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5 COMMISSIONERS: Chairman Jeff Goltz, Patrick
6 J. Oshie, Philip B. Jones

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8 AVISTA REPRESENTATIVES: Dennis Vermillion,
9 President; Kelly Norwood, Vice-president State and
10 Federal Regulation

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1 P R O C E E D I N G S

2 MR. GOLTZ: Good afternoon. I'd like to
3 call this meeting of the Utilities and Transportation
4 Commission to order. My name is Jeff Goltz, I'm Chairman
5 of the Washington Utilities and Transportation
6 Commission. With me up here are my colleague to my left,
7 Commissioner Pat Oshie, and to my right is my colleague,
8 Commissioner Phil Jones. Commissioner Jones is from the
9 Spokane area, so he's the one that got us here today.

10 Also, up here is Administrative Law
11 Judge, Adam Torem. Judge Torem will be conducting this
12 public hearing today, and in a moment I'll turn it over
13 to him. But, first, I just wanted to express my thanks
14 to the City of Spokane Valley for making this facility
15 available to all of us for this important part of our
16 public process. And, especially, to thank all the
17 members of the public who took time out of your day to
18 come here today and help us out.

19 This public hearing is an important part
20 of the rate hearing process of the Utilities and
21 Transportation Commission. Next week we will have the
22 more formal adjudicatory legal proceedings where we will
23 hear evidence from the Company, evidence from Public
24 Counsel, evidence from the Commission Staff, and the
25 various other parties in the case. But this public

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1 hearing gives us, the Commissioners, an opportunity to
2 really get a unique perspective on these very important
3 and very complex, very meaningful and significant issues
4 that we will deal with in this rate process. So, with
5 that, I'd like to turn this over to Judge Torem.

6 JUDGE TOREM: Thank you, Chairman Goltz.
7 First, I have to formally identify these cases for the
8 record. This is the Avista General Case, when the
9 company was originally seeking a \$69.8 million, or a net
10 8.6 percent increase to its electric rates. They were
11 also seeking a \$4.9 million, or a 2.4 percent increase to
12 their natural gas rates. Those cases have two docket
13 numbers, UE-090134, and UG-090135. Since the original
14 filing of the rate cases the Commission granted a
15 petition to consolidate with them the matter of the
16 future of Avista's decoupling mechanism, that docket
17 number is UG-060518.

18 Today is Wednesday, it is September 30th,
19 2009, it's a little after 12:30 in the afternoon, and we
20 are convened at the City Hall in Spokane Valley,
21 Washington. This will be the public comment hearing, one
22 of two today here in Spokane. In the Valley, first, and
23 then in downtown Spokane this evening at 5:30, if those
24 of you who wish to attend both hearings today. If you're
25 going to comment today, though, we'll ask you to not sign

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1 up tonight.

2 Now, my role this afternoon, and again
3 this evening, is to, as Chairman Goltz said, facilitate
4 the public comment hearing. The Commissioners' roles, as
5 all of them to my left, is simply to listen to your
6 comments. As you're going to be able to see, Ray is
7 taking a maddening pace here, typing away as a court
8 reporter, so everything you say today will be part of the
9 record of this case.

10 Public comment hearings, as the Chairman
11 said, are part of the Commission's formal hearing
12 process, and we're going to be considering all the way
13 until to December, when we issue a final decision,
14 proposed revisions to the tariffs, which are labeled
15 WNU28, that's the electric tariff of Avista, and WNU29,
16 the gas tariff. These proposed changes were filed by the
17 company back on January the 23rd of this year, and the
18 Commission suspended those tariffs so they wouldn't go
19 into effect until we could issue a decision after hearing
20 all the evidence, both pro and con, on the company's
21 proposals.

22 The Commission, if you're familiar with
23 rate hearings, has to determine whether it's necessary to
24 raise the rates to find out if they are fair, just and
25 reasonable rates. The hearings will be held next week in

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1 Olympia, if you're going to be in the area on the west
2 side, starting on Tuesday afternoon, with your testimony
3 regarding a partial settlement on some of the issues in
4 this case, and the contested issues will be on Wednesday,
5 Thursday and Friday, through Friday, October 9th.

