

Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, ID 83720-0074

November 1, 2012

AVU-G-12-07

Subject: Avista proposed 7.8% rate increase for natural gas

These comments are for the Idaho Public Utilities Commissioners to consider prior to ruling on the Avista proposed 7.8% rate increase for residential customers. Avista claims that the cost of energy (gas) is 2/3 of the total cost passed on to customers (reference attached Compensation page from the Avista website). The cost of natural gas has dropped significantly over the past 6 years, and is currently at a 1985-2000 level. Rates charged by Avista have not decreased proportionally with the cost of natural gas over this 6 year period. Infrastructure and compensation cost increases should be more than offset by the low price of energy.

What is Avista doing to control their delivery costs? The price trend and forecast of low natural gas prices should be driving significant rate decreases, not increases.

Respectfully,



Ken Kees



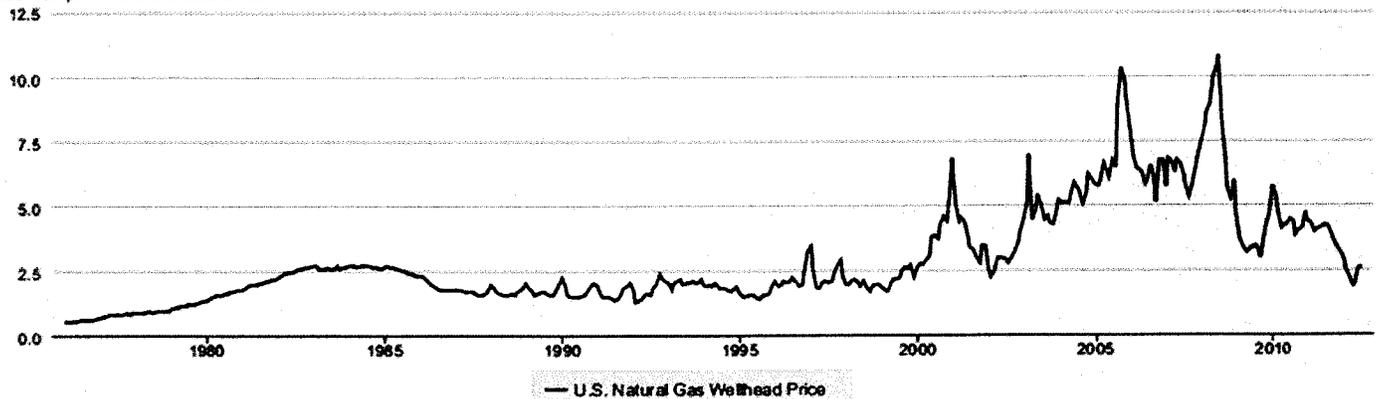
Dawn Kees

2604 Meadowlark Dr  
Lewiston, ID 83501

RECEIVED  
2012 NOV -5 AM 9:22  
IDAHO PUBLIC  
UTILITIES COMMISSION

### U.S. Natural Gas Wellhead Price

Dollars per Thousand Cubic Feet



Source: U.S. Energy Information Administration

# Compensation



May 2011

## Utility commissions review compensation

**It's certainly understandable that customers care about the salaries Avista pays its employees.**

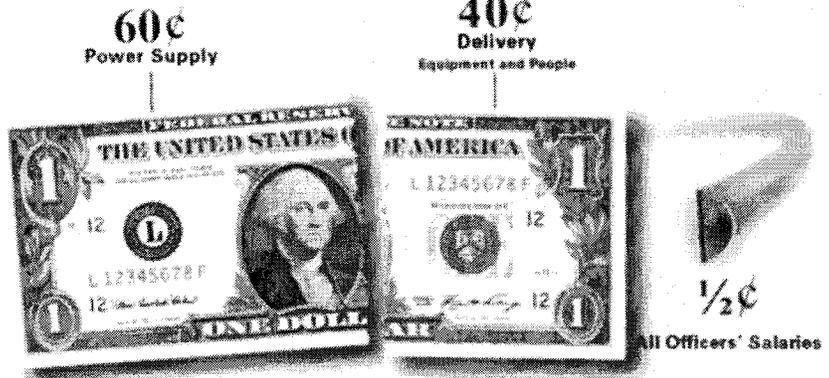
Rates have gone up and times are tough for some customers, so it's natural to hear some questions about what Avista employees are paid.

**Avista employee salaries are targeted to be competitive within the market. These salaries and incentives are reviewed by the utility commissions when rates are set.**

**The salaries and incentives of all officers combined make up less than ½ a penny of every dollar customers pay in rates.**

### How are rates and compensation related?

- The salaries of all Avista officers combined make up less than ½ a penny of every dollar customers pay in rates.
- What's really driving rates is the direct cost of energy, which is volatile, and is at least **60 cents of every dollar.**
- Avista invests about **\$250 million dollars every year to maintain and upgrade a complex system** of pipes, poles, wires, dams and substations to provide safe, reliable service.
- Avista strives to manage costs to keep rates as reasonable as possible.



Want more in-depth info? Click on "Join the Conversation" on AVAnet or go to [www.avistautilities.com](http://www.avistautilities.com)

**The cost of energy is a much bigger part of rates – 60 cents of every dollar for electricity and 65 cents for natural gas.**

The remaining cost covers the equipment and people needed to deliver safe, reliable service.

## Executive salaries are less than ½ a penny of every dollar or about 18 cents per month

It seems there's more concern everywhere about executive compensation. All publicly traded companies disclose executive salaries and it often makes media headlines.

It's certainly true that top executives can earn a lot of money. Different people might think that's fair or unfair. But here are some facts:

- Each year, the Board of Directors reviews independently gathered salary information about comparable executive positions at similar utilities. **Avista salaries are targeted to be competitive within the market.**
- The state utility commissions also review executive salaries and incentives to determine what is reasonable to include in rates.
- Not all executive compensation is included in rates. For instance, about 83% of the top 5 officers' compensation is included in rates. **Currently no incentive compensation is included in rates.**

### Quick Facts

- One-half of a penny of every dollar that customers pay in rates goes toward all executive salaries.
- Not all executive compensation is included in rates, and **no incentive compensation is included in rates.**
- Avista employs more than 1,500 people who live, work and play in the communities where they serve.
- Over the next five years, Avista expects to invest about \$1.2 billion dollars to maintain a system that delivers safe, reliable service to more than one million people in three states.

**Jean Jewell**

---

**From:** jp22000@yahoo.com  
**Sent:** Friday, November 02, 2012 8:55 PM  
**To:** Jean Jewell; Beverly Barker; Gene Fadness  
**Subject:** PUC Comment Form

A Comment from Paul Kenary follows:

-----  
Case Number: *AVU-6-12-07*  
Name: Paul Kenary  
Address:  
City: Post Falls  
State: Idaho  
Zip:  
Daytime Telephone:  
Contact E-Mail: jp22000@yahoo.com  
Name of Utility Company: Avista  
Acknowledge: acknowledge

Please describe your comment briefly:

On 10-11-12 Avista filed to increase Idaho natural gas rates by 7.3% Of course, the answer to them should be NO.

Thank you.

The form submitted on <http://www.puc.idaho.gov/forms/ipuc1/ipuc.html>  
IP address is 50.37.163.26

-----