Direct Testimony and Schedules
Christine M. Hans, CPA

Before the Minnesota Public Utilities Commission
State of Minnesota

In the Matter of the Application of Minnesota Energy Resources Corporation for Authority to Increase Rates for Natural Gas Service in Minnesota

Docket No. G011/GR-13-617

Exhibit _____

Employee Benefit Costs

September 30, 2013

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I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Christine M. Hans, CPA. My business address is Integrys Business Support, LLC ("IBS"), 130 East Randolph Street, Chicago, Illinois 60601.

Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

A. I am Manager - Benefits Accounting in the Benefits Accounting Department of IBS. Both Minnesota Energy Resources Corporation ("MERC") and IBS are wholly-owned subsidiaries of Integrys.

Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

A. I have a Bachelor of Science Degree from Illinois Wesleyan University with a major in Accounting. I am registered in the State of Illinois as a Certified Public Accountant ("CPA") and have been employed by IBS or its predecessors since May of 1990. In my current position in the Benefits Accounting Department, my primary duties include the accounting for the costs of the employee benefit plans, coordinating the forecasting done by the actuaries, and ensuring accounting compliance of the employee benefit plans and trusts for Integrys and its subsidiaries, including MERC.

Q. FOR WHOM ARE YOU PROVIDING TESTIMONY?

A. I am providing testimony on behalf of MERC.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my pre-filed direct testimony is to explain the methodologies used to determine MERC's forecast of 2014 employee benefit costs.

Q. ARE YOU SPONSORING ANY EXHIBITS IN CONNECTION WITH YOUR TESTIMONY IN THIS PROCEEDING?

A. Yes, I am. I am sponsoring Exhibit _____ (CMH-1) and Exhibit _____ (CMH-2).

Q. WERE THESE EXHIBITS PREPARED BY YOU OR UNDER YOUR DIRECTION AND SUPERVISION?

A. Yes, they were.

Q. PLEASE EXPLAIN EXHIBIT _____ (CMH-1).

A. Exhibit _____ (CMH-1) is a summary, by sub-account, of employee benefit costs for MERC employees for the 2012 historic year and the 2014 test year, inclusive of MERC's allocation of employee benefit costs from IBS.

Q. PLEASE EXPLAIN EXHIBIT _____ (CMH-2).

A. I am also sponsoring Exhibit _____ (CMH-2) is a summary, by sub-account, of IBS employee benefit costs for the 2012 historic year and the 2014 test year. This exhibit also calculates MERC's allocation of employee costs from IBS.

II. 2014 EMPLOYEE BENEFIT COSTS

Q. WHAT IS THE CURRENT FORECAST OF EMPLOYEE BENEFIT COSTS FOR MERC FOR 2014?

A. The current forecast of employee benefit costs for MERC, on a corporate basis, for the 2014 test year is $4,744,538, inclusive of MERC's allocation of employee benefit costs from IBS. This compares to $5,017,342 for the 2012 historic year, on a corporate basis. This is a decrease of $272,804 over a two-year period, or 5.4%. This 5.4% decrease over two years corresponds to a decrease of 2.66% per year.

Forecasting Methodologies

Q. HOW WAS THE FORECAST OF EMPLOYEE BENEFIT COSTS FOR MERC FOR 2014 DEVELOPED?

A. As shown on Exhibit _____ (CMH-1) MERC divided the forecast of employee benefit costs into four categories. These categories were:

1. 2014 costs that are not requested for rate recovery in 2014;

2. Forecasted 2014 costs that were estimated by MERC, including items based on preliminary results and trend information from MERC's actuary;

3. Forecasted 2014 costs that were determined by inflating 2012 actual costs by the factor explained in the testimony of Mr. Seth DeMerritt; and

4. Forecasted 2014 costs that were determined through actuarial analysis.

Employee Benefit Costs that are Not Requested for Recovery in 2014

Q. PLEASE DESCRIBE THE 2014 EMPLOYEE BENEFIT COSTS THAT ARE NOT REQUESTED FOR RECOVERY IN 2014.

A. There are three. The total impact of these costs is a decrease of $132,677 compared to 2012 actual amounts.

As shown on Exhibit _____ (CMH-1), lines 1 through 4, MERC is not requesting recovery in 2014 of costs recorded in Accounts 926210, 926220, and 926300 for MERC's share of IBS' current costs related to non-qualified benefits. The approved amortization for account 926220 is included in the costs estimated by MERC.

