

WUTC

DOCKET NO. UE-991606

EXHIBIT # 382

ADMIT

W/D

REJECT

**AVISTA UTILITIES
RESPONSE TO REQUEST FOR INFORMATION**

JURISDICTION: Washington
CASE NO: UE-991606
UG-991607

DATE PREPARED: 3/1/00

WITNESS: Tom Matthews
Kathy Mitchell
RESPONDER: Kathy Mitchell
DEPT: Rates
TELEPHONE: (509) 495-4407
FIELD AUDIT: ___ Yes X No

REQUESTER: Staff
TYPE: Data Request
DUE DATE: 2/21/00
REQUEST NO.: 172

REQUEST:

Please provide detailed support, including the name and position of each officer, to explain how each officer's salary was allocated to regulated and non-regulated activities in 1997, 1998 and 1999.

RESPONSE:

Please see Attachment A, a memo outlining salary splits for the officers as of 1/1/98. Attachment B is a comparable memo covering the 1996 period. (Please refer back to Attachment C of WUTC Request No. 171 to view applicable officer names and position titles at each year-end.) Note that the narrative in Attachment B states that accounting for officers' labor is reviewed at the beginning of each year and that the officers have the ability to update their utility and non-utility time sheet splits. Between the memo of 1/17/96 (Attachment B) and the memo dated 12/2/97 (Attachment A), the officers recognized the changing nature of their job responsibilities, shifting more labor costs to the non-regulated side of the business. These changes are discussed further as follow:

1997- Officer Salary Allocations

The percentages outlined in Attachment A would have been applicable during 1997 with the following modifications. Ms. Racicot, the Vice President of Operations, was charged 100% to the utility and Mr. Pierce, Vice President and Treasurer during 1997, was charged, effective July 1997 in recognition of the changing focus of his responsibilities, 45% to subsidiary operations. (Prior to this Mr. Pierce was charged 100% to the utility.)

1998- Officer Salary Allocations

Please refer again to Attachment A. These percentages would have been effective during the first half of 1998. Mr. Peterson, Vice President and Controller as of February of 1998 and Vice President and Treasurer as of December of 1998, allocated his time 90% to the utility and 10% to subsidiary operations. Ms. Syms became Vice President and Corporate Secretary in February of 1998, and continued to allocate her time consistent with her previous position as Corporate Secretary. Mr. Matthews was hired effective 7/1/98 for the position of Chief Executive Officer, and assumed Mr. Redmond's salary

allocations. Mr. Meyer, Vice President and Corporate Counsel as of September 1998, allocated his time 70% to the utility and 30% to subsidiary operations. Mr. Woodworth, appointed Vice President of Corporate Development as of December 1998, charged 1% of his time to subsidiary operations during 1998. (The Company's Allocation of Pro Forma Officer Compensation was prepared using allocation factors of 80% to the utility and 20% to the subsidiaries as more reflective of the scope of Mr. Woodworth's work during 1998. See Mitchell's workpapers page 22.) Mr. Turner, Vice President and General Manager of Energy Delivery as of November 1998, charged his time exclusively to utility operations.

1999- Officer Salary Allocations

Salary allocations for officers used the percentages established during 1998, above, with the following additional modifications. Ms. Syms, Vice President and Corporate Secretary, modified her time allocations to 90% utility, 10% subsidiary operations. Mr. Woodworth, Vice President of Corporate Development, modified his allocation to 80% utility, 20% subsidiary operations. Ms. Burmeister-Smith became Vice President and Controller (filling a vacancy) in July of 1999, and assumed the allocation percentages of 90% to the utility and 10% to subsidiary operations. Mr. Brukardt became Vice President of Investor Relations in August of 1999, charging all of his time to the utility operations.

Eunell



Washington Water Power

Interoffice Memorandum

Executive Dept.

