eligible for benefits as of September 12, 2015 that will have their benefits transferred to the UMWA.

<sup>3</sup> Average future working life shown as of end of fiscal year.

# Appendix A- Statement of actuarial assumptions and methods

## Plan Sponsor

PacifiCorp

## Statement of Assumptions

The assumptions disclosed in this Appendix are for the fiscal year ending December 31, 2015 financial reporting and the fiscal year 2016 benefit cost.

## Assumptions and methods

### Actuarial Assumptions and Methods

#### Economic Assumptions

Discount rate	4.35%
Expected long-term return on assets	7.50%

The return on assets shown above is net of investment and administrative expenses.

Participation Assumptions	Current Retirees	Future Retirees
Participation:	Based on valuation census data	95% of males; 95% of females
Percentage of retirees covering a spouse	Based on valuation census data	80% of males; 50% of females

#### Demographic Assumptions

<b>Mortality</b>	The RPH-2014 participant weighted tables, adjusted 4% for credibility weighted experience, with separate mortality rates for annuitants and non-annuitants translated to 2011 using MP-2014. Two-dimensional, generational mortality improvements from 2011 forward were based on the RPEC_2014 model using a maximum slope of zero for the short term rates, converging to a 0.75% long term rate by 2020 and a linear reduction from 0.75% at age 85 to 0% at age 95.
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**Termination (not due to retirement) rates**

The rates at which participants terminate not due to retirement or mortality by age for both males and females are shown below:

Age	Years of service				
	0	1	2	3	4+
25	20.82%	11.74%	8.96%	8.40%	7.20%
40	23.48%	10.73%	9.10%	8.39%	4.20%
50	17.47%	9.48%	7.12%	5.98%	3.60%

**Retirement**

Rates at which participants are assumed to retire by age for both males and females are shown below:

Age	Rate
50-52	2.00%
53-54	3.00%
55-58	5.00%
59-60	10.00%
61	15.00%
62-63	20.00%
64	30.00%
65	40.00%
66	30.00%
67	100.00%

**Other Assumptions**

**Inclusion date**

The valuation date coincident with or next following the date on which the employee becomes a participant.

**New or rehired employees**

It was assumed there will be no new or rehired employees.

**Benefit commencement dates**

85% are assumed to enroll immediately upon retirement; 10% are assumed to defer enrollment to age 61 (or current age if over age 61). For retirees currently deferring coverage, 80% enroll in coverage at age 61 (or current age if over 61). Retirees are assumed never to enroll if they are still deferring coverage at age 70.

**Administrative expenses**

Life insurance plan administrative expenses were added in the amount of 20% of the cost of life insurance.

**Excise tax**

It is assumed that the excise tax, if applicable, will be passed on fully to retirees.

**Unused HRA balances**

Unused HRA balances as of December 31, 2015 of \$10,912,819 have been added to the APBO.

**Sick leave account balances**

Sick leave account balances as of December 31, 2015 of \$7,000,000 have been added to the APBO.

**Future vested Energy West Union employees**

\$2,318,631 has been added to the APBO for a closed group of ten Energy West Union employees that may attain eligibility by 2020.

**Cash flow**

- Timing of benefit payments      Benefit payments are assumed to be made uniformly throughout the year and, on average, at mid-year.
  
- Amount and timing of contributions      Contributions are assumed to be made on the last day of the year.

**Funding policy**

Subject to certain tax deductibility and subordination limits, PacifiCorp's funding policy is to generally contribute an amount equal to the Plan's net periodic benefit cost with contributions allocated between the two VEBA trusts and the 401(h) Account. Under the Internal Revenue Code's ("IRC") subordination limitations, cumulative contributions to the 401(h) Account cannot exceed one-third of the accumulation of the lesser of each plan year's (a) actual contributions to the PacifiCorp Retirement Plan and (b) the PacifiCorp Retirement Plan's normal cost. Such limitation is measured from January 1, 1989. As a result of this limitation, no additional contributions could have been allocated to the 401(h) Account as of December 31, 2015.