Employee Benefit Costs that were Estimated by MERC for Inclusion in Rate Recovery

Q. PLEASE DESCRIBE THE PROCESS USED TO DETERMINE THE FORECASTED 2014 EMPLOYEE BENEFIT COSTS THAT WERE DETERMINED BY ESTIMATES BY MERC.

A. There are seven costs included in the estimate of employee benefits costs. The total impact of these seven items is a net increase of $1,010,681 from 2012 to 2014.

First, as shown on Exhibit _____ (CMH-1), line 6, demonstrates the costs recorded in Account 926080 A&G Dental Benefits, MERC estimates the 2014 costs to be $168,490. The overall increase in 2014 costs as compared to 2012 costs is $22,388. Projected dental costs for 2014 were calculated by using a 5% annual inflation rate for 2013 and a 4% annual inflation rate for 2014 based on preliminary renewal results and trend information received from MERC's independent actuary, Towers Watson. The total increase is also impacted by the fact that MERC expects to employ more employees in 2014 as compared to 2012, as discussed in Mr. Seth DeMerritt's direct testimony.

Second, as shown on Exhibit _____ (CMH-1), line 7, shows the costs recorded in Account 926090 A&G Medical Benefits, MERC estimates the 2014 costs to be $2,028,738. The overall increase in 2014 costs as compared to 2012 costs is $366,419. Projected medical costs for 2014 were calculated by using an annual inflation rate of 7.50% based on preliminary renewal results and trend information received from MERC's actuary, Towers Watson. The total increase is also impacted by the fact that MERC expects to employ more employees in 2014 compared to 2012, as discussed in Mr. Seth DeMerritt's Direct Testimony and Exhibits.

Third, as shown on Exhibit _____ (CMH-1), line 8, identifies the costs recorded in Account 926190 Goal Sharing, MERC estimates the 2014 costs requested for recovery to be $0. This reflects a decrease of $27,214 in 2014 costs requested for recovery as compared to 2012 costs.

Fourth, as shown on Exhibit _____ (CMH-1), line 9, reflects the costs recorded in Account 926220 Supplemental Employee Retirement Plan, MERC estimates the 2014 costs requested for recovery to be $7,874. This is the same as the 2012 costs. This item represents the amortization that was approved for recovery in Docket No. G-007,011/M-06-1287 on July 30, 2007 for pension and other post-retirement benefits acquired from Aquila.

Fifth, as shown on Exhibit _____ (CMH-1), line 10, identifies the costs recorded in Account 926255 Defined Contribution Plan Exp, MERC estimates the 2014 costs requested for recovery to be $871,496. The overall increase in 2014 costs requested for recovery as compared to 2012 costs is $776,633. This increase is a result of changes to the pension plan benefit design for administrative employees made in 2007 and effective January 1, 2008. Administrative employees hired after January 1, 2008 are not eligible for pension benefits. Instead, they receive an annual contribution to the defined contribution plan. Effective January 1, 2013, all administrative employees will receive this annual contribution as the freeze for service credits on the defined benefit pension plan commences. The projected costs for administrative employees were based on the amount of the benefit if all administrative employees would have received this benefit in 2011 and inflated with a general increase to 2014. Union employees of Local 31 of the International Brotherhood of Electrical Workers hired on or after March 22, 2011 are not eligible for pension benefits. Instead, these union employees receive an annual contribution to the defined contribution plan. The projected costs for union employees were based on 11% of the 2014 union payroll with a 5% contribution.

Sixth, as shown on Exhibit _____ (CMH-1), line 11, demonstrates the costs recorded in Account 926510 Legacy Aquila DC Contra Expense, MERC estimates the 2014 costs requested for recovery to be $0. A <u>decrease</u> of $132,088 in 2014 costs requested for recovery as compared to 2012 costs. As of December 31, 2012, this legacy Aquila defined contribution benefit ended for all MERC employees.

