

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

JURISDICTION:	WASHINGTON	DATE PREPARED:	6/11/2021
CASE NO.:	UE-200900 & UG-20901	WITNESS:	Elizabeth Andrews
REQUESTER:	UTC Staff	RESPONDER:	Tia Benjamin
TYPE:	Data Request	DEPT:	Regulatory
REQUEST NO.:	Staff – 172	TELEPHONE:	(509) 495-2225
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RE: Labor and Benefits Expense

REQUEST:

Witness Andrews states in her rebuttal testimony, “The goal of the Company’s overall compensation policy is to ensure employees are +/- 15% of the market median when including all components of compensation” (Exh. EMA-6T at 55:20 - 56:2). Please provide the market median of overall compensation for comparable union employees in the rate year as well as the range of compensation above and below 15% of the market median. If the market median in the rate year is not available, please provide the market median as close to the beginning of the rate year as possible. Please provide the compensation for each job classification if available.

RESPONSE:

As stated in Andrews testimony (Exh.EMA-6T at 55:19 – 55:20) “Contract negotiations are a careful balance of all components of compensation, including salary, incentive and benefits.” When negotiating a bargaining unit contract, the Company gives consideration to market-based pay as a part of a total compensation philosophy in order to provide a fair value to our employees and for our customers. The contract negotiation process itself is complicated with the end result being a give-and-take of several individual items within each component of total compensation. While some components may be above market, other components may be below, with the net result reflecting agreements made during the final negotiations packaging. In preparation for, as well as during the negotiations process, the Company analyzes publicly available data of other similar bargaining unit groups to evaluate the hourly wage, retirement plan designs and calculations, and benefits afforded to employees such as paid time away which can be quantifiably calculated in a total compensation package. Other considerations that factor into a total compensation analysis and are more difficult to precisely calculate are the non-public benefits such as actuarial value of medical plans, retiree medical benefits, and other sources of income not specifically disclosed in publicly available documents. These benefits are estimated within a reasonably conservative range as a factor into the total comp comparison. Finally, consideration is also placed on cost of living for various comparison areas as well as demand for specific types of highly skilled craft positions. In summary, multiple sources of data are utilized for negotiation purposes with some being easily validated and others based on conservative yet educated estimates. The final, approved contract is based on the give-and-take of the negotiations process, with the ultimate result deemed to be fair for both the Company and employees, intended to recruit and retain craft employees among the various trades. As such, there is no readily available comprehensive summary for market median comparison for each component in the overall compensation plan for union employees.