BEFORE THE WASHINGTON

UTILITIES & TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION D/B/A/ AVISTA UTILITIES

Respondent.

DOCKETS UE-220053, UG-220054, and UE-210854 (Consolidated)

CROSS EXAMINATION EXHIBIT OF MARK T. THIES
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT

EXHIBIT MTT-__X

Avista's Confidential Response to Public Counsel's Data Request No. 327

September 14, 2022

AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION

JURISDICTION:	WASHINGTON	DATE PREPARED:	09/07/2022
CASE NO.:	UE-220053 & UG-220054	WITNESS:	Mark Thies
REQUESTER:	Public Counsel	RESPONDER:	Carly Guillory
TYPE:	Data Request	DEPT:	Finance
REQUEST NO.:	PC – 327	TELEPHONE:	(509) 495-2708
		EMAIL:	carly.guillory@avistacorp.com

SUBJECT:

Benefits Expense

REQUEST:

Refer to Rebuttal Testimony of Elizabeth M. Andrews, Exh. EMA-7T at 32:17–21. Please:

a. Identify where in Attachments B through E to Public Counsel Data Request No. 276 the period ending date of December 2020 or subsequent years is shown for each plan.
b. Refer to Attachment B and Attachment D to Public Counsel Data Request No. 276 for the pension plan. Please explain why for the actuarial run at 1/31/22 (Attachment B) the pension expense for 2023 and 2024 is higher than the 12/31/2020 actuarial run (Attachment D) when the discount rates and expected return rates at 1/31/22 were higher for 2021 through 2026 than at 12/31/2020. The higher rates should lower pension expense not increase it. With your explanation also identify the items in the actuarial runs and the related dollar amount that increased or decreased pension expense for 2023 and 2024 between 1/31/22 and 12/31/2020 and explain why.
c. Refer to Attachment B and Attachment D to Public Counsel Data Request No. 276 for the pension plan. Please explain why the Company lowered the amount of Company contribution to the pension plan in the 1/31/2022 actuarial run to $10 million for 2023-2026 from the $22 million in the 12/31/2020 actuarial run.
d. Refer to Attachment C and Attachment E to Public Counsel Data Request No. 276 for the Retiree Medical and Life Insurance (OPEB) plans. Please explain why for the actuarial run at 1/31/22 (Attachment C) the OPEB expense for 2023 and 2024 is higher than the 12/31/2020 actuarial run (Attachment E) when the discount rates and expected return rates at 1/31/22 were higher for 2023 through 2026 than at 12/31/2020. The higher rates should lower OPEB expense not increase it. With your explanation also identify the items in the actuarial runs and the related dollar amount that increased or decreased pension expense for 2023 and 2024 between 1/31/22 and 12/31/2020 and explain why.

RESPONSE:

a. In the title of the attachments.
b. The fair value of assets is lower in the actuarial run on 1/31/2022 due to the impact of the negative returns on assets. The decrease in the fair value of assets caused the expected return on assets value to decline by $400,000 in 2023 and $1,100,000 in 2024 which increased pension expense. In addition, the negative return on assets impacted the net loss amortization which increased by $2,700,000 in 2023 and $2,500,000 in 2024 which also increased pension expense.
c. The contribution was reduced due to the increase in the Projected Benefit Obligation Funded Status above 100%.
d. The increase is due to higher health care costs. Please see b. above regarding explanation on pension expense.