

18-035-48 / Rocky Mountain Power
January 18, 2019
OCS Data Request 1.2

OCS Data Request 1.2

Please provide the amount of pension net periodic benefit costs included in the test year ending June 30, 2015 in Docket No. 13-035-184 in the Company's original filing and in its rebuttal filing, broken down by component (i.e., service cost, interest cost, expected return, amortization of unrecognized prior service cost, and amortization of actuarial gains/losses). If the total amount being provided in this response for the original filing differs from the \$21,778,500 identified in Exhibit RMP__(SRM-3), page 4.2.7 of Docket No. 13-035-184 and the response to UAE 2.6 (Attachment UAE 2.6) in the same docket, please explain why the amount differs.

Response to OCS Data Request 1.2

Please refer to Attachment OCS 1.2 for the pension net periodic benefit costs included in both the Company direct and rebuttal filings in Docket No. 13-035-184.

The total amount being provided in this response is the same as the \$21,778,500 identified in the Company's direct filing in Exhibit RMP_(SRM-3), page 4.2.7 and the response to UAE 2.6 (Attachment UAE 2.6) in the same docket.

Attach OCS 1.2
PENSION EXPENSE ADJUSTMENT IN 13-035-184

	<u>Co. FILED</u>	<u>Co. REBUTTAL</u>	
	Test Period	Test Period	
	<u>12 ME June 2015</u>	<u>12 ME June 2015</u>	<u>Incremental Change</u>
Service Cost	5,135,000	5,087,035	(47,965)
Interest cost	54,639,500	53,966,163	(673,337)
Expected Return on Plan Assets	(75,854,000)	(76,030,518)	(176,518)
Amortization	27,917,500	27,655,082	(262,418)
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	11,838,000	10,677,762	(1,160,238)
Remove mines and joint owners	(918,036)	(467,008)	451,028
	<hr/>	<hr/>	
Actuarial Plans	10,919,964	10,210,754	(709,210)
Local 57 Plan	10,858,536	10,858,536	-
Total Pension in Filing	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	21,778,500	21,069,290	(709,210)
O&M %	71.015%	71.015%	71.015%
O&M Labor	15,465,911	14,962,268	(503,642)
Capitalized Labor	6,312,589	6,107,022	(205,567)

18-035-48 / Rocky Mountain Power
January 22, 2019
OCS Data Request 1.4

OCS Data Request 1.4

Please provide the amount of pension net periodic benefit cost broken down by component (i.e., service cost, interest cost, expected return on plan assets, amortization of unrecognized prior service costs and amortization of actuarial gains/losses) and in total for each year, 2013 through 2017. Also provide the amounts for 2018 assuming the Company's requested accounting treatment is: (a) accepted; and (b) rejected. If any of the amounts being provided differ from the amounts disclosed in the annual 10-K filings (i.e., total amounts of \$22M for 2015, \$17M for 2016 and (\$9M) for 2017), please explain in detail why the amounts being provided in this response differ from the amount identified in the annual 10-K filings.

Response to OCS Data Request 1.4

Please refer to Attachment OCS 1.4 for the components of pension net periodic benefit cost for each year, 2013 through 2018 for the Retirement Plan (PRP) and Retirement Plan II (PRP II). The attachment excludes PacifiCorp's Supplemental Executive Retirement Plan (SERP), which the annual 10-K disclosures include. The amount for 2018 assuming the accounting treatment of the request is accepted is included in Attachment OCS 1.6-1 and the amount assuming rejection is included Attachment OCS 1.6-2.

	Net Periodic Benefit Costs (PRP and PRPII)					
	2013	2014	2015	2016	2017	2018
Service cost	\$ 5,870,863	\$ 5,286,497	\$ 4,711,241	\$ 4,087,107	\$ -	\$ 10,341
Interest cost	51,872,745	53,949,211	50,579,179	51,835,742	47,245,805	41,071,006
Expected return on plan assets	(74,325,933)	(76,299,503)	(77,276,547)	(75,171,396)	(72,185,771)	(72,359,159)
Amortization of unrecognized prior service cost/(credit)	(7,991,000)	(7,991,000)	(7,991,000)	(7,991,000)	-	-
Amortization of actuarial (gain) loss	56,020,981	37,520,090	49,315,556	41,551,121	15,377,212	15,454,832
Amortization of Regulatory (liability) asset ¹	(823,378)	(823,378)	(823,378)	(823,378)	(2,473,376)	(2,738,521)
Net amortization	\$ 47,206,603	\$ 28,705,712	\$ 40,501,178	\$ 32,736,743	\$ 12,903,836	\$ 12,716,311
Curtailement (gain) loss	-	-	-	(5,216,000)	-	-
Settlement (gain) loss	-	-	-	-	(338,539)	22,066,883
Regulatory (asset) liability creation	-	-	-	4,922,950	-	(20,409,660)
Total Net Periodic Benefit	\$ 30,624,278	\$ 11,641,917	\$ 18,515,051	\$ 13,195,146	\$ (12,374,669)	\$ (16,904,278)

Note 1: Amortization for the period 2013 - 2016 includes the benefit attributable to the remeasurement transitional adjustment and curtailment gain that was recorded in 2008 based on various orders from the state. Beginning in 2017, the amortization increases as a result from the pension curtailment gain recognized for the 2016 pension event.