Lastly, as shown on Exhibit _____ (CMH-1), line 12, shows the costs recorded in Account 926300 IBS Billed Benefits, MERC estimates the 2014 costs requested for recovery to be $1,083,815. The overall increase in 2014 costs requested for recovery as compared to 2012 costs is $4,543. The primary driver behind this minimal increase is a result of changes to the pension plan benefit design for administrative employees made in 2007 and effective January 1, 2008. Administrative employees hired after January 1, 2008 are not eligible for pension benefits. Instead, they receive an annual contribution to the defined contribution plan. Effective January 1, 2013, all administrative employees will receive this annual contribution as the freeze for service credits on the defined benefit pension plan commences. Somewhat offsetting this decrease is higher medical and dental costs for IBS active employees.

Q. HOW WERE IBS EMPLOYEE BENEFIT COST PROJECTIONS CALCULATED?

A. IBS employee benefits cost projections relied on the same assumptions, actuarial analyses, and methodologies used for MERC employee benefit costs, as described in this testimony.

Detail regarding the IBS employee benefits costs is shown on Exhibit _____ (CMH-2).

<u>Employee Benefit Costs that were Determined by Inflating 2012 Actual Costs</u>

Q. PLEASE DESCRIBE THE PROCESS USED TO DETERMINE THE FORECASTED 2014 EMPLOYEE BENEFIT COSTS THAT WERE DETERMINED BY INFLATON.

A. As shown on Exhibit _____ (CMH-1), for the sub-accounts shown on lines 15 through 29, MERC inflated 2012 actual costs by the inflation factors developed by MERC witness Mr. Seth DeMerritt in his Exhibit _____ (SSD-19). The overall <u>decrease</u> in costs forecasted by inflating 2012 costs to 2014 was $23,295, or 5.3%. This 5.3% decrease over two years corresponds to 2.6% per year.

<u>Employee Benefit Costs that were Determined by Actuarial Analysis</u>

Q. PLEASE DESCRIBE THE PROCESS USED TO DETERMINE THE FORECASTED 2014 EMPLOYEE BENEFIT COSTS THAT WERE DETERMINED BY ACTUARIAL ANALYSIS.

A. As shown on Exhibit _____ (CMH-1), for three sub-accounts, MERC relied on an actuarial analysis to determine forecasted 2014 employee benefit costs. The specific methods and assumptions employed are described below. The overall <u>decrease</u> in costs from 2012 to 2014 forecasted by actuarial analysis is $1,127,513, or 51.8%. This 51.8% decrease over two years corresponds to 23.21% per year.

The 2014 employee benefit costs that were determined by actuarial analysis are related to:

1. Employee Pension Expense,
2. Post Retirement Medical Plan Expense, and
3. Post Retirement Life Plan Expense.

<u>Employee Pension Expense</u>

Q. PLEASE DESCRIBE THE DEVELOPMENT OF THE PENSION EXPENSE SHOWN ON LINE 32 OF EXHIBIT _____ (CMH-1).

A. Pension expense is determined using actuarial analysis, which is performed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 715-30 Defined Benefit Plans – Pension ("ASC 715-30", formerly Statement of Financial Accounting Standards ("SFAS") No. 87). MERC follows Generally Accepted Accounting Principles ("GAAP") for its financial statements. Under the provisions of GAAP, ASC 715-30 describes the methodologies and assumptions used to calculate and account for pension expense. ASC 715-30 requires an annual determination of the pension expense for the year. This expense is determined by the actuary each year based upon its review of:

1. Employee census data,
2. Current plan provisions,
3. Plan asset performance, and
4. Certain other actuarial assumptions.

For the ASC 715-30 pension expense, MERC's actuary, Towers Watson, performs the calculations required by this accounting standard annually to determine MERC's pension expense. MERC's external auditors, Deloitte & Touche ("D&T"), review the actuarial assumptions used to ensure consistency with GAAP.

There are four components of the ASC 715-30 pension expense. They are:

1. Service cost,

2. Interest cost,

3. Expected earnings on plan assets, and

4. Amortization of gains and losses, prior service costs, and any transitional amounts.

Service cost represents one-year's pro-rata share of the expected benefits earned during the year by current active employees.

