

ITEM NO. CA1

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: April 21, 2009**

REGULAR  CONSENT  EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

**DATE:** March 25, 2009

**TO:** Public Utility Commission

**FROM:** Paul Rossow

**THROUGH:** Lee Sparling, Ed Busch and Judy Johnson

**SUBJECT:** IDAHO POWER COMPANY: Accept the 2009 Annual Budget of Expenditures.

**STAFF RECOMMENDATION:**

Staff recommends Idaho Power Company's (Company) 2009 Annual Budget of Expenditures be accepted for accounting purposes only. Ratemaking treatment should be reserved for a ratemaking proceeding.

**DISCUSSION:**

Officers' Compensation

Attachment 1 compares budgeted 2009 officers' salaries and other compensation with 2008 levels for Company. Officers' salaries show a decrease of 0.7 percent while pensions and other fringe benefits indicate a decrease of 2.5 percent. Overall compensation decreases by 0.9 percent.

For comparable positions, salaries remained the same from 2008 to 2009. Pensions and other fringe benefits decreased 2.0 percent, with an overall change reflecting a 0.3 percent decrease.

Attachment 2 shows salary history for the years 2004 through 2009. For comparable positions, annual average salaries increased by an average of 10.0 percent per year over the five-year period.

Attachments 3.1 and 3.2 show officers' salaries including bonuses for 2004 through 2008. Bonuses are attributed to the year they are paid. For example, a bonus earned

in 2007 is paid by the Company in 2008, and attributed (in Attachments 3.1 and 3.2) to the 2008 salary. For comparable positions, the cash compensation increased 5.1 percent from 2004 to 2005. In 2006, salaries for comparable positions increased 19.7 percent before increasing in 2007 by 4.0 percent. In 2008, salaries for comparable positions increased 34.1 percent, with an overall average for the five-year period of 15.1 percent.

Attachment 4 shows officers' salary changes compared to Consumer Price Index (CPI) changes for the years 2004 through 2008. The table shifts data between years in an effort to reflect proper matching. Since budgets present values at the beginning of the budget year, the 2009 budget increase, for example, is shown on this table as 2008. As of the end of the period, salaries for comparable positions are 39.8 percent higher than they would have been if CPI percentage increases had been granted during the period. When bonuses are included, comparable positions increased by 56.5 percent more than the CPI average. In a general rate case, Staff typically proposes to exclude all officers' bonuses, and salary changes are limited to a percentage increase measuring cost changes, such as CPI.

#### Memberships and Dues

"Above-the-line" memberships and dues for utility industry, technical and professional organizations, as assigned to Oregon electric operations, are budgeted to increase from \$27,323 in 2008 to \$80,306 in 2009.

#### Pension

The Company's pension plan is currently fully funded. Service cost in 2008 was \$14.9 million and it is anticipated that the pension expenses accrued in 2009 will be \$16.8 million.

#### Political Activities

The budget shows \$870,000 for political contributions for 2009, and as prescribed by the Uniform System of Accounts, all amounts are to be charged to "below-the-line" nonutility accounts.

**PROPOSED COMMISSION MOTION:**

Idaho Power Company's Budget of Expenditures for 2009 be accepted for accounting purposes only. Ratemaking treatment should be reserved for a ratemaking proceeding.

**IDAHO POWER COMPANY  
2008 AND 2009 BUDGETED OFFICERS COMPENSATION  
TOTAL COMPANY AMOUNT  
EXCLUDING INCENTIVE (BONUS) PAYMENTS**