DATE: December 2, 1997
TO: Officers
Officer Assistants
Budget and Forecast
Payroll
FROM: Diane Kaufman, Ext. 8638
SUBJECT: 1998 Officer Labor Accounting

The following accounts have been established for 1998.

Officer Name	Description	Work Order-Acct-Sub-RC-Loc	Percent
Bryan	Corp Planning & Strategic Direction	2869-7920-00-E01-099	60%
	Non-Regulated Business-Avista	3142-9417-12-E01-099	40%
Eliassen	Corp Planning & Strategy Direction	2869-7920-00-E01-099	60%
	Non-Regulated Business-Pentzer	3142-9417-11-E01-099	30%
	Non-Regulated Business-Avista	3142-9417-12-E01-099	10%
Ely	Corp Planning & Strategic Direction	2869-7920-00-E01-099	50%
	Non-Regulated Business-Avista	3142-9417-12-E01-099	50%
Fukai	Corp Planning & Strategic Direction	2869-7920-00-E01-099	100%
Matthiesen	Corp Planning & Strategic Direction	2869-7920-00-E01-099	90%
	Non-Regulated Business-Avista	3142-9417-12-E01-099	10%
Pierce	Non-Regulated Business-Avista	3142-9417-12-E01-099	100%
Redmond	Corp Planning & Strategic Direction	2869-7920-00-E01-099	60%
	Non-Regulated Business-Pentzer	3142-9417-11-E01-099	30%
	Non-Regulated Business-Avista	3142-9417-12-E01-099	10%

Questions, please let me know.

Attachment A

Washington Water Power
Internal Auditing
Memorandum
 January 17, 1996

TO:	Officers Administrative Support to Officers Accounting Area Budgeting Area Payroll
FROM:	Rich Stevens <i>RWS</i>
SUBJECT:	1996 Officer Labor Accounting

COPY

The company reviews accounting for officers' labor costs at the beginning of each year. In the past, each officer's salary (with benefits and taxes) was spread among several accounts to approximate the time spent on a variety of activities as defined in the budgeted "master activity codes".

To simplify the process for 1996, all of the officers' labor costs are being assigned to a single activity code, "Corporate Planning and Strategic Direction". The only exceptions at this time are for the estimated portion of Paul Redmond's and Jon Eliassen's roles that relate to non-regulated subsidiaries. If during the course of the year, anyone else feels part of their time ought to be segregated from the regulated portion of the business, please let me know and a change will be made accordingly at that time. You may also override the fixed percentage distribution at any time by assigning time to any other appropriate accounts and work orders on your time sheets.

An additional change is that all of the officer labor costs will be in the "E01" responsibility center. Your non-labor costs may be in a different RC if that has been your practice in the past.

The 1996 accounting codes are as follows:

<u>Officer Name</u>	<u>Description</u>	<u>Wk Order</u>	<u>Account</u>	<u>Sub</u>	<u>RC</u>	<u>Loc</u>	<u>%</u>
Bryan	Corp Plng & Strat Dir	2869	7920	00	E01	099	100
Eliassen	Corp Plng & Strat Dir	2869	7920	00	E01	099	80
	Non-Regulated Subsidiaries	3142	9417	11	E01	099	20
Ely	Corp Plng & Strat Dir	2869	7920	00	E01	099	100
Fukai	Corp Plng & Strat Dir	2869	7920	00	E01	099	100
Mathiesen	Corp Plng & Strat Dir	2869	7920	00	E01	099	100
Pierce	Corp Plng & Strat Dir	2869	7920	00	E01	099	100
Racicot	Corp Plng & Strat Dir	2869	7920	00	E01	099	100
Redmond	Corp Plng & Strat Dir	2869	7920	00	E01	099	70
	Non-Regulated Subsidiaries	3142	9417	11	E01	099	30

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Redmond	Corp Plng & Strat Dir	2869	7920	00	E01	099	70
	Non-Regulated Subsidiaries	3142	9417	11	E01	099	30

Attachment B

Elliott



Washington Water Power

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Attachment A