

## Future Prefunding

Twenty-one percent of the companies not currently prefunding their retiree medical plans report that they plan to begin prefunding in the next two years. As with those companies who are currently prefunding their plans, the most frequently mentioned prefunding vehicle they would consider using is a 501(c)(9) trust. Fourteen percent indicate they would consider using excess pension assets for prefunding if this method is permitted by future legislation. Companies were asked to indicate all prefunding vehicles they would consider, which accounts for the total exceeding 100% in the table below.

**Table 24: Possible Prefunding Vehicles**

	<u>Percent</u>
No plans to prefund	79%
501(c)(9) trust (VEBA)	14%
Excess pension assets (if permitted by future legislation)	9%
401(h) pension account	7%
Corporate-owned life insurance	6%
Active employee contributions	6%
Purchase of single premium paid-up medical insurance	1%
Other (e.g., ESOP)	5%

**APPENDIX 15**

**QUALIFICATIONS FOR PREPARED TESTIMONY**

QUALIFICATIONS AND PREPARED TESTIMONY  
OF  
JOSE MANUEL JIMENEZ

Q. 1 Please state your name and business address.  
A. 1 My name is Jose Manuel Jimenez. My business address is 505 Van Ness Avenue, San Francisco, California, 94102.

Q. 2 By whom are you employed and in what capacity?  
A. 2 I am employed by the California Public Utilities Commission, Division of Ratepayer Advocates, Telecommunications-Operational Costs Branch as a Utilities Engineer.

Q. 3 Briefly describe your educational and professional experience.

A. 3 I graduated with a Bachelor of Science Degree in Electrical Engineering from the University of Southern California in 1988.

I have worked for the California Public Utilities Commission in two separate stints for a total of two and a half years. In that time I have been an expert witness in various energy utility offset rate cases and a water utility general rate case. I have testified in many areas, from power plant performance, to operation and maintenance expense forecasts and financial audits. I was also the lead analyst in the GTE-California 1992 Price Cap Advice Letter filing.

From 1989 to 1990, I worked for Pacific Bell as one of the two Oakland Installation Center Supervisors.

Q. 4 What are your responsibilities in this proceeding?

A. 4 I am responsible for Section III.9 in its entirety, except for Section III.9.C.3 and Section III.9.E, and the third paragraph of Section III.4 of the Report on Statement of Financial Accounting Standards No. 106 submitted in response to Phase II of the Order Instituting Investigation No. 90-07-037.

Q. 5 Does this conclude your testimony?

A. 5 Yes, it does.

**QUALIFICATIONS AND PREPARED TESTIMONY  
OF  
TIM KENNEY**

Q.1. Please state your name and business address.

A.1. My name is Tim Kenney and business address is 505  
Van Ness Avenue, Room 4011, San Francisco, California,  
94102.

Q.2. Please state by whom and in what capacity are you employed.

A.2. I am employed by the California Public Utilities Commission  
as a Principal Financial Examiner, Branch Chief of the  
Energy Research and Analysis Branch.

Q.3. Please state your educational background and business  
experience.

A.3. I earned an Masters of Business Administration from the  
University of California at Berkeley in 1989, a Bachelor of  
Arts in Accounting from Golden Gate University in 1983, and  
an Associate of Science degree in Physical Sciences from  
College of Marin in 1980. I have also passed the CPA exam.  
I have been employed with the CPUC since 1984. During that  
time I have served in a variety of roles, including  
Financial Examiner, Commissioner Advisor, and Branch Chief.

Q.4. Have you testified before?

A.4. Yes. I have submitted written and oral testimony in a  
number of proceedings, including AT&T's last general rate  
case, GTEC's last rate case, Pacific Bell's last rate  
case, the Investigation of alternative regulatory  
frameworks for Pacific Bell and GTEC, and the  
Investigation into the rewrite of the Uniform System  
of Accounts for telephone utilities.

Q.4. What is your area of testimony with regards to I.90-07-037?

A.4. I am responsible for the following three parts of DRA's testimony:

1. Section III.1.B. regarding CPUC precedent on the issue of whether changes in GAAP have to be adopted for ratemaking purposes.
2. Section III.1.C. regarding SFAS No. 71-related issues.
3. Section III.1.D.8 regarding the relevance of a FASB Exposure Draft on the accounting for income taxes.

Q.5. Does this conclude your qualifications?

A.5. Yes, it does.

**QUALIFICATIONS AND PREPARED TESTIMONY  
OF  
WYMAN LOW**

Q.1 Please state your name and business address.