POSITION	NAME	SALARY			PENSIONS AND OTHER FRINGE BENEFITS			TOTAL COMPENSATION		
		2009 BUDGET	2008 BUDGET	% CHG	2009 BUDGET	2008 BUDGET	% CHG	2009 BUDGET	2008 BUDGET	% CHG
President & CEO	Keen (J. LaMont)	600,000	600,000	0.0%	42,894	39,812	7.7%	642,894	639,812	0.5%
Senior V.P. - Power Supply	Miller	300,000	300,000	0.0%	45,237	47,159	-4.1%	345,237	347,159	-0.6%
Senior V.P. - General Counsel	Saldin	300,000	300,000	0.0%	34,979	39,458	-11.4%	334,979	339,458	-1.3%
VP of Audit and Compliance	Crafton-Shankel	154,000	154,000	0.0%	29,603	28,843	2.6%	183,603	182,843	0.4%
Senior V.P. - Administrative Svcs & CFO	Anderson	340,000	340,000	0.0%	41,915	41,622	0.7%	381,915	381,622	0.1%
V.P. - Human Resources	McDonald	205,000	205,000	0.0%	34,757	34,502	0.7%	239,757	239,502	0.1%
Senior V.P. - Delivery	Minor	290,000	290,000	0.0%	39,838	39,667	0.4%	329,838	329,667	0.1%
V.P. - Regulatory Affairs	Gale	230,000	230,000	0.0%	38,255	39,565	-3.3%	268,255	269,565	-0.5%
V.P. - Public Affairs	Panter	-	205,000	-100.0%	-	39,796	-100.0%	-	244,796	-100.0%
V.P. - Chief Information Officer	Gribble	198,000	198,000	0.0%	35,758	36,574	-2.2%	233,758	234,574	-0.3%
V.P. - Chief Risk Officer	Smith	194,000	194,000	0.0%	30,593	30,503	0.3%	224,593	224,503	0.0%
V.P. - Delivery Engineering and Operations	Grow	180,000	180,000	0.0%	33,240	33,827	-1.7%	213,240	213,827	-0.3%
V.P. - Customer Service & Regional Operations	Kline	177,500	177,500	0.0%	36,290	39,021	-7.0%	213,790	216,521	-1.3%
VP Treasurer	Keen (Steve)	215,000	215,000	0.0%	41,536	44,734	-7.1%	256,536	259,734	-1.2%
Corporate Secretary	Harrington	155,000	155,000	0.0%	29,744	30,046	-1.0%	184,744	185,046	-0.2%
V.P. - Public Affairs	Malmgren	180,000	-	N/A	36,639	-	N/A	216,639	-	N/A
<b>Total</b>		<b>\$3,718,500</b>	<b>\$3,743,500</b>	<b>-0.7%</b>	<b>\$551,278</b>	<b>\$565,129</b>	<b>-2.5%</b>	<b>\$4,269,778</b>	<b>\$4,308,629</b>	<b>-0.9%</b>
<b>Total Comparable Positions</b>		<b>\$3,538,500</b>	<b>\$3,538,500</b>	<b>0.0%</b>	<b>\$514,639</b>	<b>\$525,333</b>	<b>-2.0%</b>	<b>\$4,053,139</b>	<b>\$4,063,833</b>	<b>-0.3%</b>