**Trend Rates**

**Health care cost trend rate:**

- Initial rate:                      N/A
  
- Ultimate rate:                    N/A
  
- Year of ultimate rate:          N/A

**Medicare Part D Assumptions**

**Eligibility for Medicare Part D subsidy**      No Medicare Part D subsidy is assumed to be received.

**Per Capita Claims Costs**

Not applicable, defined dollar limit is assumed to apply for all plans.

### Methods – Other Postretirement Benefit Cost and Funded Position

#### Census date / Measurement date

The measurement date is December 31, 2015. For purposes of determining benefit obligations as of the measurement date, participant data as of the census date January 1, 2015 are used.

- Obligations are calculated as of the census date, based on selected assumptions and plan provisions as of the measurement date.
- Obligations are then rolled forward from the census date to the measurement date assuming actual experience is the same as our actuarial assumptions.
- If significant changes in the population have occurred during the year, the final obligations are adjusted to reflect such changes. Energy West Union participants that had their benefits transferred to the UMWA during 2015 have been removed from the population and December 31, 2015 obligations.

#### Cost Method

Costs are determined using the Projected Unit Credit Cost Method. The annual service cost is equal to the present value of the portion of the projected benefit attributable to service during the upcoming year, and the Accumulated Postretirement Benefit Obligation (APBO) is equal to the present value of the portion of the projected benefit attributable to service before the measurement date. Service from hire date through the expected full eligibility date is counted in allocating costs. Costs are allocated prorata over the service period described above.

#### Asset Method

The market-related value of assets was calculated as follows:

- The fair value of assets on the valuation date, less
- The following percentages of gains and losses of the fair value of assets:
  - 80% of prior year
  - 60% of the second prior year
  - 40% of the third prior year
  - 20% of the fourth prior year

**Amortization of unamortized amounts:**

■ Recognition of past service cost/(credit)

Amortization of net prior service cost/(credit) resulting from a plan change is included as a component of Net Periodic Postretirement Benefit Cost/(Income) in the year first recognized and every year thereafter until such time as it is fully amortized. The annual amortization payment is determined in the first year as the increase in Accumulated Postretirement Benefit Obligation due to the plan change divided by the average remaining service period to full eligibility for participating employees expected to receive benefits under the plan.

However, when the plan change reduces the Accumulated Postretirement Benefit Obligation, existing positive prior service costs are reduced or eliminated starting with the earliest established before a new prior service credit base is established.

■ Recognition of gains or losses

Amortization of the net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of Net Periodic Postretirement Benefit Cost/(Income) for a year:

If, as of the beginning of the year, that net gain or loss exceeds 10% of the greater of the Accumulated Postretirement Benefit Obligation and the market-related value of plan assets, the amortization is that excess divided by the average remaining service period of participating employees expected to receive benefits under the plan.

Under this methodology, the gain/loss amounts recognized in AOCI are not expected to be fully recognized in benefit cost until the plan is terminated (or an earlier event, like a settlement, triggers recognition) because the average expected remaining service of active participants expected to benefit under the plan over which the amounts are amortized is redetermined each year and amounts that fall within the corridor described above are not amortized.

**Benefits not valued**

All benefits described in Appendix B were valued.

## Data Sources

### Participant Data

The Company furnished participant data as of January 1, 2015. Data were reviewed for reasonableness and consistency, but no audit was performed.

### Financial Data

The Company also provided the postretirement benefit asset, postretirement benefit liability, and amounts recognized in accumulated other comprehensive income as of the end of the December 31, 2015 fiscal year and amounts recognized in other comprehensive income in the December 31, 2015 fiscal year.

We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

## Nature of Actuarial Calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed insignificant and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately. We believe that the use of approximations in our calculations has not resulted in a significant difference relative to the results we would have obtained by using more detailed calculations.

