

**Exhibit No. MC-10  
Dockets UE-160228/UG-160229  
Witness: Melissa Cheesman**

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

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

**Respondent.**

**DOCKETS UE-160228 and  
UG-160229 (*Consolidated*)**

**EXHIBIT TO  
TESTIMONY OF**

**MELISSA CHEESMAN**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

*Avista's Initially Filed Pro Forma Employee Benefits (Electric 3.04, Gas 3.02)*

**August 17, 2016**

**AVISTA UTILITIES**  
**Summary**  
12 Months Ending 09/30/15

	Alloc <sup>1</sup> %	Total Retirement Pro Forma	Total Medical Pro Forma	Total Benefit
<u>Washington Electric</u>				
Total Production	25.56%	\$ 148,881	\$ 146,322	\$ 295,203
Total Transmission	7.78%	\$ 45,317	\$ 44,538	\$ 89,855
Total Production and Transmission		\$ 194,198	\$ 190,860	\$ 385,058
Total Distribution	23.12%	\$ 134,669	\$ 132,353	\$ 267,022
Customer Accounts	11.29%	\$ 65,762	\$ 64,631	\$ 130,393
Cust Service & Info	1.07%	\$ 6,233	\$ 6,125	\$ 12,358
Sales & Marketing		\$ -	\$ -	\$ -
Admin and General - Proforma	31.18%	\$ 181,617	\$ 178,494	\$ 360,111
Total		\$ 582,479	\$ 572,463	\$ 1,154,942
Total WA Electric Expense		\$ 582,479	\$ 572,463	\$ 1,154,942
check		\$ 582,478	\$ 572,463	\$ 572,463

<sup>1</sup> Based on Labor and Wage adjustment

**AVISTA UTILITIES**  
**Summary**  
12 Months Ending 09/30/15

<u>Washington Gas</u>	Alloc <sup>1</sup> %	Total		Total		Total Benefit
		Retirement Pro Forma	Medical Pro Forma	Medical Pro Forma	Total Benefit	
Total Production	3.48%	\$ 6,069	\$ 5,964	\$	\$ 12,033	\$ -
Total Underground Storage	0.03%	\$ 52	\$ 51	\$	\$ 103	\$
Total Distribution	41.70%	\$ 72,719	\$ 71,468	\$	\$ 144,187	\$
customer Accounts	23.74%	\$ 41,399	\$ 40,687	\$	\$ 82,086	\$
Cust Service & Info	1.94%	\$ 3,383	\$ 3,325	\$	\$ 6,708	\$
Sales & Marketing		\$ -	\$ -	\$	\$ -	\$
Admin & General - Pro-Forma	29.11%	\$ 50,763	\$ 49,891	\$	\$ 100,654	\$
		\$ 50,763	\$ 49,891	\$	\$ 100,654	\$ -
Total WA Gas Expense		\$ 174,385	\$ 171,386	\$	\$ 345,771	\$
check		\$ 174,385	\$ 171,387	\$	\$ 171,387	\$

<sup>1</sup> Based on Labor and Wage adjustment

**AVISTA UTILITIES**  
12 Months Ending 09/30/15

			Retirement	Medical	TOTAL
Pro-Forma Adjustment		**	\$ 31,435,878	\$ 30,710,000	\$ 62,145,878
12 Months Ending 9/30/2015			\$ (29,295,624)	\$ (28,606,546)	\$ (57,902,170)
Total Adjustment		2016	\$2,140,254	\$2,103,454	\$4,243,708
O & M Allocation Percent			57.09%	57.09%	57.09%
Net O & M increase to utility			\$1,221,871	\$1,200,862	\$2,422,733
Washington Electric Labor	\$ 41,149,150.00				
Total OPER Labor	\$ 86,319,776.00				
% of total		47.671%	\$582,478	\$572,463	\$1,154,941
Idaho Electric Labor	\$ 20,192,471.00				
Total OPER Labor	\$ 86,319,776.00				
% of total		23.393%	\$285,832	\$280,918	\$566,750
Washington Gas Labor	\$ 12,319,220.00				
Total OPER Labor	\$ 86,319,776.00				
% of total		14.272%	\$174,385	\$171,387	\$345,772
Idaho Gas Labor	\$ 5,146,170.00				
Total OPER Labor	\$ 86,319,776.00				
% of total		5.962%	\$72,848	\$71,595	\$144,443
Oregon Gas Labor	\$ 7,512,765.00				
Total OPER Labor	\$ 86,319,776.00				
% of total		8.703%	\$106,339	\$104,511	\$210,850
		100.00%	\$1,221,882	\$1,200,874	\$2,422,756