IDAHO POWER COMPANY  
OFFICERS' BUDGETED SALARY HISTORY - 2004 THROUGH 2009

POSITION	NAME	2004	2005	PERCENT CHANGE	2006	PERCENT CHANGE	2007	PERCENT CHANGE	2008	PERCENT CHANGE	2009	PERCENT CHANGE	AVERAGE ANNUAL CHANGE 2004-2009
Chief Executive Officer	Packwood	580,000	580,000	0.0%	630,000	8.6%	-	-100.0%	-	N/A	-	N/A	-30.5%
President & COO	Keen (J. LaMont)	350,000	350,000	0.0%	400,000	14.3%	450,000	12.5%	600,000	33.3%	600,000	0.0%	12.0%
Senior V.P. - Power Supply	Miller	250,000	250,000	0.0%	270,000	8.0%	280,000	3.7%	300,000	7.1%	300,000	0.0%	3.8%
V.P. Human Resources	Williams	45,865	-	-100.0%	-	N/A	-	N/A	-	N/A	-	N/A	-100.0%
Senior V.P. - General Counsel & Secretary	Stahman	200,000	-	-100.0%	-	N/A	-	N/A	-	N/A	-	N/A	-100.0%
V.P. - Power Supply	Prescott	174,000	-	-100.0%	-	N/A	-	N/A	-	N/A	-	N/A	-100.0%
Senior V.P. - General Counsel & Secretary	Saldin	-	250,000	N/A	250,000	0.0%	265,000	6.0%	300,000	13.2%	300,000	0.0%	4.8%
V.P. - Chief Information Officer	Kearney	183,000	183,000	0.0%	193,000	5.5%	-	-100.0%	-	N/A	-	N/A	-31.5%
Senior V.P. - Administrative Svs & CFO	Anderson	185,000	210,000	13.5%	240,000	14.3%	280,000	16.7%	340,000	21.4%	340,000	0.0%	13.2%
V.P. - Human Resources	McDonald	-	150,000	N/A	160,000	6.7%	175,000	9.4%	205,000	17.1%	205,000	0.0%	8.3%
Senior V.P. - Delivery	Minor	156,000	170,000	9.0%	205,000	20.6%	250,000	22.0%	290,000	16.0%	290,000	0.0%	13.5%
V.P. - Regulatory Affairs	Gale	140,000	140,000	0.0%	175,000	25.0%	200,000	14.3%	230,000	15.0%	230,000	0.0%	10.9%
V.P. - Public Affairs	Panter	138,000	138,000	0.0%	160,000	15.9%	175,000	9.4%	205,000	17.1%	-	-100.0%	-11.5%
V.P. - Chief Information Officer	Gribble	-	139,300	N/A	155,000	11.3%	178,000	14.8%	198,000	11.2%	198,000	0.0%	9.3%
V.P. - Chief Risk Officer	Smith	-	135,000	N/A	155,000	14.8%	170,000	9.7%	194,000	14.1%	194,000	0.0%	9.7%
V.P. - Delivery Engineering and Operations	Grow	-	135,000	N/A	150,000	11.1%	170,000	11.1%	180,000	20.0%	180,000	0.0%	10.4%
V.P. - Cust Service & Regional Operations	Kline	-	140,000	N/A	150,000	7.1%	150,000	7.1%	177,500	18.3%	177,500	0.0%	8.5%
V.P. - Audit Services	Crafton-Shankel	-	-	-	135,000	N/A	135,000	N/A	154,000	14.1%	154,000	0.0%	7.0%
V.P. - Treasurer	Keen (Steve)	-	-	-	210,000	N/A	210,000	N/A	215,000	2.4%	215,000	0.0%	1.2%
Corporate Secretary	Harrington	-	-	-	-	-	-	-	155,000	N/A	155,000	0.0%	0.0%
V.P. - Public Affairs	Maimen	-	-	-	-	-	-	-	-	-	180,000	N/A	N/A
<b>TOTALS</b>		<b>2,401,865</b>	<b>2,695,300</b>	<b>12.2%</b>	<b>3,268,000</b>	<b>21.2%</b>	<b>3,068,000</b>	<b>-6.1%</b>	<b>3,743,500</b>	<b>22.0%</b>	<b>3,718,500</b>	<b>-0.7%</b>	<b>9.1%</b>
Number of Officers		11	12		14		14		15		15		
<b>TOTALS-Comparable Positions 04/05</b>		<b>1,982,000</b>	<b>2,021,000</b>	<b>2.0%</b>									
<b>TOTALS-Comparable Positions 05/06</b>			<b>2,695,300</b>		<b>3,268,000</b>	<b>21.2%</b>							
<b>TOTALS-Comparable Positions 06/07</b>			<b>2,445,000</b>		<b>2,723,000</b>	<b>11.4%</b>							
<b>TOTALS-Comparable Positions 07/08</b>					<b>3,068,000</b>				<b>3,588,500</b>	<b>17.0%</b>			
<b>TOTALS-Comparable Positions 08/09</b>					<b>3,068,000</b>				<b>3,538,500</b>	<b>0.0%</b>			<b>10.0%</b>

IDAHO PC COMPANY  
 OFFICERS' CASH COMPENSATION HISTORY  
 2004 THROUGH 2008  
 TOTAL COMPANY AMOUNTS INCLUDE INCENTIVE (BONUS) PAYMENTS