A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision, which is not inherent in actuarial calculations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as:

- plan experience differing from that anticipated by the economic or demographic assumptions
- changes in economic or demographic assumptions
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost based on the plan's funded status)
- changes in plan provisions or applicable law
- significant events since last actuarial valuation

## Significant Events since Last Actuarial Valuation

All benefits for Energy West Union participants were transferred to the United Mine Workers of America (UMWA) in exchange for a one-time payment of \$150 million made on June 1, 2015 plus a second one-time payment estimated to be \$2.8 million for a closed group of ten employees that may attain eligibility within five years that is assumed to be made on July 1, 2020.

### Assumptions Rationale - Significant Economic Assumptions

With the exception of the items noted below, all significant economic assumptions used for accounting purposes were prescribed by the plan sponsor and represent an estimate of future experience.

**Discount rate** As required by U.S. GAAP the discount rate was chosen by the plan sponsor based on market information on the measurement date. The discount rate was selected by rounding the 4.33% result produced by a bond matching analysis to the nearest 0.05%. For a description of the methodology used in the bond matching analysis, please see the Willis Towers Watson BOND:Link report provided January 25, 2016.

**Expected return on plan assets** Evaluation of the expected return assumption was outside of the scope of Willis Towers Watson's assignment and would have required substantial additional work that we were not engaged to perform. We understand that the expected return on assets assumption reflects the plan sponsor's estimate of future experience for trust asset returns, reflecting the plan's current asset allocation and any expected changes during the current plan year, current market conditions, and the plan sponsor's expectations for future market conditions.

### Assumptions Rationale - Significant Demographic Assumptions

All significant assumptions used for accounting purposes were prescribed by the plan sponsor and represent an estimate of future experience.

**Mortality** PacifiCorp considered the RPH-2014 mortality tables and developed an assumption based on an experience study conducted in 2014.

PacifiCorp considered the MP-2014 and MP-2015 mortality improvement scales along with other population data and literature on mortality improvement. PacifiCorp developed a best estimate assumption using RPEC experience through 2011 and by modifying the projection scale thereafter to reflect their expectations.

### Source of Prescribed Methods

**Accounting methods** The methods used for accounting purposes as described in Appendix A, including the method of determining the market-related value of plan assets, are "prescribed methods set by another party", as defined in the actuarial standards of practice (ASOPs). As required by U.S. GAAP, these methods were selected by the plan sponsor.

## Changes in Assumptions and Methods

### Change in assumptions since prior valuation

- Discount rate changed from 3.90% to 4.35%.
- The expected rate of return on assets was changed from 7.00% (6.50% for the first five months and 7.50% for the final seven months) to 7.50%.

### Change in methods since prior valuation

- None.

# Appendix B- Summary of principal other postretirement benefit plan provisions

## **PacifiCorp Plan (Including Energy West Nonunion, Glenrock Coal and Bridger Coal)**

### **Participant Groups**

#### **Age and Service Retirees/Survivors**

Nonunion employees who retire on or after January 1, 1991, or union employees who retire on or after April 1, 1992.

#### **Grandfathered Retirees/Survivors**

Nonunion employees who retired before January 1, 1991, or union employees who retired before April 1, 1992.

### **Postretirement Life Insurance**

#### **Age and Service Retirees**

#### **Eligibility**

Retirement after age 55 with five years of service, or displaced prior to age 55 with at least 75 age and service points.

#### **Benefit Amount**

Basic Option — \$10,000.

Other Option — Lesser of \$200,000 or one times preretirement salary rounded to the next higher \$25,000.z

#### **Employee Contributions**

Basic Option — \$0.35/\$1,000 per month.

Other Option — Varies by age (no employer subsidy).

## **Grandfathered Retirees**

### **Eligibility**

Retirement after age 55 with five years of service.

### **Benefit Amount**

Basic Option — \$10,000.

