

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	09/03/2024
CASE NO:	UE-240006 & UG-240007	WITNESS:	Kevin Christie
REQUESTER:	AWEC	RESPONDER:	Greg Hesler
TYPE:	Data Request	DEPT:	Counsel
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**SUBJECT: Pro-Forma BOD Fees**

**REQUEST:**

Please refer to KJS-5T, page 58, lines 4 to 17:

Please provide any metrics or other corporate documents that govern when and under what conditions members of Avista’s board of directors are entitled to stock compensation.

**RESPONSE:**

Members of the Board of Directors receive an annual retainer, currently set at \$235,000. Of this amount, \$135,000 is automatically paid in stock. Directors have the option of taking the balance in cash, stock, or a combination of both cash and stock. Directors are also expected to achieve a minimum investment of five times the minimum equity portion of their retainer ( $\$135,000 \times 5 = \$675,000$ ) in Company stock and are expected to retain at least that level of investment during their tenure on the Board.

The Company’s compensation philosophy is detailed in its annual proxy, which is available at [www.avistacorp.com](http://www.avistacorp.com). The minimum stock ownership requirements are detailed in the Company’s Director Stock Ownership Policy, which is attached (AWEC-DR-123 Attachment A).

**Avista Corporation**  
**Director Stock Ownership Guidelines**  
**Adopted by the Board on November 9, 2020**

**Purpose**

The purpose of these guidelines is to (1) strengthen alignment of the financial interests of members of the Board of Directors (each, a “Director”) with those of shareholders; (2) ensure that Director compensation is appropriate and competitive in light of market circumstances; (3) enhance Director perspective and focus on shareholder value growth; and (4) align Company practice with corporate governance best practices in the energy/utility industry.

The Governance and Corporate Responsibility Committee (the “Committee”) may modify these guidelines in its discretion; provided, however, that adjustments to the Annual Retainer, Minimum Stock Retainer and/or Director Ownership Threshold, as described herein, shall be recommended by the Committee to the Board of Directors for approval.

**Director Stock Issuance**

***Annual and Minimum Stock Retainers***

Directors are paid an annual retainer (the “Annual Retainer”), of which a minimum designated amount is paid by the Company in common stock (the “Minimum Stock Retainer”). The amount of the Annual Retainer and the Minimum Stock Retainer are determined by the Board of Directors and reviewed periodically. Directors may elect to receive that portion of the Annual Retainer that is in excess of the Minimum Stock Retainer in stock, cash, or a combination of the same.

### ***Timing and Valuation of Stock Payments***

Common stock payments to Directors, including the Minimum Stock Retainer and any additional portions of the Annual Retainer designed by the Director to be issued in stock, are made as soon as practical after each Annual Shareholder's meeting (the "Annual Meeting"). In the case of a Director who is appointed to the Board of Directors after the Annual Meeting, the common stock payment shall be made as soon as practical after the Director joins the Board.

The precise quantity of stock to be issued will be calculated based on the closing price of the Company's stock on the day prior to issuance.

### ***Proration of Annual Retainer***

The total amount of the Annual Retainer issued to a Director who joins the Board of Directors after January 1 of the year shall be prorated based on the total number of days remaining in the calendar year divided by the total number of days in the calendar year (typically 365); provided, however, that the Minimum Stock Retainer applicable to that Director will be the same as if they had served on the Board for the entire year. Should a Director join the Board of Directors at a point in the year in which their total prorated Annual Retainer does not equal the Minimum Stock Retainer amount, the total Annual Retainer shall be payable in stock.

### **Minimum Stock Ownership Requirement**

All Directors are expected to achieve a minimum investment in Company stock that is equal to at least five (5) times the Minimum Stock Retainer (), and to retain at least that level of investment during their tenure as a Board member (hereafter, the "Director Ownership Threshold"). For purposes of meeting, and determining compliance with, the Director Ownership Threshold, "ownership" shall include direct holdings, family holdings, shares held in the 401(k) plan, shares held in the deferred compensation account, and any unvested restricted stock.

## **Ownership Verification**

### *Annual Verification of Ownership*

Stock ownership will be reviewed annually by the Committee at its February meeting to assure compliance with the Director Ownership Threshold.

### *Interim Verification of Ownership*

Stock ownership shall also be reviewed in connection with any proposed acquisition, disposal or transfer of Company stock by a Director. Under such circumstances, the Company's General Counsel, Corporate Secretary and Chief Ethics/Compliance Officer ("General Counsel") shall verify that the proposed transaction will not place the Director out of compliance with the Director Ownership Threshold. For purposes of making this determination, the General Counsel shall utilize the closing share price on the day immediately prior to the proposed transaction date.

## **Prior Approval of Stock Transactions**

Before a Director purchases, sells or transfers Company stock, the Director shall contact the General Counsel to ensure compliance with the terms of this policy, applicable short-swing profit rules, the Company's Insider Trading Policy, and other laws, regulations and reporting obligations as may be applicable. Prior to approving the transaction, the General Counsel shall, among other things, verify compliance with the Director Ownership Threshold using the Interim Verification of Ownership process described herein.

With approval of the General Counsel, the Director may proceed with the proposed transaction. Upon completion of the transaction, the Director shall provide the General Counsel with the number of shares, share price, and related details of the transaction, as consummated.