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POSITION	Name	2004			2005			2006				
		TOTAL	BUDGETED SALARY	BONUS	TOTAL	BUDGETED SALARY	BONUS	TOTAL	BUDGETED SALARY	BONUS	TOTAL	% CHANGE
Chief Executive Officer	Packwood	1,146,000	580,000	326,000	906,000	630,000	253,000	883,000	630,000	253,000	883,000	-2.5%
President & COO	Keen (J. LaMont)	623,000	350,000	195,000	545,000	400,000	332,000	732,000	400,000	332,000	732,000	34.3%
Senior V.P. - Power Supply	Miller	421,000	250,000	76,000	326,000	270,000	154,000	424,000	270,000	154,000	424,000	30.1%
V.P. Human Resources	Williams	45,865	-	-	-	-	-	-	-	-	-	N/A
Senior V.P. - General Counsel & Secretary	Stahman	200,000	-	38,000	38,000	-	-	-	-	-	-	-100.0%
V.P. - Power Supply	Prescott	174,000	-	38,000	38,000	-	-	-	-	-	-	-100.0%
Senior V.P. - General Counsel & Secretary	Saldin	49,000	250,000	94,000	344,000	250,000	154,000	404,000	250,000	154,000	404,000	17.4%
V.P. - Chief Information Officer	Kearney	290,000	183,000	120,000	303,000	193,000	82,000	275,000	193,000	82,000	275,000	-9.2%
Senior V.P. - Administrative Svs & CFO	Anderson	349,000	210,000	136,000	346,000	240,000	137,000	377,000	240,000	137,000	377,000	9.0%
V.P. - Human Resources	McDonald	7,000	150,000	58,000	208,000	160,000	94,000	254,000	160,000	94,000	254,000	22.1%
Senior V.P. - Delivery	Minor	264,000	170,000	120,000	290,000	205,000	82,000	287,000	205,000	82,000	287,000	-1.0%
V.P. - Regulatory Affairs	Gale	222,000	140,000	103,000	243,000	175,000	82,000	257,000	175,000	82,000	257,000	5.8%
V.P. - Public Affairs	Panter	219,000	138,000	95,000	233,000	160,000	80,000	240,000	160,000	80,000	240,000	3.0%
V.P. - Treasurer	Gribble	61,000	139,300	95,000	234,300	155,000	71,000	226,000	155,000	71,000	226,000	-3.5%
V.P. - Chief Risk Officer	Smith	59,000	135,000	101,000	236,000	135,000	71,000	226,000	135,000	71,000	226,000	-4.2%
V.P. - Delivery Engineering and Operations	Grow											N/A
V.P. - Customer Service & Regional Operations	Kline											N/A
V.P. Audit Services	Crafton-Shankel											
V.P. - Treasurer	Keen (Steve)											
Corporate Secretary	Harrington											
Totals		4,129,865	2,695,300	1,595,000	4,290,300	3,268,000	1,769,000	5,037,000	3,268,000	1,769,000	5,037,000	17.4%
Number of Officers		15			14			14			14	
TOTALS-Comparable Positions 04/05		4,084,000			4,290,300							5.1%
TOTALS-Comparable Positions 05/06					3,978,300			4,762,000			4,762,000	19.7%
TOTALS-Comparable Positions 06/07												
TOTALS-Comparable Positions 07/08												

IDAHO POWER COMPANY  
 OFFICERS' CASH COMPENSATION HISTORY  
 2004 THROUGH 2008  
 TOTAL COMPANY AMOUNTS INCLUDE INCENTIVE (BONUS) PAYMENTS