Other Option — 0.5, 1.0, 1.5, 2.0, and 2.5 times preretirement salary. For 2.5 times preretirement salary, benefit reduces proportionately from ages 66 through 70 until benefit is no greater than one times preretirement salary or \$20,000, if higher. For Local 57 members with 2.0 times preretirement salary, benefit reduces proportionately from ages 66 through 70 until benefit is no greater than the lesser of \$40,000 or one times preretirement salary (with a \$20,000 minimum). For all other options, benefit reduces to one times preretirement salary at age 65.

### **Employee Contributions**

Basic Option — Free.

Other Option — \$0.35/\$1,000 per month.

## **Medical Plan**

### **Eligibility**

Retirement after age 55 with five years of service (10 years for Local 125 members hired after 1/1/2006, nonrepresented employees hired on or after 7/1/2006, Locals 57 [excluding Combustion Turbine Generation Plants and Laramie], 127 and 197 members hired on or after 1/1/2007, Local 659 members hired on or after 1/1/2008, Local 57 Laramie members hired on or after 6/26/2009 and Bridger Coal Local S1978 members hired on or after 3/25/2011). Termination between ages 50 and 55 with 15 or more years of service. Displaced employees with 75 or more points who terminate any time prior to age 55.

### **Dependents**

Spouse and unmarried children under age 19 (23 if a full-time student or full-time church missionary).

### **Survivors**

Eligibility continues beyond retiree's death.

**Medical Plan (cont.)**

**PacifiCorp Subsidy**

**Age and Service Retirees/Survivors**

The following table applies to pre-65 benefits for retirees. Pre-65 retirees will receive the lesser of 100% of the monthly premium or the defined dollar limit provided below.

Subsidy for Med Adv PPO \$400 plan is determined at the Med Adv PPO \$300 level, and thus retirees pay the full incremental cost of the Med Adv PPO \$400 over Med Adv PPO \$300.

Age+ Service	Defined Dollar Limit		
	Retired Before January 1, 2000	Retired Between January 1, 2000 and December 31, 2006	Retired on or After January 1, 2007
90	\$ 459	\$ 459	\$ 450
85	\$ 408	\$ 408	\$ 400
ERW <sup>1</sup>	\$ 383	N/A	N/A
80	\$ 357	\$ 357	\$ 350
75	\$ 306	\$ 306	\$ 300
70	\$ 255	\$ 255	\$ 250
65	\$ 204	\$ 204	\$ 200
60	\$ 0	\$ 0	\$ 0

<sup>1</sup> Participants who retired during the 1998 Early Retirement Program.

**Medical Plan (cont.)**

The following applies to post-65 benefits for retirees.

PacifiCorp will provide an annual Health Reimbursement Account (HRA) contribution for each covered adult, available for retirees to apply against premiums or eligible out-of-pocket medical expenses.

Annual HRA Contribution			
Age+ Service	Retired Before January 1, 2000	Retired Between January 1, 2000 and December 31, 2006	Retired on or after January 1, 2007
	Post-65	Post-65	Post-65
90	\$3,150	\$1,610	\$1,575
85	\$2,800	\$1,430	\$1,400
ERW <sup>1</sup>	\$2,625	N/A	N/A
80	\$2,450	\$1,255	\$1,225
75	\$2,100	\$1,070	\$1,050
70	\$1,750	\$ 895	\$ 875
65	\$1,400	\$ 715	\$ 700
60	\$0	\$0	\$0

<sup>1</sup> Participants who retired during the 1998 Early Retirement Program

**Health Reimbursement Account (HRA)**

Local 659 IBEW members who retire under the current Collectively-Bargained Agreement (CBA) and on or after August 25, 2003, and Local 125 IBEW members who retire under the current CBA and on or after September 5, 2003, with unused sick leave are credited with 65% of the dollar value of the unused sick leave to their HRA, which may be used to pay their contributions for medical coverage under the plan.

