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IDAHO PUBLIC UTILITIES COMMISSION

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Thursday
April 1, 2010

Avista execs see salary increase

By ALECIA WARREN
Staff writer

COEUR d'ALENE — Avista Corp.'s top executives' salaries remained fairly steady in 2009, while they saw raises in some incentive pay and pension, according to the company's

annual proxy statement filed with the U.S. Securities and Exchange Commission on Wednesday. Scott Morfin, chief executive officer, also president and chairman of the board, had a base salary of \$630,001 in 2009, up from \$626,305 in 2008. His non-equity incentive

compensation — based on job performance — rose \$17,429 to \$582,026. His change in pension and deferred compensation earnings also rose \$132,230 in 2009, up to \$691,983. Morfin's total compensation for the year was more than \$3 million.

lion, up from \$2.6 million. But company spokeswoman Jessie Wuerst said all executives' 2009 total compensation includes the value of performance-based stock awards that were not earned.

see AVISTA, A4

AVISTA from A1

"SEC requires us to report the value of those stock awards," Wuerst said. "They're there and counted as total comp, but it didn't go home with them."

Mark Thies, senior vice president and chief financial officer, earned \$14,998 up from \$72,692 in 2008.

His salary and other compensations rose dramatically because he had assumed the position in mid-2008 and only worked a partial year, Wuerst said.

Thies' incentive compensation also rose to \$194,009, from \$33,716. His total compensation was \$831,234 up from \$866,646.

Marian Durkin, senior vice president, general counsel and chief compliance officer, earned \$274,999 in base pay, up from \$273,075 the year before.

His incentive pay rose over \$50,000 to \$169,373. His total compensation package rose to \$791,096 from \$728,321 in 2008.

Karen Felles, senior vice president and corporate secretary, earned a base salary of \$240,001, bumped up from \$238,077.

Her incentive pay rose more than \$45,000 to \$147,816. Her total compensation package was \$759,007 up from \$696,159.

Dennis Vermillion, senior vice president and environmental compliance officer who assumed his position in 2009, earned a base salary of \$289,230. His incentive pay

was \$148,843, and his total compensation package was \$735,925.

Avista, a mid-sized utility owned by shareholders, had a net income of \$87.1 million in 2009, Wuerst said, improving from \$73.6 million the year before.

The bulk of executives' pay does not come out of customer rate. Wuerst said, but from shareholder earnings.

"Executives' compensation is determined by the company board of directors," she said. Stock and non-equity incentives are performance based, reflecting various financial goals that are achieved.

"It's a lot of money, regardless how you look at it," Wuerst said of executive salaries and compensations. "But these people are running a billion-dollar company."

Where does this come from?
Bottom line — customers eventually pay for everything!

This article was published the same week I received the following

✓ Ken Ake sent 4/14/10

✓ To AV.

✓ To Comm. H

AVU-E-10-01/
AVU-G-10-01



Important Notice for Idaho Electric Customers

March 2010

On March 23, 2010, Avista filed an application with the Idaho Public Utilities Commission (Commission) to increase Idaho electric rates by \$32.1 million or 13.1%. The proposed increase reflects the increased cost of generating and purchasing electricity to serve customers, as well as capital investments to upgrade aging infrastructure, among other things. More information on the rate request is available at www.avistautilities.com (keyword search: rates).

The proposed net increase above current billing rates by service schedule is as follows:

Residential Service - Schedule 1.....	14.5%
General Service - Schedule 11 & 12.....	13.3%
Large General Service - Schedule 21 & 22.....	13.6%
Extra Large General Service - Schedule 25.....	11.3%
Clearwater Paper - Schedule 25P.....	9.4%
Pumping Service - Schedule 31 & 32.....	17.1%
Street & Area Lights - Schedules 41 - 49.....	13.3%

Residential customers using an average of 964 kilowatt-hours per month would see their monthly bills increase from \$77.95 to \$89.35, an increase of \$11.40 per month, or 14.6%. As part of the request, Avista is proposing that the basic monthly charge for residential service be increased from \$4.60 to \$6.75 per month in order to reflect a more reasonable amount of the fixed costs that don't vary with customer usage.

The Company's application is a proposal, subject to public review and a Commission decision. A copy of the application is available for public review at the offices of both the

(More on reverse.)

AVAR01

Commission and the Company. The Commission has up to seven months to review the Company's rate increase request. The Commission will begin a comprehensive review of Avista's application and will seek public input on the Company's request.

If you would like to submit comments on this proposed increase, you can do so by going to the Commission website at www.puc.idaho.gov or mailing comments to:

Idaho Public Utilities Commission
P.O. Box 83720

Boise, ID 83720-0074

Avista offers a number of programs and services to help customers manage their energy use and costs. Visit us at www.avistautilities.com for information on these programs which include Comfort Level Billing, bill payment options, automated payment service, assistance programs, conservation tips and energy efficiency rebate and incentives, among others.