6 I mentioned earlier that the original
7 rate request from January, Avista was seeking \$69.8
8 million, or a net 8.6 percent increase to electric rates,
9 and \$4.9 million, or a 2.4 percent increase for natural
10 gas. Since January, Avista has negotiated with a number
11 of the other parties a partial settlement which reduced
12 the original -- the rate case to be seeking \$38.6 million
13 dollars to electric rates, and \$3.14 million total for
14 natural gas. And since that time, that was filed
15 September 4th, I understand that Avista has made some
16 additional downward adjustments, and they'll have a
17 chance to clarify this, but I believe as their case now
18 stands, going forward to hearing before the Commission,
19 they're seeking thirty-seven and a half million dollars,
20 or, essentially, a nine and a half percent increase, if
21 other adjustments are made, a net three percent increase
22 to electric rates, and a \$2.85 million, or one and a half
23 percent increase in gas rates.

24 Now, of course, these gentlemen to my
25 left will be making the final decision on what amount, if

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1 any, the rates will be increased. But I wanted you to
2 know, based on the original rate requests, it's come down
3 already by negotiation among the parties, and the parties
4 are still several million dollars apart. So, there's
5 room either way for what the company is asking for, what
6 the parties' positions are to hearing next week. That's
7 why your comments are particularly important.

8 Now, as Chairman Goltz said, we take
9 technical testimony in Olympia, we hear from economists,
10 we hear from accountants, they appear before us and
11 explain the nuts and bolts of this rate increase, but the
12 public testimony that we get here in Spokane Valley this
13 afternoon, and in downtown Spokane tonight, this tells us
14 the people that actually pay these rates what the impact
15 is on you, and how we need to consider that as well.

16 So, today, give the Commissioners the
17 information they can use to make sure that the rates are
18 fair, just and reasonable and sufficient for the company
19 and for its customers. Anybody that signs up on our
20 sign-in sheets today will be given a chance to stand up
21 and take the oath of witness. So, every comment that's
22 provided is under oath -- and I'll ask you to do that as
23 a group in just a little bit -- and then, again, with the
24 court reporter, all of your comments become part of the
25 record.

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1 At this time we have a couple of
2 representatives in the room who will be available after
3 the hearing for questions, you can have more of a
4 dialogue with them. Given some rules about the hearing
5 process, we can't really answer questions from the bench
6 tonight, but we're here to listen. So, let me ask
7 counsel to make some formal appearances, so they're going
8 to stand up, tell you who they are, and who they
9 represent. And, as you follow along to my left, you're
10 going to hear two different introductions of Assistant
11 Attorneys General, each of them has a separate client,
12 and a separate purpose in matters before the Commission.
13 And they'll make that clear in their introduction.

14 The company, Avista, is here today, and
15 I'll start with their Counsel, David Meyer. If he'll
16 stand up and identify himself.

17 MR. MEYER: Thank you, Your Honor.
18 Appearing on behalf of Avista, my name is David Meyer,
19 and I'd also just like to introduce two gentlemen,
20 Mr. Kelly Norwood, please stand up. He is the
21 Vice-president in charge of rates and regulation. And
22 the President of the company, Mr. Dennis Vermillion.
23 And, as Your Honor said, we have other representatives
24 here who, during a recess, or at the end of this hearing,
25 you can talk to if you have some specific questions. Our

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1 purpose, here, is to hear from you as our customer. So,
2 thank you.

3 JUDGE TOREM: Also we have a Public
4 Counsel.

5 MR. FFITCH: Thank you, Your Honor, and
6 Commissioners. Simon Ffitch, Assistant Attorney General,
7 with the Public Counsel Office of the Washington State
8 Attorney General, and our formal role in this case and
9 other cases before the Commission is to represent the
10 customers of Washington's regulated utility companies.
11 In this case we're representing Avista's customers in the
12 rate case. And I'll be around afterwards, I'll be happy
13 to talk with the folks after the comment period is
14 over.

15 JUDGE TOREM: Also, representing
16 Commission Staff.

17 MR. TRAUTMAN: Thank you, Your Honor. My
18 name is a Greg Trautman, I represent the Commission
19 Staff. I'm also an Assistant Attorney General. The
20 Commission Staff is a separate party from the Commission
21 as an advocacy party in the rate case, in addition to
22 Public Counsel and the intervening parties. And I'll
23 also be around after the public hearing if you have
24 questions.

25 JUDGE TOREM: I know, Mr. Ffitch, you

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1 brought with you, also, a position paper that's
2 available. If you didn't pick one up on the way in,
3 they're on the table outside to tell you Public Counsel's
4 position in the case. Mr. Trautman made reference to
5 intervening parties. There are four other parties to the
6 case who thought they had substantial interests and
7 wanted to present witnesses. I don't know if any of them
8 are here today, I don't expect so. But, for your
9 information, there's a group called the Industrial
10 Customers, the Northwest Utilities, they tend to be
11 electric industrial customers. There are The Northwest
12 Industrial Gas Users, I think that name tells you who
13 they are. There's another group called The Energy
14 Project, who tends to focus on low income, or fixed
15 income issues. And, finally, The Northwest Energy
16 Coalition, a group that looks at renewable and other
17 green interests, as well as ways to reduce consumption.
18 Are any of those parties here today? I didn't expect so.
19 But those are the other parties that will be presenting
20 witnesses next week in Olympia.