**Exclusions**

No PacifiCorp subsidy is provided for the following groups of participants:

Participants who terminate between ages 50 and 55 with 15 or more years of service.

Nonunion employees hired on or after July 1, 2006.

Local 57 members hired on or after January 1, 2007, excluding Combustion Turbine Generation Plants and Laramie.

Local 57 members at Combustion Turbine Generation Plants hired on or after January 1, 2008.

**Medical Plan (cont.)**

Local 125 members hired on or after October 1, 2008.

Local 127 and 197 members hired on or after January 1, 2010.

Bridger Coal Local S1978 members hired on or after March 25, 2011.

No post-65 PacifiCorp subsidy is provided for the following groups of participants:

Local 125 members hired on or after January 1, 2006.

Local 127 and 197 members hired on or after January 1, 2007.

Local 659 members hired on or after January 1, 2008.

**Grandfathered Retirees**

Plan	Retiree Only 2016 Monthly Contribution	Retiree + Spouse 2016 Monthly Contribution
<b>Under 65</b>		
Kaiser	\$ 69	\$ 95
\$400 Deductible	\$ 0	\$ 0
CDHP	\$ 0	\$ 0
<b>Over 65</b>		
Kaiser	\$ 39	\$ 56

PacifiCorp will provide an annual Health Reimbursement Account (HRA) contribution of \$3,500 for each Medicare-eligible covered adult, available for retirees to apply against premiums or eligible out-of-pocket medical expenses.

**Grandfathered Survivors**

PacifiCorp subsidy is 80% of the monthly premium for Pre-65 survivors and the same schedule as retirees for Post-65 survivors.

**NERCO Plan**

Same as PacifiCorp Grandfathered Retirees Plan.

**Changes in Plan Provisions Since Prior Year**

None.

**UE-152253/Pacific Power & Light Company**

**Attachment to PC 53-c: Projected OPEB expense that would result from the actuarial calculations for 2016 on a similar basis to the test OPEB expense of \$(4,043,010) from SEM-3, page 4.2.2.**

SAP Account	Description	Actuarial accruals for 12 months ended 12/31/16	Projected Western Coal Carriers obligation (1)	Estimated Joint-Owner Allocation (2)	Estimated 2016 SAP general ledger pension expense
501153	Pension Expense - Non Union	(5,775,528)		105,529	(5,669,999)
501154	Pension Expense - IBEW 57	(2,533,063)		38,349	(2,494,714)
501155	Pension Expense - Local 125	(396,950)		6,877	(390,073)
501156	Pension Expense - Local 127	(629,943)		124,870	(505,073)
501157	Pension Expense - Local 197	(9,723)			(9,723)
501158	Pension Expense - Local 659	(420,878)			(420,878)
501149	PostRetire Expense - Ws	0	1,267,721		1,267,721
<b>Total projected general ledger OPEB expense</b>		<b>(9,766,085)</b>	<b>1,267,721</b>	<b>275,625</b>	<b>(8,222,739)</b>

(1) 2016 year to date estimated expense provided by actuary, but subject to year-end true-up.

	A	B	C = B / A	D (from above)	E = C x D
	12/31/2015 SAP general ledger expense	12/31/15 joint owner allocation	Joint owner allocation % for 2015	12/31/16 projected expense before joint owner allocation	Estimated joint owner allocation for 2016
(2) Calculation of estimated 2016 joint owner allocation:					
501153	(5,311,449.04)	97,049.26	-1.83%	(5,775,528.00)	105,529.00
501154	(2,347,176.60)	35,534.38	-1.51%	(2,533,063.00)	38,349.00
501155	(376,455.69)	6,522.28	-1.73%	(396,950.00)	6,877.00
501156	(490,119.98)	97,154.03	-19.82%	(629,943.00)	124,870.00
		<u>236,259.95</u>			<u>275,625.00</u>