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BOISE

May 12, 2011

Via Facsimile

Idaho Public Utilities Commission
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Dear IPUC Commissioners:

Boise Inc. ("Boise") is an integrated manufacturer of paper and packaging products, headquartered in Boise, ID. Boise's container plant located in Nampa, ID, is a customer of Idaho Power Company ("Company"). We appreciate the opportunity to submit comments to the IPUC in response to the Company's filing for a rate increase to recover its 2010 pension cash contribution (case no. IPC-E-11-04).

Boise is concerned about ongoing increases to recover costs associated with the Company's defined benefit pension plan. As the Commission noted in its order no. 31091, there will likely be substantial future funding requirements for the Company's pension and "...it is unreasonable for Idaho Power's customers to be solely responsible for large contributions to the Company's defined benefit pension plan."[1]

The Company continues to assert in its application that it must offer a pension plan, among other benefits, "...to attract and retain a highly skilled workforce..."[2]. Defined benefit plans are increasingly a rarity as companies, governments, and municipalities face the reality of the unsustainable funding burdens these plans place on organizations and their investors, customers, and tax payers. Yet, the Company continues to expect rate payers to shoulder the burden for its "Cadillac" employee benefits. In case no. IPC-E-10-25, the Company filed for approval of its retirement benefits package and responded to Commission directive to consider changes to its pension plan to shift the investment risk burden away from rate payers. In its response, the Company provided its analysis of alternatives in the context of providing the same excessive level of retiree benefits. In order no. 32239, the Commission rightfully directed the Company to broaden its next annual review of the retirement benefits package to include total employee compensation and benefits.

Boise has experience with defined benefit programs and the challenges of funding pension plans and providing competitive, sustainable employee benefits. In November, 2003, Boise stopped offering the defined benefit pension plan to new salaried

[1] Order No. 31091, page 3
[2] Case No. IPC-E-11-04, Company Application, page 2

employees hired after this date. In 2009, Boise froze the salaried employee defined benefit pension program. We have also bargained a freeze of defined benefit pensions into many of our union contracts. Boise made these difficult changes because we recognized that significant costs associated with defined benefit plans were unsustainable and not in the interest of Boise's customers, investors, and employees. Contrary to the Company's assertion that a defined benefit pension is necessary "...to attract and retain a highly skilled workforce...," Boise has not experienced any material change in our ability to attract and retain qualified employees since freezing our defined benefit pension plans.

Boise respectfully requests the Commission deny Idaho Power's request for an increase in pension related expense and direct the company to not only study, but propose *meaningful* changes to its retirement and other employee benefits in order to mitigate impacts to rate payers. To the extent the Company feels compelled to continue offering such rich benefits, its shareholders should share in the burden, particularly since an organization's employees work to benefit not only customers, but also shareholders by creating shareholder value. Absent Commission directive, it is unlikely the Company will undertake the difficult yet necessary steps to modify its retirement benefits and total employee compensation to achieve a more reasonable balance in the interest of all.

Sincerely,

Michael Hale