POSITION	Name	2007			2008			2008			AVERAGE ANNUAL GROWTH 2004 - 2008
		BUDGETED SALARY	BONUS	TOTAL	% CHANGE	BUDGETED SALARY	BONUS	TOTAL	% CHANGE		
Chief Executive Officer	Packwood	-	-	-	-100.0%	-	-	-	N/A	-41.2%	
President & COO	Keen (J. LaMont)	450,000	259,740	709,740	-3.0%	600,000	783,984	1,383,984	95.0%	28.4%	
Senior V.P. - Power Supply	Miller	280,000	89,394	369,394	-12.9%	300,000	195,996	495,996	34.3%	7.2%	
V.P. Human Resources	Williams	-	-	-	N/A	-	-	-	N/A	-100.0%	
Senior V.P. - General Counsel & Secretary	Stahman	-	-	-	N/A	-	-	-	N/A	-90.5%	
V.P. -Power Supply	Prescott	-	-	-	N/A	-	-	-	N/A	-89.1%	
Senior V.P. - General Counsel & Secretary	Saldin	265,000	86,364	351,364	-13.0%	300,000	195,996	495,996	41.2%	161.9%	
V.P. - Chief Information Officer	Kearney	-	-	-	-100.0%	-	-	-	N/A	-34.9%	
Senior V.P. - Administrative Svs & CFO	Anderson	280,000	107,359	387,359	2.7%	340,000	277,661	617,661	59.5%	17.6%	
V.P. - Human Resources	McDonald	175,000	49,351	224,351	-11.7%	205,000	100,448	305,448	36.1%	729.5%	
Senior V.P. - Delivery	Minor	250,000	81,818	331,818	15.6%	290,000	189,463	479,463	44.5%	17.2%	
V.P. - Regulatory Affairs	Gale	200,000	57,143	257,143	0.1%	230,000	112,698	342,698	33.3%	12.1%	
V.P. - Public Affairs	Panter	175,000	50,649	225,649	-6.0%	205,000	-	205,000	-9.2%	-1.4%	
V.P. - Treasurer	Gribble	178,000	48,831	226,831	0.4%	198,000	97,018	295,018	30.1%	77.7%	
V.P. - Chief Risk Officer	Smith	170,000	48,052	218,052	-3.5%	194,000	95,058	289,058	32.6%	81.2%	
V.P. - Delivery Engineering and Operations	Grow	150,000	42,857	192,857	9.0%	180,000	88,198	268,198	39.1%	24.0%	
V.P. - Customer Service & Regional Operations	Kline	150,000	42,857	192,857	-29.9%	177,500	86,973	264,473	37.1%	3.6%	
V.P. Audit Services	Crafton-Shankel	135,000	36,883	171,883	N/A	154,000	75,458	229,458	33.5%	33.5%	
V.P. - Treasurer	Keen (Steve)	210,000	54,545	264,545	N/A	215,000	105,348	320,348	21.1%	21.1%	
Corporate Secretary	Harrington	-	-	-	-	155,000	75,948	230,948	NA	NA	
<b>Totals</b>		<b>3,413,000</b>	<b>1,055,843</b>	<b>4,468,843</b>	<b>-11.3%</b>	<b>3,743,500</b>	<b>2,480,247</b>	<b>6,223,747</b>	<b>39.3%</b>	<b>10.8%</b>	
Number of Officers										15	
TOTALS-Comparable Positions 04/05											
TOTALS-Comparable Positions 05/06											
TOTALS-Comparable Positions 06/07				<b>4,032,415</b>	<b>4.0%</b>						
TOTALS-Comparable Positions 07/08				<b>4,468,843</b>				<b>5,992,799</b>	<b>34.1%</b>	<b>15.1%</b>	

IDAHO POWER COMPANY  
 OFFICERS' SALARY CHANGES COMPARED WITH CPI CHANGES  
 2004 THROUGH 2008

	PERCENT CHANGE FROM PRIOR YEAR		PERCENT CHANGE FROM PRIOR YEAR	
	AVERAGE OFFICER'S SALARY <sup>1</sup>	ANNUAL AVERAGE CPI <sup>2</sup>	AVERAGE OFFICER'S CASH COMPENSATION <sup>3</sup>	ANNUAL AVERAGE CPI
2004	2.0%	2.3%	5.1%	2.3%
2005	21.2%	2.7%	19.7%	2.7%
2006	11.4%	3.4%	4.0%	3.4%
2007	17.0%	3.2%	34.1%	3.2%
2008	0.0%	2.8%	N/A	N/A
<b>Average</b>	10.0%	2.9%	15.1%	2.9%
Index Value (January 1, 2004 = 100)	161.13	115.25	175.45	112.11
% Difference from CPI	39.8%		56.5%	

**Notes:**

- 1 - Officers' salary and cash compensation changes are for comparable positions. Most changes are due to retirements, promotions and changes of responsibility.
- 2 - CPI changes are from Bureau of Labor Statistics, Labor Market Information Home Page, U.S. City average, base period 1982-84, All Urban Consumers.
- 3 - 2009 bonus information for the year 2008 is not yet available. Therefore, for cash compensation comparison, average and index value are based on change from 2004 through 2007.