18-035-48 / Rocky Mountain Power

January 22, 2019

OCS Data Request 1.6

OCS Data Request 1.6

Please provide the projected amount of pension net periodic benefit costs in total and by component (i.e., service cost, interest cost, expected return on plan assets, amortization of unrecognized prior service costs and amortization of actuarial gains/losses) for each year, 2018 through 2021, under each of the following assumptions:

- a. The Company's proposed accounting treatment is granted; and
- b. The Company's proposed accounting treatment is not granted.

Response to OCS Data Request 1.6

Please refer to Attachment OCS 1.6-1 for the projected components of pension net periodic benefit costs for 2018 through 2021 assuming the accounting treatment is granted and refer to Attachment OCS 1.6-2 for the projected components of pension net periodic benefit costs for 2018 through 2021 assuming the accounting treatment is not granted.

Reporting Standard (FAS) - Consolidated Currency					
All pension plans - January 2019 Projections Results Unrounded*					
Fiscal Year Ending	USD 31-Dec-17	USD 31-Dec-18	USD 31-Dec-19	USD 31-Dec-20	USD 31-Dec-21
Assumptions					
Discount Rate	3.60%	4.25%	4.25%	4.25%	4.25%
Expected Long-term Return on Plan Assets (EROA)	7.00%	7.00%	7.00%	7.00%	7.00%
Development of Funded Status					
Projected Benefit Obligation (PBO)	(1,192,813,734)	(1,052,090,183)	(994,339,487)	(937,375,581)	(881,863,920)
Plan Assets at Fair Value	<u>1,110,519,952</u>	<u>941,428,077</u>	<u>903,630,593</u>	<u>866,476,908</u>	<u>830,647,874</u>
Funded Status	(82,293,782)	(110,662,106)	(90,708,894)	(70,898,673)	(51,216,046)
Accumulated Other Comprehensive (Income)/Loss, pre-tax					
Net Regulatory Obligation or (Asset)	(4,379,505)	18,768,676	19,410,338	19,379,080	18,379,758
Net Prior Service Cost or (Credit)	-	-	-	-	-
Net Loss or (Gain)	<u>422,120,905</u>	<u>444,245,326</u>	<u>435,766,596</u>	<u>424,393,113</u>	<u>411,800,939</u>
Accumulated Other Comprehensive Income	417,741,400	463,014,002	455,176,934	443,772,193	430,180,697
Fiscal Year Starting					
Fiscal Year Ending					
	01-Jan-18	01-Jan-19	01-Jan-20	01-Jan-21	01-Jan-22
	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22
Benefit Cost or (Income)					
Employer Service Cost	10,341	4,524	-	-	-
Interest Cost	41,071,006	42,580,869	40,218,585	37,877,405	35,639,519
Expected Return on Assets	(72,359,159)	(67,211,163)	(63,147,699)	(60,018,047)	(57,299,483)
Amortization of :					
a. Net Regulatory Obligation or (Asset)	(2,738,521)	(641,662)	999,322	999,322	999,322
b. Net Prior Service Cost or (Credit)	-	-	-	-	-
c. Net Loss or (Gain)	<u>15,454,832</u>	<u>13,154,893</u>	<u>14,580,413</u>	<u>15,235,753</u>	<u>15,650,336</u>
Net Periodic Benefit Cost or (Income)	(18,561,501)	(12,112,539)	(7,349,379)	(5,905,567)	(5,010,306)
Cost or (Income) of Special Events	<u>1,657,223</u>	-	-	-	-
Benefit Cost or (Income)	(16,904,278)	(12,112,539)	(7,349,379)	(5,905,567)	(5,010,306)
Presentation of Benefit Cost pursuant to ASC 715-20					
Employer Service Cost	10,341	4,524	-	-	-
Other Components of Benefit Cost	(18,571,842)	(12,117,063)	(7,349,379)	(5,905,567)	(5,010,306)
Other Adjustments to Net Periodic Benefit Cost	<u>1,657,223</u>	-	-	-	-
Total Benefit Cost or (Income) for Fiscal Year	(16,904,278)	(12,112,539)	(7,349,379)	(5,905,567)	(5,010,306)

