

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

AVISTA CORPORATION d/b/a AVISTA UTILITIES,

Respondent.

DOCKET NOS. UE-190334 and UG-190335, UE-190222 (*Consolidated*)

ANDREA C. CRANE

ON BEHALF OF PUBLIC COUNSEL

EXHIBIT ACC-11

Avista Response to UTC Staff Data Request No. 9

(Non-Confidential Version)

October 3, 2019

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	05/29/2019
CASE NO.:	UE-190334 & UG-190335	WITNESS:	Elizabeth Andrews
REQUESTER:	UTC Staff	RESPONDER:	Annette Brandon
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff - 009	TELEPHONE:	(509) 495-4324
		EMAIL:	annette.brandon@avistacorp.com

REQUEST:

Please explain the basis for all officers' salary, bonus/incentive and benefit increases from 2014 to 2018. Also, please provide the supporting executive officer compensation studies/surveys that are relevant to this inquiry.

RESPONSE:

Please see Avista's **CONFIDENTIAL** response to data request Staff_DR_009C. Please note that Avista's response to Staff_DR_009C is **Confidential per Protective Order in UTC Dockets UE-190334 and UG-190335**.

Base Pay

As noted in the Company's response to Staff_DR_008, several internal and external factors are considered in the determination of base pay for executive officers. The external peer group data utilized to benchmark our executives against companies reasonably assumed to be competitors for talent is provided by Meridian Compensation Partners (Meridian). Please see Staff_DR_009C Confidential Attachments A-E for the Executive Total Compensation Benchmarking Analysis performed by Meridian for 2014-2018.

Short Term Incentive Compensation

Short Term Incentive Compensation is related to which metrics are achieved, and at what level, for any given year. Please see Staff_DR_009 Attachment A for a listing of metrics and their respective results for 2014 – 2018.

Long-Term Incentive Plan

Long Term Incentive Plan Payments are in direct relation to changes in the equity markets. No LTIP expense (performance shares or restricted share units) is included in the Company's case. Please see the Company's response to Staff_DR_008.

Benefits

Changes from year to year for benefits are primarily related to changes in actuarial assumptions for the Company's pension plan and medical benefits. Below is the summary of changes related to these benefits between 2014 and 2018:

System Benefits		Accounting Year				
Task Number	Task Name	2014	2015	2016	2017	2018
926220	Health Insurance	\$ 19,323,918	\$ 20,880,989	\$ 25,789,217	\$ 22,279,529	\$ 22,645,974
926221	Health Insure - HDHP				\$ 976,977	\$ 1,430,306
926240	FAS 106	\$ 8,142,682	\$ 9,349,596	\$ 11,411,512	\$ 9,992,979	\$ 2,868,055
926251	FAS 106 NS					\$ 5,673,659
926225	401 (k)	\$ 6,864,360	\$ 7,928,615	\$ 8,062,842	\$ 8,205,323	\$ 9,138,892
926226	401(K) Non-Elect Con	\$ 48,847	\$ 280,533	\$ 492,612	\$ 690,399	\$ 905,072
926230	Pension FAS 87	\$ 12,634,767	\$ 24,379,430	\$ 24,649,327	\$ 23,938,095	\$ 21,595,661
926253	Pension FAS 87 NS					\$ (984,560)
Grand Total		\$ 47,014,574	\$ 62,819,163	\$ 70,405,510	\$ 66,083,301	\$ 63,273,059

The primary reasons for changes in system costs (O&M and Capital) between 2014 and 2015¹, as well as subsequent decreases in the following years is related to pension and post-retirement medical expense which is recorded according to requirements set forth in ASC 715. Please see Staff_DR_009C Confidential Attachment F for the actuarial assumptions which contributed to changes in assumptions for 2014-2018. In regards to Medical expense, the primary increase between 2015 and 2016 is due to higher actual medical claims, changes in population profile, and an increase in large claims. This trend reversed in 2017 and 2018 resulting in lower medical costs in those years.

¹ Please note 2014 was uncharacteristically low for Pension Expense.