21 All right. Members of the public, today,
22 here in Spokane Valley, it's an opportunity, again, to
23 offer comments concerning both the proposed settlement,
24 if you have comments directly on that, or the proposed
25 rate increases, and also the proposed decoupling issue,

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1 if you've had any experience on your bills during the
2 pilot program.

3 If you have questions, again, we have
4 some folks here from our Public Involvement Staff out in
5 the hallway, Ms. Linda Johnson and Pam Smith, who have
6 some information that they can provide, and these
7 gentlemen from the Attorney General's Office, the two
8 different branches of it, can also answer your questions.

9 All right. Now, my experience in taking
10 public comment is talking about three minutes of time is
11 sufficient. If you have a written comment that you want
12 to read into the record, that's fine. And if you think
13 that I'm cutting you too short, from a written
14 perspective, feel free to hand that written comment in,
15 and it will become a public comment exhibit, as well. I
16 do have signs that I'll hold up for you, I know you're
17 going to be talking to the Commissioners, but I'll be
18 able to wave, two minutes, one minute, and give you a
19 30-second, and when you -- if you see the red paper come
20 up, it's the same thing that it means out on the streets,
21 I'll let you know your three minutes is done, and, if
22 necessary, ask you to sum up.

23 A lot of you may have the same sentiments
24 today, so if you hear the comments of another speaker
25 that you agree with, there's really no need to repeat

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1 everything they said, you can indicate your agreement, if
2 you find someone that phrased things particularly well.
3 But, please, if you have a personal view that's distinct,
4 give that, and don't let somebody else steal your
5 thunder, tell us where you're coming from, as well.

6 Now, written comments, we had said in the
7 press release we were going to accept those until
8 tomorrow, October the 1st. If there's a need for folks
9 to be later than that, I've conferred with the Chairman,
10 and we've decided we can extend that until the close of
11 the hearing itself. Next Friday, October the 9th, is the
12 new public comment deadline that we'll be announcing this
13 afternoon, as I'm doing, and this evening, so long as
14 it's received by e-mail, or postmarked, if you're going
15 to use the Postal Service to send it to Olympia. I'll
16 give you, again, the address for that at the end of the
17 hearing. But if you have a written comment, for some
18 reason you don't want to stand up today, or you think of
19 something additional, the deadline for us to make it part
20 of the record is Friday, October 9th, a week from this
21 Friday. All right. Mr. Meyer, did you want to add
22 anything else about what I said about the case?

23 MR. MEYER: No. No, thank you, Your
24 Honor. You summarized it very well.

25 JUDGE TOREM: All right. Then we're

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1 ready to take the comments. So, what I want to do is ask
2 those folks, who have already signed in and indicated
3 they want to comment, or if you know you haven't signed
4 in yet, but you think you will, please stand up, and I'll
5 give the oath, and you just have to say you do swear to
6 tell the truth. Okay.

7 Do each of you wishing to comment in this
8 case solemnly swear or affirm that the testimony you'll
9 provide the Commissioners this afternoon will be the
10 truth?

11 PARTICIPANTS: Yes.

12 JUDGE TOREM: Thank you, all. The first
13 three names I have that wish to comment are Dwayne
14 Statler, Flow Tillemans and Steve Hergenrather, I
15 hope I'm not butchering those names too badly. So,
16 Mr. Statler, if you'll make your way up to the podium.
17 What I'm going to ask you to do, Mr. Statler, and all
18 that follows, is to state your name, and spell your last
19 name for the record. I'm going to ask you to state where
20 you live in the area, and if you're representing yourself
21 or a group. And, finally, just confirm if you're a
22 customer of Avista. All right. Mr. Statler, go ahead.

23 MR. STATLER: Thank you, Your Honor, and
24 Chairman, and Commissioners, Attorney Generals. My name
25 is Dwayne Statler, 2002 North Vista Road, Spokane Valley

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1 99212. A lifetime resident in the Spokane area,
2 Washington state. And I don't know what else you asked
3 for.

