

CONFIDENTIAL

Docket No. 20200139-WS
Cross-Examination
Hearing Exhibit

Exhibit No.: 3C

Proffered by: Public Counsel

Title: "UIF's Response to OPC's Interrogatory No. 18"

Witness(s): Deason, Swain

16. Please provide the total relocation expenses incurred, charged to, or allocated to UIF in each of the last three years and as reflected in the test year claim. Please provide this information separately for water and wastewater.

RESPONSE: WSC Shared Services and UIF did not incur relocation expenses between 2017 and 2019. However, relocation expenses most likely occurred at the CII level. It is unclear if these costs were held at the CII level or allocated down to the business units through CAM. The Utility will need more time to give an accurate answer.

17. Please provide a description of all incentive compensation programs provided to employees (non-officers). For each program, please provide a) a description of the program, b) the performance criteria or factors used to determine awards, c) the amount included in the Company's claim, d) the actual costs incurred in each of the past five years, and e) the current number of participants.

RESPONSE: Some non-officer employees may receive deferred compensation incentives based on regional KPIs and/or manager evaluation of operational performance. Deferred compensation amounts and participants are show in the department summary attachments for questions 11 through 13. In 2019 UIF had 15 non-officers participate for a total of \$92,500. In 2019 WSC Shared Services had 25 non officers participate for a total of 45,605, approximately 22% was allocated to UIF.

18. Please provide a description of all incentive compensation programs provided to executives/ officers. For each program, please provide a) a description of the program, b) the performance criteria or factors used to determine awards, c) the amount included in the Company's claim, d) the actual amount incurred in each of the past five years, e) the current number of participants, and f) by title, a list of all officers eligible to participate.

RESPONSE: Some WSC/UIF and CII executives/officers participate in an EIP incentive program. Details of that program are included as an attachment to this response. Amounts of EIP payouts can be found in the compensation attachments provided for responses 11-13. A LTIP incentive program was discontinued for WSC/UIF employees but an LTIP program for executive management team ("EMT") and select senior leaders exists at the CII level. The CII LTIP is a 3-year cash settled plan payment based on overall company performance.

Executive positions participating in incentive programs at the WSC and UIF include but may not be limited to:

*EVP, Support Services
EVP & COO, Regulated Utilities
Vice President & Principal Accounting
Officer
EVP, Risk Management
President of UIF*

2019 WSC/UIF incentive compensation allocated to UIF was approximately \$244,000 but accounting accruals may change this amount slightly. 52.14% is allocated to water and 47.86% to wastewater.

Executive positions participating in incentive programs at the CII level include but may not be limited to:

*President & CEO
Chief Financial Officer
Vice President, Infrastructure
Chief Human Resources Officer
Vice President & General Counsel, Corp
Secretary*

The amounts of the CII programs must be converted into US dollars, after which UIF would be allocated approximately 10.3% through CAM which would then be allocated to water and wastewater by the same ERC percentages as WSC executives. Exact amounts of these programs, including accruals, can be provided in a later response.

19. Please describe any changes to incentive compensation programs over the past five years or that are projected for the future.

RESPONSE: The LTIP incentive program was phased out for WSC Shared Services executives and the UIF President over the past five years. These executives participate in an EIP incentive program.