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to pay
shareholders +
top execs too?

I wouldn't mind paying 14.5%
more for energy if I had an
income like the top execs of
Avista or if my income went up
14.5% or more (like the top execs
of Avista).

The cost of heating our home has
been a HARDSHIP this winter. I know
this is the case for alot of people.
An increase - especially 14.5% (why
not 3% or 5%?) AND the HUGE compensa-
tion -

(cont. from other side)!

packages the top executives get
leave the average consumer feeling

Very, Very, Very Violated and
(taken advantage of)
ANGRY !!!

In our home, we have:

- main "bread winner" - laid off from good job + still unemployed after 14 months
- my part-time income at a "decent" job (but I battle an auto-immune ~~job~~ disease) OUCH!
- an adult son disabled because of brain tumors - after 6 years still not receiving any \$ or medical help - we cannot support him or care

← This is not

unusual - we

know a lot of people
with very difficult
circumstances - paying

out more \$ for election
but will truly be the last

✓ Men Ask
sent 4/15/10
✓ To A.V.
✓ To Commis
H

Jean Jewell

From: RaeBrouhard@verizon.net
Sent: Thursday, April 15, 2010 7:03 AM
To: Jean Jewell; Beverly Barker; Gene Fadness
Subject: PUC Comment Form

A Comment from Kristie Rae Brouhard follows:

Case Number: AVU-E-10-01/AVU-G-10-01
Name: Kristie Rae Brouhard
Address: 413 N. Henry St.
City: Post Falls
State: ID
Zip: 83854
Daytime Telephone: (208) 457-9160
Contact E-Mail: RaeBrouhard@verizon.net
Name of Utility Company: Avista
Add to Mailing List: yes

Please describe your comment briefly:

Since Idaho is a 'Right to Work' State, employers are not subjected to offering their employees a 'cost of living' increase in pay. Therefore, the increase of 14.5% on Residential Services are absurd; in which, a majority of residents in our area will not be able to afford this increase. I believe that you will see more monies going to collections due to the inability to pay; hence, the increase will have to cover the efforts of collecting for those whom cannot afford it. I would like to propose that some of the costs associated with the increase should be accounted for from the salaries of those whom work for Avista; whom are paid at a much higher rate than the average persons. Avista needs to streamline their business practices to reduce costs and not rape the community of a necessity in which we have no control. You will ultimately see more welfare cases arise if this increase is passed as filed. This cost should not only be the sole responsibility of the end user, yet budgets should be passed in house first.

The form submitted on <http://www.puc.idaho.gov/forms/ipuc1/ipuc.html>
IP address is 74.87.205.248

✓ Gen. Ack
sent 4/15/10
Jean Jewell

✓ To A.V.

✓ To Commr's
H

From: lesgrifton@yahoo.com
Sent: Thursday, April 15, 2010 6:48 AM
To: Jean Jewell; Beverly Barker; Gene Fadness
Subject: PUC Comment Form

A Comment from Henry L Grafton follows:

Case Number: AVU-E-10-01/AVU-G-10-01
Name: Henry L Grafton
Address: 8148 N. Marabou Dr
City: Hayden
State: ID
Zip: 83835
Daytime Telephone: 208-762-4228
Contact E-Mail: lesgrifton@yahoo.com
Name of Utility Company: Avista Utilities Add to Mailing List: yes

Please describe your comment briefly:

So you're going to raise our rates and then what? Post record profits and give the CEO another huge bonus.....I hope the State Utility Commission holds Avista accountable and responsible. It's a big kick in the teeth to your customers to get an increase, Then read about increased profits and bonuses.....Just a concerned customer opinion.....

From: Avista Utilities [mailto:conversation@avistautilities.com]
Sent: Thursday, April 15, 2010 11:31 AM
To: Les Grafton
Subject: Avista - Taking a Closer Look at Rates

As an Avista customer we value your privacy.
If you wish to be removed from this list please [Click Here](#).

Dear Avista Customer,

You may have heard that Avista recently filed a request with the state utility commission to raise electric and natural gas rates. This request was necessary to recover the higher costs we are paying for energy as well as the increasing costs of getting that energy to your home or business.

State regulators will now conduct a public review process (which could take up to 7 months). As a regulated utility, it is the state utility commission who will set our prices only after this thorough review is complete. You can learn more about how the process works by clicking here for a short video.

Our commitment to you is to listen and share information on energy issues that affect us all. We encourage you to visit our website at www.avistautilities.com where you will find more information about the current rate requests and the major investments we're making to keep serving you well.

Since we launched our conversation web pages and blog last summer, thousands of you have visited, read posts, left comments through your My Account sign-in or e-mailed us at conversation@avistautilities.com. Thank you! We hope you'll continue learning, sharing and joining this important conversation.

Sincerely,
Dennis Vermillion
President, Avista Utilities

The form submitted on <http://www.puc.idaho.gov/forms/ipuc1/ipuc.html>
IP address is 98.145.67.9