\*\*Retirement based on 2016 Projection; medical based on 2016 Projection.  
Source: non-executive officer adjustment plus executive officer adjustment (test period)

Medical	Medical from Mercer	\$ 23,600,000
	Adjustment for IBNR	\$ (2,000,000)
	Admin Fees	\$ 220,000
	Total	\$ 21,820,000

Expenditure Organization	B02
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Sum of Transaction Amt SUM 12 Months Ending 09.30.15				Pro-Forma	
Project Number	Task Number	Task Name	Total	Medical	Retirement
09802910	926220	Health Insurance	\$ 384,297	\$ 401,000	
09902910	926220	Health Insurance	\$ 18,954,567	\$ 21,318,000	
	926240	FAS 106	\$ 9,267,681	\$ 8,991,000	
		<b>Total Health Insurance</b>	<b>\$ 28,606,546</b>	<b>\$ 30,710,000</b>	
	926225	401 (k)	\$ 7,428,318		\$ 7,867,558
	926226	401(K) Non-Elect Con	\$ 229,929		\$ 216,320
	926230	Pension FAS 87	\$ 21,637,376		\$ 23,352,000
	<b>Total Retirement</b>	<b>\$ 29,295,624</b>		<b>\$ 31,435,878</b>	
<b>Grand Total</b>			<b>\$ 57,902,170</b>	<b>\$ 30,710,000</b>	<b>\$ 31,435,878</b>
			change	\$ 2,103,454	\$ 2,140,254

Medical:

2016 Estimate	<sup>1</sup> (Mercer) EBA Medical Health Insurance	24,200,000 (2016 Amount)	Task
	IBNR - Premera	(3,000,000) (2016 Amount)	
	Administration Fees	\$ 118,000 (2015 Actual)	
		21,318,000	926220
	<sup>1</sup> (Mercer) Group Health Medical Insurance	\$ 401,000 (2016 Amount)	
	<sup>2</sup> (Towers Watson) 2017 FAS 106	\$ 8,900,000 (2017 Amount)	926240
	GL Account 926220	\$ 30,619,000	

Pension

2016 estimate	<sup>2</sup> (Towers Watson) 2017		
	Pension Expense	23,300,000 (2017 Amount)	Task
	Administration fees	52,000 (2015 Actual)	926230
		23,352,000	926230
	Plus 401K	8,083,878 (2016 Amount)	
	Total	31,435,878	

<sup>1</sup>Estimates are provided by Mercer for only the upcoming year. As a result, 2016 estimated expenses are used as a proxy for 2017 estimates.

<sup>2</sup>Towers Watson provides the actuarial analysis for the Pension Plan and Post-Retirement Medical expenses. The direct case (pro-forma cross check study) includes estimates as of September 30, 2015. This estimate will be updated with year end numbers and presented to the Board of Directors in May, 2016. At this point, estimates will be updated and communicated to all parties.

Accounting Period BETWEEN '201410' AND '201509', , Expenditure Type Parameter 1 : '510 Payroll Benefits loading'

Accounting Period:<All>

Expenditure Type	Desc	Transaction Amount				Total
		CAP	NONOP	OPER	OTHER	
510 Payroll Benefits loading	Projects	16,709,779	779,912	35,245,527	8,998,420	61,733,638
Total		16,709,779	779,912	35,245,527	8,998,420	61,733,638
	Percent	27%	1%	57%	15%	100%