Interest cost represents interest on the plan's benefit obligation (its liabilities) due to the passage of time.

There is also an assumption regarding the expected return on assets for the year, which is measured against the actual returns for the period. This rate of return assumption is intended to be a long-term assumption of the return on plan assets.

The final component represents the amortization of various plan experiences that were different than anticipated by actuarial assumptions.

In order to calculate the plan's total benefit obligation and annual pension expense under ASC 715-30, the actuary uses a number of assumptions including:

1. Mortality tables,

2. Retirement rates for MERC,

3. Anticipated salary increases,

4. Expected return on plan assets, and

5. Discount rate.

Integrys management, as well as MERC's external auditor, D&T, reviews these assumptions for reasonableness. A rate of return of 8.00%, and a discount rate of 4.10% were used to forecast the 2014 pension expense.

The actuary then calculates the annual pension expense under ASC 715-30 for MERC. This amount was $1,212,062 in 2012, and is projected to be $165,079 for 2014. This is a <u>decrease</u> of $1,046,983.

Also included in pension expense for both 2012 and 2014 is an amortization of $474,223 per year as authorized by the commission in Docket No. G-007,011/M-06-1287 on July 30, 2007 for pension and other post-retirement benefits acquired from Aquila.

Q. WHAT ACTIONS HAS MERC TAKEN TO HELP CONTROL PENSION COSTS?

A. During 2007, MERC made some changes to the retirement benefits provided to non-union employees. The most significant change was a shift from the traditional "defined benefit" pension plan to a "defined contribution" model integrated with the existing 401(k) plan.

Effective January 1, 2008, the pension plan was closed to administrative (non-union) new hires. Those administrative employees participating in the defined benefit pension plan as of January 1, 2008 continued to accrue pension benefits through December 31, 2012; and the pay used in the calculation of pension benefits will be frozen after December 31,

2017. On and after January 1, 2013, pension benefits will no longer accrue under the defined benefit pension plan, and all administrative employees will only have an annual contribution made to their 401(k) account. Employees hired on and after January 1, 2008 do not participate in the defined benefit pension plan, and will only have an annual contribution made to their 401(k) account.

Effective March 22, 2011 for union employees of Local 31 of the International Brotherhood of Electrical Workers union, the defined benefit pension plan was closed to non-administrative (union) new hires. Instead, these union employees will receive an annual contribution to the defined contribution plan.

In addition, MERC has made contributions to fund the pension plan. MERC funded $7.7 million in 2012 and $2.6 million in 2013. MERC expects to contribute an additional $3.5 million to the pension plan in 2014. As a result of these contributions to MERC's pension plan, there are higher plan assets. The higher plan assets result in higher expected earnings, thus decreasing pension expense.

Q. ARE THE PENSION ASSETS AND LIABILITIES ASSOCIATED WITH THE BENEFIT PLANS INCLUDED IN RATE BASE?

A. Yes. The inclusion of the benefit assets and liabilities in rate base are a direct result of MERC's agreement with the OAG in Docket No. G007,011/GR-10-977 to adjust rate base for rate payer supplied funding. This adjustment had the direct effect of including the assets and liabilities associated with benefits into rate base. Therefore, MERC has followed that precedent in this current docket.

Post Retirement Medical Plan Expense

Q. PLEASE DESCRIBE THE DEVELOPMENT OF THE POST RETIREMENT MEDICAL EXPENSE SHOWN ON LINE 33 OF EXHIBIT _____ (CMH-1).

A. The expense for retirees is determined using actuarial analysis, which is performed in accordance with ASC 715-60, Defined Benefit Plans – Other Postretirement ("ASC 715-60", formerly "SFAS 106"). As stated above, MERC follows GAAP for its financial statements. Under the provisions of GAAP, ASC 715-60 describes the methodologies and assumptions used to calculate and account for retiree health care expense.

The actuary performs the calculations required by this accounting standard annually to determine MERC's ASC 715-60 expense. D&T reviews the actuarial assumptions used to ensure consistency with GAAP.

