

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	09/12/2024
CASE NO:	UE-240006 & UG-240007	WITNESS:	Kevin Christie
REQUESTER:	AWEC	RESPONDER:	Jason Lang
TYPE:	Data Request	DEPT:	Finance
REQUEST NO.:	AWEC – 128	TELEPHONE:	(509) 495-2930
		EMAIL:	jason.lang@avistacorp.com

SUBJECT: Pension Expense

REQUEST:

Please refer to the Response to AWEC DR 121 Confidential Attachment A, page 14:

- a. Regarding the key observation, “The lower expected return on assets and discount rates results in slightly increased projected benefit costs compared to last year’s projection,” please provide the previous expected return on assets and discount rates and explain why expected return on assets and discount rates are lower.
- b. Regarding the expected return on assets of 7.80%, please explain how the expected return was calculated and provide all supporting workpapers and documentation.
- c. Please provide the composition of assets underlying the expected return of 7.80 %, by debt, equity, and nationality.
- d. If the composition of assets is anything other than 100 percent US equities, but includes some share of US equities, please provide the expected return on US equity assets.

RESPONSE:

Please see Avista’s **CONFIDENTIAL** response to data request AWEC-DR-128C. Please note that Avista’s response to AWEC-DR-128C is **Confidential per Protective Order in UTC Dockets UE-240006 and UG-240007**.

- a. The previous expected return on assets and discount rate was 8.3% and 6.1%, respectively, for 2023. Please see AWEC-DR-121C Confidential Attachment A, page 12 for the 2023 expected return on assts and page 13 for the 2023 discount rate. The 2024 expected return on assets is lower than last year’s projection because the capital market assumptions used to calculate the expected return on assets decreased for 2024 compared to 2023. Also, the discount rate is lower because the interest rates on corporate bonds used to calculate the discount rate decreased compared to 2023. The previous calculations referenced were based on 2023 projections. The expected return and discount rate assumptions are required to be updated annually and now reflect the expectations for 2024 and beyond.
- b. The expected return assumption was calculated using the 2024 capital market projections by asset class from Willis Towers Watson, Verus and SageView, and weighting those expected returns based on the asset allocation of our portfolio. Our actuarial and investment advisors provide Avista with their 10-year capital markets forecast by asset class which is used to calculate the expected return on assets assumption. The calculation

and supporting documentation are included in AWEC-DR-128C Confidential Attachment A.

- c. See AWEC-DR-128C Confidential Attachment A – Summary Tab
- d. See AWEC-DR-128C Confidential Attachment A – Summary Tab