Reporting Standard (FAS) - Consolidated Currency					
All pension plans - January 2019 Projections Results Unrounded*					
Fiscal Year Ending	USD 31-Dec-17	USD 31-Dec-18	USD 31-Dec-19	USD 31-Dec-20	USD 31-Dec-21
Assumptions					
Discount Rate	3.60%	4.25%	4.25%	4.25%	4.25%
Expected Long-term Return on Plan Assets (EROA)	7.00%	7.00%	7.00%	7.00%	7.00%
Development of Funded Status					
Projected Benefit Obligation (PBO)	(1,192,813,734)	(1,052,090,183)	(994,339,487)	(937,375,581)	(881,863,920)
Plan Assets at Fair Value	<u>1,110,519,952</u>	<u>941,428,077</u>	<u>903,630,593</u>	<u>866,476,908</u>	<u>830,647,874</u>
Funded Status	(82,293,782)	(110,662,106)	(90,708,894)	(70,898,673)	(51,216,046)
Accumulated Other Comprehensive (Income)/Loss, pre-tax					
Net Regulatory Obligation or (Asset)	(4,379,505)	(1,640,984)	-	-	-
Net Prior Service Cost or (Credit)	-	-	-	-	-
Net Loss or (Gain)	<u>422,120,905</u>	<u>444,245,326</u>	<u>435,766,596</u>	<u>424,393,113</u>	<u>411,800,939</u>
Accumulated Other Comprehensive Income	417,741,400	442,604,342	435,766,596	424,393,113	411,800,939
Fiscal Year Starting	01-Jan-18	01-Jan-19	01-Jan-20	01-Jan-21	01-Jan-22
Fiscal Year Ending	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22
Benefit Cost or (Income)					
Employer Service Cost	10,341	4,524	-	-	-
Interest Cost	41,071,006	42,580,869	40,218,585	37,877,405	35,639,519
Expected Return on Assets	(72,359,159)	(67,211,163)	(63,147,699)	(60,018,047)	(57,299,483)
Amortization of :					
a. Net Regulatory Obligation or (Asset)	(2,738,521)	(1,640,984)	-	-	-
b. Net Prior Service Cost or (Credit)	-	-	-	-	-
c. Net Loss or (Gain)	<u>15,454,832</u>	<u>13,154,893</u>	<u>14,580,413</u>	<u>15,235,753</u>	<u>15,650,336</u>
Net Periodic Benefit Cost or (Income)	(18,561,501)	(13,111,861)	(8,348,701)	(6,904,889)	(6,009,628)
Cost or (Income) of Special Events	<u>22,066,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Benefit Cost or (Income)	3,505,382	(13,111,861)	(8,348,701)	(6,904,889)	(6,009,628)
Presentation of Benefit Cost pursuant to ASC 715-20					
Employer Service Cost	10,341	4,524	-	-	-
Other Components of Benefit Cost	(18,571,842)	(13,116,385)	(8,348,701)	(6,904,889)	(6,009,628)
Other Adjustments to Net Periodic Benefit Cost	<u>22,066,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Benefit Cost or (Income) for Fiscal Year	3,505,382	(13,111,861)	(8,348,701)	(6,904,889)	(6,009,628)

OCS Data Request 1.10

Refer to pages 8 and 9 of the Application discussing anticipated pension events.

- a. For each year, 2013 through 2018, please identify the number of employees that received lump sum cash distributions pursuant to the plan provisions.
- b. For each year, 2013 through 2018, please provide the total amount of lump sum cash distributions paid to plan participants pursuant to the plan provisions.
- c. For each year, 2019 through 2021, please provide the currently projected number of employees that will receive lump sum cash distributions pursuant to the plan provisions.
- d. For each year, 2019 through 2021, please provide the currently projected dollar amount of lump sum cash distributions that will be paid to plan participants pursuant to the plan provisions.
- e. For each year, 2019 through 2021, please provide the currently projected gain or loss recognition threshold (i.e., projected amount of service cost and interest cost components of net periodic benefit costs).

Response to OCS Data Request 1.10

- a. Number of employees that received lump sum cash distributions pursuant to the plan provisions.

2013 – 204

2014 – 150

2015 – 216

2016 – 224

2017 – 205

2018 – 211

- b. Total amount of lump sum cash distributions paid to plan participants pursuant to the plan provisions.

2013 – \$52,183,189.75*

2014 – \$22,015,658.47

2015 – \$40,516,663.62

2016 – \$31,927,445.97

2017 – \$39,949,967.56

2018 – \$52,249,575.45

* The calendar year 2013 lump sum cash distributions paid to plan participants did not trigger a settlement event, as the aggregate payment in this year did not exceed the defined threshold (service cost plus interest cost) required by ASC 715 to record

unrecognized actuarial gains or losses in AOCI or as a regulatory asset.

- c. Currently projected number of employees that will elect to receive lump sum cash distributions pursuant to the plan provisions.

2019 – 200

2020 – 200

2021 – 200

- d. Currently projected dollar amount of lump sum cash distributions that will be paid to plan participants pursuant to the plan provisions.

2019 – \$30,000,000 to \$40,000,000

2020 – \$30,000,000 to \$40,000,000

2021 – \$20,000,000 to \$30,000,000

- e. The currently projected gain or loss recognition threshold is the sum of the service cost and interest cost detailed in Attach OCS 1.6a or 1.6b.