

Exh. JH-5
Dockets UE-190334, UG-190335,
and UE-190222
Witness: Joanna Huang

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**AVISTA CORPORATION, d/b/a
AVISTA UTILITIES,**

Respondent.

**DOCKETS UE-190334, UG-190335,
and UE-190222 (*Consolidated*)**

**EXHIBIT TO
TESTIMONY OF**

Joanna Huang

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Pro Forma Labor Executive, Adjustment 3.04

October 3, 2019

AVISTA UTILITIES
WASHINGTON ELECTRIC RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2018
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Labor Exec
	Adjustment Number	3.04
	Workpaper Reference	E-PLE
	REVENUES	
1	Total General Business	\$0
2	Interdepartmental Sales	-
3	Sales for Resale	-
4	Total Sales of Electricity	-
5	Other Revenue	-
6	Total Electric Revenue	-
	EXPENSES	
	Production and Transmission	
7	Operating Expenses	-
8	Purchased Power	-
9	Depreciation/Amortization	-
10	Regulatory Amortization	-
11	Taxes	-
12	Total Production & Transmission	-
	Distribution	
13	Operating Expenses	-
14	Depreciation/Amortization	-
15	Taxes	-
16	Total Distribution	-
17	Customer Accounting	-
18	Customer Service & Information	-
19	Sales Expenses	-
	Administrative & General	
20	Operating Expenses	(5)
21	Depreciation/Amortization	-
22	Regulatory Deferrals/Amortization	-
23	Taxes	-
24	Total Admin. & General	(5)
25	Total Electric Expenses	(5)
26	OPERATING INCOME BEFORE FIT	5
	FEDERAL INCOME TAX	
27	Current Accrual	1
28	Debt Interest	-
29	Deferred Income Taxes	-
30	Amortized ITC - Noxon	-
31	NET OPERATING INCOME	\$4
	RATE BASE	
	PLANT IN SERVICE	
32	Intangible	\$0
33	Production	-
34	Transmission	-
35	Distribution	-
36	General	-
37	Total Plant in Service	-
	ACCUMULATED DEPRECIATION/AMORT	
38	Intangible	-
39	Production	-
40	Transmission	-
41	Distribution	-
42	General	-
43	Total Accumulated Depreciation	-
44	NET PLANT	-
45	DEFERRED TAXES	-
46	Net Plant After DFTT	-
47	DEFERRED DEBITS AND CREDITS & OTHER	-
48	WORKING CAPITAL	-
49	TOTAL RATE BASE	\$0

AVISTA UTILITIES
WASHINGTON GAS RESULTS
TWELVE MONTHS ENDED DECEMBER 31, 2018
(000'S OF DOLLARS)

Line No.	DESCRIPTION	Pro Forma Labor Exec
	<i>a</i>	3.04 G-PLE
	REVENUES	
1	Total General Business	\$ -
2	Total Transportation	-
3	Other Revenues	-
4	Total Gas Revenues	<u>-</u>
	EXPENSES	
	Production Expenses	
5	City Gate Purchases	-
6	Purchased Gas Expense	-
7	Net Nat Gas Storage Trans	-
8	Total Production	<u>-</u>
	Underground Storage	
9	Operating Expenses	-
10	Depreciation	-
11	Taxes	-
12	Total Underground Storage	<u>-</u>
	Distribution	
13	Operating Expenses	-
14	Depreciation	-
15	Taxes	-
16	Total Distribution	<u>-</u>
17	Customer Accounting	-
18	Customer Service & Information	-
19	Sales Expenses	-
	Administrative & General	
20	Operating Expenses	(2)
21	Depreciation/Amortization	-
22	Regulatory Amortizations	-
23	Taxes	-
24	Total Admin. & General	<u>(2)</u>
25	Total Gas Expense	<u>(2)</u>
26	OPERATING INCOME BEFORE FIT	2
	FEDERAL INCOME TAX	
27	Current Accrual	0
28	Debt Interest	-
29	Deferred FIT	-
30	Amort ITC	-
31	NET OPERATING INCOME	<u>\$ 2</u>
	RATE BASE: PLANT IN SERVICE	
32	Underground Storage	\$ -
33	Distribution Plant	-
34	General Plant	-
35	Total Plant in Service	<u>-</u>
	ACCUMULATED DEPREC/AMORT	
36	Underground Storage	-
37	Distribution Plant	-
38	General Plant	-
39	Total Accum. Depreciation/Amort.	<u>-</u>
40	NET PLANT	-
41	DEFERRED FIT	-
42	Net Plant After DFIT	-
43	GAS INVENTORY	-
44	GAIN ON SALE OF BUILDING	-
45	OTHER	-
46	WORKING CAPITAL	<u>-</u>
47	TOTAL RATE BASE	-
48	RATE OF RETURN	<u>\$ -</u>