ASC 715-60 requires an annual determination of the retiree health care expense for the year, also referred to as OPEB expense or Post Employment Benefits other than Pension ("PBOP"). This expense is determined by the actuary each year based upon their review of:

1. Employee census data,
2. Current plan provisions,
3. Plan asset performance, and

4. Certain other actuarial assumptions.

There are four components of ASC 715-60 expense:

1. Service cost,

2. Interest cost,

3. Expected earnings on plan assets, and

4. Amortization of gains and losses, prior service costs, and any transitional amounts.

These are the same four components that are used in the calculation of pension expense, although different assumptions are used for health care.

In order to calculate the plan's total benefit obligation and annual ASC 715-60 expense, the actuary uses a number of assumptions including:

1. Health care inflation trend rates,

2. Mortality tables,

3. Retirement rates from MERC,

4. Actual retiree health care claims experience specific to MERC,

5. Expected return on plan assets, and

6. A discount rate.

Integrys management, as well as MERC's external auditor, D&T, reviews these assumptions for reasonableness. A rate of return on assets of 8.00% and a discount rate of 3.60% was used to forecast the 2014 administrative post retirement medical expense.

A rate of return on assets of 8.00% and a discount rate of 4.05% was used to forecast the 2014 non-administrative or union post retirement medical expense.

The actuary then calculates the annual ASC 715-60 expense component for each year, which was $385,694 for the 2012 historic test year, and is projected to be $304,472 for the 2014 projected test year, which is a <u>decrease</u> of $81,222.

The calculation continues to reflect MERC's acceptance of the government subsidy available under the Medicare prescription drug legislation.

Also included in this expense for both 2012 and 2014 is an amortization of $113,567 per year as authorized by the commission in Docket No. G-007,011/M-06-1287 on July 30, 2007 for pension and other post-retirement benefits acquired from Aquila.

<u>Post Retirement Life Insurance Expense</u>

Q. PLEASE DESCRIBE THE DEVELOPMENT OF THE POST RETIREMENT LIFE BENEFIT PLAN EXPENSE SHOWN ON LINE 34 OF EXHIBIT _____ (CMH-1).

A. The Post Retirement Life insurance expense is calculated in accordance with the requirements of ASC 715-60, consistent with the post retirement medical expense described above. A rate of return on assets of 8.00% and a discount rate of 4.00% were used to forecast the 2014 post retirement life insurance expense. This amount was $(8,375) in 2012 and is projected to be $(7,683) in 2014. This is an increase of $692.

Q. WILL MERC PROVIDE UPDATED ACTUARIAL ANALYSES WHEN AVAILABLE?

A. Yes, it will. Upon request, MERC will provide an updated actuarial analysis to Commission Staff and to the parties in this proceeding if one is completed during the pendency of this proceeding.

