

Avista CEO pay nearly \$875,000

Utility directors agree to give him 10 percent raise in 2005

By Alison Boggs
Staff writer

Avista Corp. CEO Gary Ely earned close to \$875,000 in 2004 and will receive a 10 percent raise in 2005, according to a Wednesday filing with the Federal Securities and Exchange Commission.

Ely's compensation package and those of other corporate executives were set following a quarterly meeting of the company's board of directors.

Continued: Avista/A10

Home delivery: (509) 747-4422; (800) 338-8801

PHOTO: AVISTA UTILITIES

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Mon

09/20/05

I called on this a year ago and spoke to the Utilities Commission on a article in The Spokesman Review regarding last year increase.

The increase this year has nothing to do with disaster in New Orleans. I feel it was all in place long ago.

I suggest that the give executives take a cut in pay. Cut all boom's and no more Avista stock given to the top give.

Mary Hornath
P O B x 383
Wallace, Id. 83873

RECEIVED
FILED

2005 OCT -3 AM 8:20

IDAHO PUBLIC
UTILITIES COMMISSION

✓ Ken Ack sent
10/5/05

✓ To A.V.

✓ To Commis
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Avista: Bonus pay is higher if goals are exceeded

Continued from A1

tors last week. Karen Feltes, vice president and corporate secretary for Avista, said the company's executive pay falls slightly below the halfway mark when compared with other similar-sized companies. Avista compares itself with 29 utility companies identified by an outside consultant as having annual revenues ranging from \$1 billion to \$3 billion, Feltes said. Avista's revenues for 2004 were \$1.14 billion.

At the board meeting last week, directors approved new base pay rates for executive officers, effective March 1, according to the filing, called an 8-K. Guidelines also were established for awarding bonuses based on whether the company meets certain goals. Executives can receive bonuses ranging from 40 percent to 90 percent of their pay if goals are met. If goals are exceeded, executives can receive up to 150 percent of their pay in bonuses.

Bonuses in 2004 ranged from 40 percent of pay for Ely to 15 percent of pay for Vice President Ronald Peterson. Chief Financial Officer Malyn Malquist, Senior Vice President Scott Morris and Vice President David Meyer all received 25 percent bonuses.

In 2004, Avista's natural gas rates rose by about \$10 a month for Washington residential customers and

Avista compensation

	2004 pay	2003 pay	2004 bonus
CEO Ron Ely	\$224,000	\$187,500	\$218,750
CFO Malyn	\$300,000	\$314,000	\$74,863
Malquist			
Senior VP Scott	\$275,000	\$309,500	\$68,522
Morris			
VP David Meyer	\$240,000	\$240,000	\$59,867
VP Ronald Peterson	\$216,000	\$218,000	\$32,296

about \$13 a month for Idaho customers due to the rising cost of the commodity and increased business costs, according to the utility. Electric rates also rose by about \$4 a month in Idaho. Those increases were partially offset by a credit tied to benefits from the federal hydroelectric system, which dropped electric rates in both states by \$1.50 per month. Avista is expected to request an additional rate increase for Washington customers within the next few months.

"Compensation is a cost of doing business," said Pat Lynch, Avista's director of corporate communications.

"Our philosophy is to maintain our compensation levels at least on par with market conditions by providing a base salary and incentives that are competitive with the marketplace.

We've invested a lot in our executives and our employees and we want to retain the best talent we can."

The board of directors set up the executive compensation package as an incentive for officers to focus on company goals, the filing said. In 2004, the company met its customer-satisfaction and electric-reliability goals but missed on capital expenditures. That budget was off by 1 percent due to early delivery of some equipment that the company did not expect to pay for in 2004, Feltes said.

The company also hit its goal of operations and maintenance costs per customer, which was \$259.44 for 2004. However, it did not hit its goals for earnings per share at the corporate level or at its utility, the filing said. Wednesday's filing also laid out stock shares to be awarded to executives if corporate goals are met over a three-year period.

To receive 100 percent of the shares, the company must be ranked at the 55th percentile on the S&P 400 MidCap Utilities Index. For example, if at the end of 2007 that goal is met, Ely would receive 64,400 shares.

The share amounts designated for other officers were 15,500 for Malquist, 15,500 for Morris, 5,300 for Meyer and 5,300 for Peterson.

Business writer Allison Boggs can be reached at (509) 459-5491 or by email at allisonb@spokesman.com.