A.1 My name is Wyman Low. My business address is 505 Van Ness Avenue, San Francisco, CA. 94102

Q.2 By whom are you employed and in what capacity?

A.1 I am employed as a Research Analyst for the California Public Utilities Commission in the Financial & Economics Branch of the Division of Ratepayer Advocates.

Q.3 Describe your educational and professional experience.

A.3 I received a Bachelor of Arts Degree in Psychology in 1975 and a Master of Arts Degree in Economics in 1982, both from San Francisco State University.

Since joining the Commission, I have prepared and sponsored numerous exhibits including marginal costs and revenue allocation study.

Q.4 What is your responsibility in these proceedings?

A.4 I am responsible for Appendix 4 in DRA's "Phase II Testimony, Report on Statement of Financial Accounting Standards No. 106."

Q.5 Does this conclude your testimony?

A.5 Yes.

STATEMENT OF QUALIFICATIONS

for

MARK R. LOY'S

PREPARED TESTIMONY

Q.1 Please state your name and business address.

A.1 My name is Mark Robert Loy and my business address is 505 Van Ness Avenue, San Francisco, California, 94102.

Q.2 By whom and in what capacity are you employed?

A.2 I am employed by the California Public Utilities Commission as a Public Utility Regulatory Program Specialist I (Economics).

Q.3 Please state your educational background and business experience.

A.3 I earned a Bachelor of Arts degree in Economics from the University of California at Santa Cruz in 1980. While attending the University I was employed as a teacher assistant and as a research analyst. After graduation, I worked as an accountant for a partnership of Certified Public Accountants. In 1982, I joined the California Public Utilities Commission. Initially, I was assigned to the Economics Branch of the Revenue Requirements Division. Most of my work there concentrated on telecommunication and energy general rate case proceedings. Presently, I am assigned to the Energy Auditing Branch of the Division of Ratepayer Advocates.

My primary responsibilities in the past have been to review, investigate, analyze, and make recommendations in such areas as labor inflation, nonlabor inflation, econometric forecasting, and pensions and benefits expense. I have

presented prepared testimony on labor inflation, nonlabor inflation, and pensions and benefits expense in general rate case proceedings of all major California energy and telecommunications utilities.

Q.4 What is your designated assignment in Application No. 90-07-037?

A.4 I have prepared and am sponsoring the Division of Ratepayer Advocates' Phase II Testimony contained in the following sections:

I. Executive Summary

II. Background

III. Phase II Issues - Sections 1.A, 1.D1-D7, and 1.D9  
Sections 2, 6.C, 6.D, 6.E, 6.F  
Sections 7, 8, and 9.C3 and 9.E

IV. Conclusion

Appendices 1-3, 5, 6, and 8-14

Q.5 Does this complete your testimony on your qualifications for prepared testimony in this proceeding?

A.5 Yes, it does.

QUALIFICATIONS AND PREPARED TESTIMONY  
OF  
LORINA WING

- Q.1. Please state your name and address.
- A.1. My name is Lorina Wing. My business address is 505 Van Ness Avenue, San Francisco, CA 94102.
- Q.2. By whom are you employed and in what capacity?
- A.2. I am employed by the California Public Utilities Commission as a Financial Examiner III in the Energy Research and Analysis Branch of the Division of Ratepayer Advocates.
- Q.3. Please state briefly your educational background and work experience.
- A.3. I graduated from San Francisco State University in May 1984 with a Bachelor of Science Degree in Accounting. I was employed by the California Public Utilities Commission in August 1984 as a Financial Examiner. Since joining the Commission, my work has generally been related to the examination of financial and accounting records of major telephone and energy utilities under the jurisdiction of the Commission.
- Q.4. What are your areas of responsibility in Phase II of OII 90-07-037?
- A.4. I am responsible for the following sections of DRA's "Phase II Testimony, Report On Statement Of Financial Accounting Standards No. 106":
- 3 - True-Up of Interim Prefunding Revenue Requirements to Actual Funding Requirements
  - 4 - Procedures to Handle Future Plan Contingencies and Changes to Safeguard Plan Assets and Ratepayers' Interests, except for New Regulatory Framework section
  - 5 - Effects of Proposed Congressional Legislation Related to PBOPs
  - 6A - CPUC Standards for Determining Rate Recovery of Funding Alternatives
  - 6B - Alternative Funding Vehicles: Description and Discussion

8 - Monitoring Procedures to Track Plan Activities  
and Performance

Q.5. Does this complete your testimony?

A.5. Yes, it does.