III. CONCLUSION

Q. DOES THIS CONCLUDE YOUR TESTIMONY ON THEEMPLOYEE BENEFIT COSTS?

A. Yes, it does.

MINNESOTA ENERGY RESOURCES CORPORATION

Summary of MERC Employee Benefits Costs

Test Year Ended December 31, 2014

Line No.	Sub-Account Description	2012 Actual $	2013 Forecast $	2014 Forecast $	2012-2014 Increase $	Cumulative Increase %	Forecast Method
1	926210 Pension Restoration Plan Exp	$ 1,922	$ -	$ -	$ (1,922)	-100.0%	Not Requested for Recovery
2	926220 Supplemental Employee Retirement Plan	8,863	-	-	(8,863)	-100.0%	Not Requested for Recovery
3	926300 IBS Billed Benefits	121,892	-	-	(121,892)	-100.0%	Not Requested for Recovery
4	**Subtotal - Not Requested for Recovery**	**132,677**	**-**	**-**	**(132,677)**	**-100.0%**	
5							
6	926080 A&G Dental Benefits	146,102	153,407	168,490	22,388	15.3%	MERC Estimate
7	926090 A&G Medical Benefits	1,662,319	1,786,993	2,028,738	366,419	22.0%	MERC Estimate
8	926190 Goal Sharing	27,214	27,922	-	(27,214)	-100.0%	MERC Estimate
9	926220 Supplemental Employee Retirement Plan	7,874	7,874	7,874	-	0.0%	Approved Amortization
10	926255 Defined Contribution Plan Exp	94,863	838,281	871,496	776,633	818.7%	MERC Estimate
11	926510 Legacy Aquila DC Contr Expense	132,088	-	-	(132,088)	-100.0%	MERC Estimate
12	926300 IBS Billed Benefits	1,079,272	1,023,079	1,083,815	4,543	0.4%	Exhibit _____ (CMH-2)
13	**Subtotal - MERC Estimate**	**3,149,732**	**3,837,556**	**4,160,413**	**1,010,681**	**32.1%**	
14							
15	926000 A&G-Employee Pensions and Bene	(2,200)	(2,257)	(2,316)	(116)	5.3%	Inflationary
16	926007 Company Match 401K	137,329	140,900	144,563	7,234	5.3%	Inflationary
17	926020 Time Away Frm Work Resid Bal	2,120,489	2,175,622	2,232,188	111,699	5.3%	Inflationary
18	926025 Time Away From Work - Clearing	(2,162,504)	(2,218,729)	(2,276,416)	(113,912)	5.3%	Inflationary
19	926026 IBS Billed NPT - Residual Bal	(9,990)	(10,250)	(10,516)	(526)	5.3%	Inflationary
20	926050 Human Resources Dept Gen	67,377	69,129	70,926	3,549	5.3%	Inflationary
21	926070 Christmas Gift Check Expense-Retirees	4,030	4,135	4,242	212	5.3%	Inflationary
22	926120 Joint Plant A&G & NonUtil Loading	(893,179)	(916,402)	(940,228)	(47,049)	5.3%	Inflationary
23	926135 Fully-Insured Long Term Disability Premium Exp	29,502	30,269	31,056	1,554	5.3%	Inflationary
24	926140 A&G ESOP Contribution Expense	602,506	618,171	634,244	31,738	5.3%	Inflationary
25	926170 A&G Capitalized Pensions and Benefits	(363,565)	(373,018)	(382,716)	(19,151)	5.3%	Inflationary
26	926191 IBS Billed Incentive Residual	(31,573)	(32,394)	(33,236)	(1,663)	5.3%	Inflationary
27	926200 Employee Benefits Tuition Reimbursement	10,298	10,566	10,840	542	5.3%	Inflationary
28	926250 Company Provided Life Insurance	35,127	36,040	36,977	1,850	5.3%	Inflationary
29	926330 Benefits-Wellness	14,115	14,482	14,859	744	5.3%	Inflationary
30	**Subtotal - Inflationary Items**	**(442,238)**	**(453,736)**	**(465,533)**	**(23,295)**	**5.3%**	
31							
32	926060 A&G Pension Expense	1,686,285	1,047,815	639,302	(1,046,983)	-62.1%	Actuarial Analysis
33	926180 A&G Post Retirement Medical	499,261	556,637	418,039	(81,222)	-16.3%	Actuarial Analysis
34	926305 Post Retirement Life	(8,375)	(6,496)	(7,683)	692	8.3%	Actuarial Analysis
35	**Subtotal - Actuarial Analysis**	**2,177,171**	**1,597,956**	**1,049,658**	**(1,127,513)**	**-51.8%**	
36							
37	**TOTAL EMPLOYEE BENEFIT COSTS**	**$5,017,342**	**$4,981,776**	**$4,744,538**	**($272,804)**	**-5.4%**	