2005
"I want to make sure people understand that the commission is very thorough in reviewing the company's numbers," said Marilyn Meehan, a spokeswoman for the Washington Utilities and Transportation Commission. "But customers need to know that the company does not control the market price for gas."

✓ Gen. Ack sent 10/5/05 *✓ To A.V.* *✓ To Comments*

Jean Jewell

From: Ed Howell
Sent: Tuesday, October 04, 2005 7:37 PM
To: Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark
Subject: Comment acknowledgement

WWW Form Submission:

Tuesday, October 04, 2005
6:36:59 PM

Case: AVU-G-05-2
Name: Lynn Tobin
Street Address: 317 4th Ave.
City: Lewiston
State: ID
ZIP: 83501
Home Telephone: (208) 798-0329
E-Mail: lynntobin@lewiston.com
Company: Avista Utilities

mailing_list_yes_no: yes

Comment_description: I am opposed to the proposed gas rate increase. Avista's price per therm as of 11/1/02 was \$.75722, as of 2/1/05 it was \$.95315, as of 2/14/05 it was \$.92361. Now they want a 23.4% increase again. I believe that the proposed increase would be the highest cost in the area. My daughter, who lives on Mercer Island, WA and is accustomed to paying high prices for everything, said they only pay about 60 cents per therm (plus assorted other charges and fees). Intermountain Gas in "Southern" Idaho has increase it's per therm cost from \$55.5 to only \$73.2 effective Oct. 1. Why are we customers so special? I can cut back on driving but I really can't cut back on heating my home.

Transaction ID: 1041836.59
Referred by: <http://www.puc.state.id.us/scripts/polyform.dll/ipuc>
User Address: 204.52.246.62
User Hostname: 204.52.246.62

✓ Jean. Ack.
sent 10/5/05

✓ To AV.

✓ To Comments
i H

Jean Jewell

From: Ed Howell
Sent: Tuesday, October 04, 2005 3:47 PM
To: Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark
Subject: Comment acknowledgement

WWW Form Submission:

Tuesday, October 04, 2005
2:47:07 PM

Case: AVU-G-05-02
Name: Bryan Williams
Street Address: PO BOX 2622
City: Post Falls
State: Idaho
ZIP: 83877
Home Telephone: 208 659-8318
E-Mail: ppstain57@hotmail.com
Company: Avista

mailing_list_yes no: yes

Comment_description: Re: The proposed 23.8 percent average increase in gas rates for Avista. I am very aware of the daily increase to all of us BUT when my (fuel, electric, food.....) bills go up I must skim down (do without cable TV, don't go to the movies, don't drive to the park Sunday morning.....) Now is the time for you THE PUBLIC Utilities Commission to step up and ASK what AVISTA can do without such as Sponsorship of Baseball fields, advertisements (for a product we already use or NEED without a choice). Please help us by asking (and looking into how they spend their money) WE are all feeling the pinch. Thank you for your time.

Transaction ID: 1041447.6
Referred by: <http://www.puc.state.id.us/scripts/polyform.dll/ipuc>
User Address: 216.18.138.182
User Hostname: 216.18.138.182

✓ Gen Ack sent 10/5/05 *✓ To Commos i H* AVU-G-05-02

From: Ed Howell
Sent: Monday, October 03, 2005 6:01 PM
To: Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark
Subject: Comment acknowledgement

WWW Form Submission:

Monday, October 03, 2005
5:01:28 PM

Case:

Name: markham welch
Street_Address: 1963 2nd ave
City: clarkston
State: wa
ZIP: 99403
Home_Telephone: 509 751 0872
E-Mail: markham1@cableone.net
Company: avista

Comment_description: im sending this comment about the recent request for a gas hike i am against it my gas bill is high enough as it is if this goes through just let the power company know i plan on switching to wood stove for my source of heat

Transaction ID: 1031701.28
Referred by: <http://www.puc.state.id.us/scripts/polyform.dll/ipuc>
User Address: 24.116.123.58
User Hostname: 24.116.123.58

✓ Gen. Ack sent 10/5/05
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✓ To Comms § 14
Jean Jewell

From: Ed Howell
Sent: Saturday, October 01, 2005 10:31 AM
To: Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark
Subject: Comment acknowledgement

WWW Form Submission:

Saturday, October 01, 2005
9:30:42 AM

Case: AVU-G-05-02
Name: Reinold May
Street_Address: 4401 Royal St.
City: Coeur d Alene
State: Idaho
ZIP: 83815
Home_Telephone: 208-765-5344
E-Mail: rm83815@yahoo.com
Company: Avista

mailing_list_yes_no: yes

Comment_description: It surly didn't take Avista very long to get on board the greed wagon after the news from the hurricanes down south and ask for a ridiculously large 23.8% increase on natural gas rates. Over the past 3-4 years my bill has almost doubled and it is beginning to hurt people like myself who are on a fixed income. It is all greed and bs. I have been told we receive most of our natural gas from Canada and furthermore, there should be millions of homes down in the hurricane area that aren't using any gas as they are destroyed and won't be replaced for a long time if ever. What the hell is going on with this country?? Has greed now become out God?? I hope not. The commission can make a stand on this issue and let them sweat it out. They made enough money on the Enron bs a few years ago. Poor Avista!! I replaced the wood stove with a gas one years ago but am seriously thinking of changing back if the price goes much higher. I really don't want to contribute to air pollution here but if it comes to that instead of not eating I guess you know what I am going to do. Thanks. Take care. R. May

Transaction ID: 101930.42
Referred by: <http://www.puc.state.id.us/scripts/polyform.dll/ipuc>
User Address: 69.172.194.158
User Hostname: 69.172.194.158

✓ Gen. Ack
sent 10/5/05

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Jean Jewell

From: Ed Howell
Sent: Friday, September 30, 2005 6:16 PM
To: Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark
Subject: Comment acknowledgement

WWW Form Submission:

Friday, September 30, 2005
5:15:31 PM

Case: do not know - *AVU-G-05-02*

Name: Jerry Wassmuth

Street Address: 1510 Alder Ave.

City: Lewiston

State: Idaho

ZIP: 83501

Home Telephone: (208) 743-0722

E-Mail: jswassmuth@msn.com

Company: AVISTA

mailing_list_yes_no: yes

Comment_description: AVISTA raised it's natural gas prices a huge amount last year and is coming back for double that amount this year. WE CAN'T AFFORD THIS!!! We will have people suffering this winter because they can't heat their homes. This is what America has come to, the almighty dollar? I was told, and read three or four years ago that there was enough natural gas supply to serve us for the next two or three generations to come without any more fields being developed. We have been sold a bill of goods and now the gas companies are profiting from their lies. We need to stop these increases if it means having the government take control of pricing and supply.

Transaction ID: 9301715.31

Referred by: <http://www.puc.state.id.us/scripts/polyform.dll/ipuc>

User Address: 70.56.125.131

User Hostname: 70.56.125.131

✓ Gen Ack
sent 10/3/05

✓ To A.V.

✓ To Comms
i H

Jean Jewell

From: Ed Howell
Sent: Thursday, September 29, 2005 1:09 PM
To: Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark
Subject: Comment acknowledgement

WWW Form Submission:

Thursday, September 29, 2005
12:08:55 PM

Case: *AVU-G-05-02*
Name: Denise Ketron
Street_Address: 721 N 3rd
City: Coeur d' Alene
State: Idaho
ZIP: 83814
Home_Telephone: 208-765-3113
E-Mail:

Company: Avista

mailing_list_yes_no: yes

Comment_description: We are letting the commission know we say "No" to the 23% rate increase. How are we suppose to continue feeding our families, and were does it stop. This year 25% and what about next year. We depend solely on gas. Were do we vote and how do we get our voices heard? Long time residents of Idaho not recent transplants.

Al & Denise Ketron
721 N 3rd St
Coeur d' Alene, ID 83814
(208) 769-9456
(208) 765 -3113 office

Transaction ID: 9291208.55
Referred by: <http://www.puc.state.id.us/scripts/polyform.dll/ipuc>
User Address: 69.172.200.194
User Hostname: 69.172.200.194

✓ Ben Ack
sent 10/5/05

✓ To A.U.

✓ To Commrs
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AVU-G-05-02

September 30, 2005

Velva Marsh
5151 Warner #40
Lewiston, ID 83501
208-746-4103

RE: Avista Rate Increase

Older people living on fixed incomes cannot pay the proposed increases. The Commission needs to make the company absorb the higher cost of gas prices. Avista should stop supporting the baseball team in Coeur 'd'Alene in an effort to save money. Everything is increasing in cost and people cannot afford this increase.