Avista Utilities
Executive Salaries and Wages Adjustment

Employee	12 ME 12.31.2018		Total Labor Expense	Amount		Percent	
	Actual Salary Expense	Less One Leave and Holiday		Utility	Non-Utility	Utility	Non-Utility
61582	840,732	141,096	699,636	\$ 596,690	\$ 102,945	85%	15%
03512	431,030	37,390	393,640	\$ 328,312	\$ 65,329	83%	17%
88740	430,847	74,393	356,454	\$ 326,794	\$ 29,660	92%	8%
02565	369,077	51,049	318,028	\$ 261,409	\$ 56,619	82%	18%
00188	359,232	100,128	259,104	\$ 237,046	\$ 22,058	91%	9%
85931	317,569	34,160	283,409	\$ 251,594	\$ 31,814	89%	11%
02552	315,646	38,514	277,132	\$ 174,382	\$ 102,750	63%	37%
00365	288,599	32,220	256,379	\$ 72,638	\$ 183,741	28%	72%
45464	274,046	36,022	238,024	\$ 213,041	\$ 24,982	90%	10%
05320	271,476	35,491	235,985	\$ 220,825	\$ 15,161	94%	6%
76183	257,479	30,150	227,329	\$ 19,408	\$ 207,921	9%	91%
01750	235,492	27,970	207,522	\$ 184,717	\$ 22,805	89%	11%
00107 (1)	171,230	19,977	151,253	\$ 143,966	\$ 7,287	95%	5%
	<u>4,562,455</u>	<u>658,560</u>	<u>3,903,895</u>	<u>3,030,822</u>	<u>873,072</u>	<u>78%</u>	<u>22%</u>
		14%					

Updated for Salaries in Effect 2018

Employee	Approved	Less	Labor	Amount		Percent (2016 Levels)	
	Salaries 2019	One Leave and Holiday	Labor Expense	Utility	Non-Utility	Utility	Non-Utility
61582	0	0	0	\$ -	\$ -	0%	0%
03512	445,000	38,602	406,398	\$ 377,950	\$ 28,448	93%	7%
88740 (2)	496,000	85,643	410,357	\$ 393,943	\$ 16,414	96%	4%
02565	380,000	52,560	327,440	\$ 301,245	\$ 26,195	92%	8%
00188	370,000	103,129	266,871	\$ 264,202	\$ 2,669	99%	1%
85931	320,000	34,421	285,579	\$ 237,030	\$ 48,548	83%	17%
02552	325,000	39,655	285,345	\$ 282,491	\$ 2,853	99%	1%
00365	294,000	32,823	261,177	\$ 258,565	\$ 2,612	99%	1%
45464	285,000	37,462	247,538	\$ 247,538	\$ -	100%	0%
05320 (3)	298,500	39,024	259,476	\$ 259,476	\$ -	100%	0%
76183	268,000	31,382	236,618	\$ 23,662	\$ 212,956	10%	90%
01750	242,000	28,743	213,257	\$ 177,003	\$ 36,254	83%	17%
00107 (4)	225,000	26,250	198,750	\$ 196,762	\$ 1,987	99%	1%
	<u>3,948,500</u>	<u>549,695</u>	<u>3,398,805</u>	<u>3,019,868</u>	<u>378,937</u>	<u>89%</u>	<u>11%</u>
		14%					

Net System Adjustment

\$ (10,953)

Allocated to Washington Electric

0.70135 Note 7

0.68595 Note 4

\$ (5,269)

Allocated to Washington Gas

0.20549 Note 7

0.72272 Note 4

\$ (1,627)

- Note (1) Amount represents the annual salary for this executive. Actual amount represents partial year expense.
 Note (2) Promoted to President of Avista Utilities
 Note (3) Increase places salary within +/- 15% of Market for equivalent position.
 Note (4) Increase places salary within +/- 15% of Market for equivalent position.

Avista chairman/CEO announces retirement

Monday, May 13, 2019 5:00 PM ET

By Darren Sweeney *Market Intelligence*

Avista Corp. Chairman and CEO Scott Morris announced May 13 to the company's board of directors that he will retire March 1, 2020.

Morris will serve as the executive chairman of the board until his retirement date and then as nonexecutive chairman following his retirement, the company said in a news release. He will transition his duties as CEO to Avista President Dennis Vermillion, who was elected CEO by the board, effective Oct. 1. Vermillion will continue to serve on Avista's board.

The Spokane, Wash.-headquartered water and gas utility and Canada's Hydro One Ltd. terminated their proposed merger in late January after Washington and Idaho regulators rejected the deal. Both commissions cited concerns over Hydro One's lack of independence from the government of Ontario.

Morris started at Avista in 1981 and has been CEO and chairman since 2008. Vermillion has been with Avista since 1985.

This article was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global.

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	5/29/2019
CASE NO.:	UE-190334 & UG-190335	WITNESS:	Elizabeth Andrews
REQUESTER:	UTC Staff	RESPONDER:	Annette Brandon
TYPE:	Data Request	DEPT:	Regulatory Affairs
REQUEST NO.:	Staff - 010	TELEPHONE:	(509) 495-4324
		EMAIL:	annette.brandon@avistacorp.com

REQUEST:

Please provide a copy of Dennis Vermillion's employment contract as CEO with Avista. Please also provide a brief summary of Dennis Vermillion's compensation package, including annual base salary, annual incentives, restricted stocks, etc.

RESPONSE:

Mr. Vermillion does not have an employment contract as Chief Executive Officer with Avista. Currently, Mr. Vermillion serves as President of Avista Utilities, until such time as Mr. Morris retires effective October 1, 2019.

As CEO, Mr. Vermillion will be provided with the same compensation package as all other executive officers, albeit at a different mix of components (base salary, short term incentive and long-term incentive). In addition, at the beginning of each calendar year, the Compensation Committee asks the CEO to develop specific performance targets and goals for his role based on strategic goals set by the board. At the end of the year, the Compensation Committee reviews the CEO's year-end results as a part of its overall CEO performance review process. The results of this review process will be considered in the development of the Base Salary portion of the Compensation Plan. Please see Staff_DR_011 for the Annual 2018 Proxy Statement Compensation Discussion and Analysis portion for a full description of compensation provided the Company CEO.