MINNESOTA ENERGY RESOURCES CORPORATION

Summary of IBS Employee Benefits Costs

Test Year Ended December 31, 2014

Line No.	Sub-Account Description	2012 Actual $	2013 Forecast $	2014 Forecast $	2012-2014 Increase $	Cumulative Increase %	Forecast Method
1	906019 Chic Suplemental Employee Reirement Plan	$ 145,515	$ -	$ -	$ (145,515)	-100.0%	Not Requested for Recovery
2	926210 Pension Restoration and Supp Pension Plan Exp	1,319,918	-	-	(1,319,918)	-100.0%	Not Requested for Recovery
3	926220 Supplemental Employee Retirement Plan	1,487,727	-	-	(1,487,727)	-100.0%	Not Requested for Recovery
4	926260 Executive Deferred Comp ESOP Match	19,818	-	-	(19,818)	-100.0%	Not Requested for Recovery
5	**Subtotal - Not Requested for Recovery**	**2,972,978**	**-**	**-**	**(2,972,978)**	**-100.0%**	
6							
7	926080 A&G Dental Benefits	860,857	903,900	993,773	132,916	15.4%	MERC Estimate
8	926090 A&G Medical Benefits	9,807,572	10,543,140	11,981,525	2,173,953	22.2%	MERC Estimate
9	926255 Defined Contribution Plan Exp	726,335	8,219,000	8,502,000	7,775,665	1070.5%	MERC Estimate
10	**Subtotal - MERC Estimate**	**11,394,764**	**19,666,040**	**21,477,298**	**10,082,534**	**88.5%**	
11							
12	926000 A&G-Employee Pensions and Bene	19,672	20,183	20,708	1,036	5.3%	Inflationary
13	926020 Time Away Frm Work Resid Bal	16,980,785	17,422,285	17,875,265	894,480	5.3%	Inflationary
14	926025 Time Away From Work - Clearing	(17,399,248)	(17,851,628)	(18,315,771)	(916,523)	5.3%	Inflationary
15	926050 Human Resources Dept Gen	1,057,518	1,085,013	1,113,224	55,706	5.3%	Inflationary
16	926070 Christmas Gift Check Expense-Retirees	8,532	8,754	8,981	449	5.3%	Inflationary
17	926120 Joint Plant A&G & Non-Utility Loading	(854,363)	(876,576)	(899,367)	(45,004)	5.3%	Inflationary
18	926135 Fully-Insured Long Term Disability Premium Exp	299,394	307,178	315,165	15,771	5.3%	Inflationary
19	926140 A&G ESOP Contribution Expense	5,460,538	5,602,512	5,748,177	287,639	5.3%	Inflationary
20	926170 A&G Capitalized Pensions and Benefits	(1,129,772)	(1,159,146)	(1,189,284)	(59,512)	5.3%	Inflationary
21	926190 Goal Sharing	(674,154)	(691,682)	(709,666)	(35,512)	5.3%	Inflationary
22	926200 Employee Benefits Tuition Reimbursement	294,869	302,536	310,402	15,533	5.3%	Inflationary
23	926250 Company Provided Life Insurance	282,194	289,531	297,059	14,865	5.3%	Inflationary
24	926330 Benefits-Wellness	165,291	169,589	173,998	8,707	5.3%	Inflationary
25	**Subtotal - Inflationary Items**	**4,511,256**	**4,628,549**	**4,748,891**	**237,635**	**5.3%**	
26							
27	926017 Post Retirement Welfare FAS 106	673,821	702,001	264,399	(409,422)	-60.8%	Actuarial Analysis
28	926060 A&G Pension Expense	9,747,974	(1,202,703)	(1,331,214)	(11,079,188)	-113.7%	Actuarial Analysis
29	926180 A&G Post Retirement Medical	52,801	1,203,965	1,317,997	1,265,196	2396.2%	Actuarial Analysis
30	926305 Post Retirement Life	2,026	3,852	(3,329)	(5,355)	-264.3%	Actuarial Analysis
31	926315 Long Term Disability Benefit	(19,842)	(48,551)	(39,519)	(19,677)	99.2%	Actuarial Analysis
32	926325 Short Term Disability Benefit	3,573	-	-	(3,573)	-100.0%	Actuarial Analysis
33	**Subtotal - Actuarial Analysis**	**10,460,353**	**658,564**	**208,334**	**(10,252,019)**	**-98.0%**	
34							
35	**TOTAL EMPLOYEE BENEFIT COSTS**	**$29,339,351**	**$24,953,153**	**$26,434,523**	**($2,904,828)**	**-9.9%**	
36							
37	Allocation Percentage from IBS to MERC	4.1%	4.1%	4.1%			
38							
39	Allocation Dollars from IBS to MERC	**$1,201,164**	**$1,023,079**	**$1,083,815**	**($117,349)**	**-9.8%**	