

**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-__CX

Avista's Confidential Response to Public Counsel's Data Request No. 328C
on Benefits Expense with Confidential Attachments A, B, C, and D

September 14, 2022

**Shaded Information is Designated as Confidential Per Protective Order
In Dockets UE-220053, UG-220054, and UE-210854 (Consolidated)**

**AVISTA CORP.
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION:	WASHINGTON	DATE PREPARED:	09/08/2022
CASE NO.:	UE-220053 & UG-220054	WITNESS:	Mark Thies
REQUESTER:	Public Counsel	RESPONDER:	Carly Guillory
TYPE:	Data Request	DEPT:	Finance
REQUEST NO.:	PC – 328	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 33:5–23. Please:

- a. Explain why the Company performed an actuarial analysis for the pension plan and OPEB plan in June 2021.
- b. Explain why the Company did not perform an actuarial analysis at the end of the historical test year or a date closer to the filing of its rate cases and use that information to establish the expense for 2023 and 2024 for the pension and OPEB plans.
- c. Provide the actuarial results for the pension and OPEB plans as of June 2021 that show the \$12.3 million and \$9.3 million for 2023 and 2024 in the same format as Attachment C to Public Counsel Data Request No. 276.
- d. Provide a copy of the actuarial reports prepared by Willis Towers Watson or Mercer that support the actuarial results as of December 2020, June 2021, December 2021, and June 2021 for the pension and OPEB plans, clearly identifying the plan and date of run of the report.
- e. Explain what “after calendar 2021 actual results and returns” you are referring to on lines 15-17 of Exhibit EMA-7T. Identify the discovery response and the specific schedule or attachment where the update was provided to Public Counsel.

RESPONSE:

Please see Avista’s **CONFIDENTIAL** response to data request Staff-DR-328C. Please note that Avista’s response to Staff-DR-328C is **Confidential per Protective Order in UTC Dockets UE-220053 and UG-220054**.

- a. Typically, the Company discusses updated assumptions and receives detailed actuarial analysis from Willis Towers Watson (WTW) for the pension and the OPEB plans twice a year in June (mid-year) and at the end of year in December, followed by the end of year report received in Q1.
- b. As noted in a., WTW performs a detailed actuarial analysis for the pension and the OPEB plans twice a year in June (partial assumption analysis) and December (complete assumption analysis). In between these two analyses, WTW may provide an update of certain limited assumptions, such as a change in the discount rate and asset values, that may impact the estimated current and future year amounts. The June and December documents result in planning meeting documents, whereas changes in estimates in between June and year-end, may result in 1-pager documents or informal emails, showing updated amounts.

Consistent with prior general rate cases, when preparing the Company’s Benefit Adjustment (adjustment 3.09 and 5.03), the Company utilized the most current information available at the time of finalizing its revenue requirement. For the current case, the Company began with the 2021 June mid-year analysis, but finalized its adjustment reflecting a preliminary update estimate received at time of finalizing its

filed adjustment (December 7, 2021) of \$12.3 million (pension) and \$9.3 million (medical) for the 2023 and 2024 amounts. See PC-DR-328C Confidential Attachment C. Ms. Andrews also stated in her testimony, the Company would update its estimated pension and OPEB expense after the end of year report was available in Q1 2022.

The updated 3.09 and 5.03 Benefit Adjustment workpapers, incorporating the 2021 year-end final information and updated actual and future balances, was provided to all parties in Staff-DR-071. These updated Pension and Retiree Medical and Life Insurance Plan (RMLIP) assumptions per the 2021 end of year report were provided in PC-DR-276, consisting of two separate documents, one page for Pension (PC-DR-276 Attachment B) and one page for the RMLIP (PC-DR-276 Attachment C).

- c. See b and d. See PC-DR-328C Confidential Attachment B for the available information.
- d. As previously stated, WTW performs a detailed actuarial analysis for the pension and the OPEB plans twice a year in June and December, resulting in planning meeting documents. In between these two analyses, WTW may provide an update of certain limited assumptions, such as a change in interest rates or expected asset returns, that may result in 1-pager documents or informal emails, showing update amounts. The table below lists the documents available.

12/14/2020	Year-end Planning Meeting (Pension p. 22, RMLIP p. 32)	PC-DR-328C Attachment A
12/31/2020	Pension Plan Estimated 2021-2025 Benefit Cost report RMLIP Estimated 2021-2025 Benefit Cost report	PC-DR-276 Attachment D, Exhibit SC-2-SC-13 PC-DR-276 Attachment E, Exhibit SC-2-SC-13
6/30/2021	2021 Preliminary valuation results – Pension & RMLIP	PC-DR-328C Attachment B
12/07/2021	Year-end Planning Meeting (Pension p. 17, RMLIP p. 25)	PC-DR-328C Attachment C
1/31/2022	Pension Plan Estimated 2022-2026 Benefit Cost report RMLIP Estimated 2022-2026 Benefit Cost report	PC-DR-276 Attachment B, Exhibit SC-2-SC-13 PC-DR-276 Attachment C, Exhibit SC-2-SC-13
6/6/2022	2022 Preliminary valuation results – Pension & RMLIP	PC-DR-328C Attachment D

- e. The Company was referring to providing updated pension and medical information in Q1 of 2022, after pension expense is measured and recorded at year end (close of calendar 2021). Year-end information is used for the year-end analysis and final annual report. The results of that analysis were used for the updated Benefit Adjustment (adjustment 3.09 and 5.03) provided to all parties in Staff-DR-071, and the updated Pension and Retiree Medical and Life Insurance Plans (RMLIP) assumptions were provided to all parties in PC-DR-276, consisting of two separate documents, one page for Pension (PC-DR-276 Attachment B) and one page for the RMLIP (PC-DR-276 Attachment C).

**CONFIDENTIAL ATTACHMENT A TO AVISTA'S RESPONSE TO
PUBLIC COUNSEL DATA REQUEST NO. 328C IS REDACTED IN WHOLE.**

**CONFIDENTIAL ATTACHMENT B TO AVISTA'S RESPONSE TO
PUBLIC COUNSEL DATA REQUEST NO. 328C IS REDACTED IN WHOLE.**

**CONFIDENTIAL ATTACHMENT C TO AVISTA'S RESPONSE TO
PUBLIC COUNSEL DATA REQUEST NO. 328C IS REDACTED IN WHOLE.**

**CONFIDENTIAL ATTACHMENT D TO AVISTA'S RESPONSE TO
PUBLIC COUNSEL DATA REQUEST NO. 328C IS REDACTED IN WHOLE.**