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Portland General Electric Company Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from Rick Shobin with GLG Partners. Your line is open.

Rick Shobin – GLG Partners

Hi, good afternoon.

Jim Piro

Hi, Rick.

Rick Shobin – GLG Partners

I was just curious as to, I know you guys are trying to do your best, as we all are with regards to managing the pension and trying to make sure that there isn't a shortfall. I was just wondering, with regard to funding the pension, whenever you make funding or deposit money into it, is that recovered through rates as it go to rate base, how does it function?

Jim Piro

The way we – this is Jim Piro, Rick, thanks for the question. The way we recover our pension expense is, we include in our general rate case our estimated what's called the FAS 87 expense. So that's the smoothing number that we calculate under the accounting standards. That's the number we include in general rate cases. So over time, we will have the opportunity to recover the cost of our pension. So it doesn't quite necessarily match the cash flows, but over time it does catch up to it.

Rick Shobin – GLG Partners

So the actual cash infusion into the pension gets amortized over the course of however long the life of the pension is?

Jim Piro

That's correct, Rick.

Rick Shobin – GLG Partners

It winds up getting made up through the other rates.

Jim Piro

That's correct. There might be a little timing difference on funding versus the actual cash flow from our customers but that's over the life of the plan and that can change based on the actual earnings of the assets.

Rick Shobin – GLG Partners

Okay. Thank you very much.

Jim Piro

You're welcome.

Operator

Your next question comes from James Bellessa with D.A. Davidson & Co. Your line is open.

James Bellessa – D.A. Davidson & Co.

Jim, I think I heard you say that your assumptions about your 2009 EPS guidance, one of the assumptions was flat weather-adjusted load in 2009 versus 2008. Was that correctly heard?

Jim Piro

That is correct, Jim.

James Bellessa – D.A. Davidson & Co.

Now, I see in your narrative, your unemployment rate in Oregon went to 9% versus a 6.3% average for the year. It went to 9% at the end of the year and you've called for the sensitivity of declines in your load versus increases in the unemployment rate. So, why would you be assuming that the load is flat '09 versus '08?

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