4 JUDGE TOREM: It appears that you're
5 representing yourself today, right?

6 MR. STATLER: I represent myself and my
7 family.

8 JUDGE TOREM: All right. And you're a
9 customer of Avista?

10 MR. STATLER: A customer of Avista
11 Utilities. I was a customer of Washington Water Power
12 Utilities. A loyal customer.

13 Anyway, where do you start? I start with
14 a newscast about a month ago. The newscast a month ago I
15 get -- I'm watching it, Avista is raising -- or, lowering
16 their rates. I'm thinking, "Wow. Great. What a good
17 outfit. Do everything they do for the community, treat
18 their employees well, and they're lowering our rates." I
19 open up my bill the exact same day, I mean it was
20 simultaneously with the newscast, and I get this, which
21 basically states a 16 percent increase in electricity
22 rates, and 2.6 or 2.8, I think it is, in here in natural
23 gas hook-up fees.

24 Well, I get my bill, and I see this on my
25 bill where it's in a tiered schedule, and it's really

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1 kind of hard to understand, especially for somebody
2 that's, you know, not used to the way that they bill
3 everything, to realize how a tiered schedule works, and
4 how they calculate their 2.8 or 2.6 percent increase in
5 the gas rates, which, basically, from my understanding
6 is, is it's your hook-up fee. So, that fee is going to
7 stay there no matter what, it's not going to fluctuate
8 with the cost of natural gas. So, basically, that's
9 going to be there forever. They add that on, that's
10 there forever, from my understanding on that.

11 Anyway, I'm a little disappointed with
12 the hook-up fees with the gas, because that's -- it's
13 non-negotiable. And I look back to the electric fees,
14 and I wonder what they're doing with that. My level of
15 service hasn't increased any. I mean, granted, they've
16 been, you know, remodeling their building, they're
17 remodeling it today, hanging new signs, they've got nice
18 landscaping, it's beautiful down there, a great place,
19 but I truly believe, though, for my well-being, for my
20 family's well-being, my parents on fixed income, the
21 school where I work, what's going to happen when they
22 take these big increases? Are they going to cut more
23 staff? Are we going to lose somemore teachers? I just
24 truly believe that now is not the time for an increase.
25 Now is not the time.

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1 The increases that we've had, and the
2 stimulus that has helped our economy right now is being
3 dragged back down into the mud again by these increases
4 in energy costs. I just beg you to consider that now is
5 not the time. Their corporation appears to be very
6 healthy, their employees are well-treated, they respond
7 good to work needs, I just truly don't believe they need
8 anymore at this time. Thank you. Thank you. Thanks for
9 your prompt response to my complaints when I filed them
10 with the Attorney General's Office. Thank you for your
11 responses when I filled out my complaint forms there,
12 too. And thanks for taking the time to come to Spokane.

13 JUDGE TOREM: Thank you, Mr. Statler.

14 MR. STATLER: I just wish that I could
15 take you salmon fishing on the Spokane River. They're
16 not there anymore thanks to our dams. Thank you.

17 JUDGE TOREM: Our next speaker is Flow
18 Tillemans.

19 MS. TILLEMANS: Thank you, gentlemen. My
20 name is Flow, last name, Tillemans, T, as in Tom,
21 i-l-l-e-m-a-n-s. I spoke in 2005 requesting no rate
22 increase. Well, that was to no avail, because we got
23 rate increases. And now they're asking for another one.
24 But from 2005 up until today rate increases have
25 increased every year, whether or not we wanted it or not.

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1 I have here in my hand my Avista bills. In December of
2 2006 my monthly bill was \$190.61. Well, I have a
3 manufactured 2-by-6 manufactured mobile home, it's on a
4 rented lot, yes, but, still, it's only 1,400 square feet.
5 Now, when I go up, and to -- let me get this straight --
6 From December of 2006, I said it was 190, the December
7 for 2007 it jumped up to \$211, I don't change anything,
8 I'm only there by myself, and that's a difference of \$21
9 for that month. Now, in March of 2007 it jumped up to --
10 I paid \$44.75 more. The 2007 bill was \$112, the 2008
11 bill was 157. So, that's \$44 it jumped up.

12 Just a minute. I have all of my bills.
13 Now, in January of 2009 my bill jumped up to \$250.18
14 compared to the 2008 of 196. That's \$53.64. Now, you
15 tell me, these people are not jumping on rates. I'm sure
16 glad I don't go to the grocery store and have six
17 different churches on a loaf of bread or a gallon of
18 milk, because you don't know what in the world they're
19 doing. They're just adding prices to your bill. And I
20 think it's unfair, it's not right. I got a raise. I
21 still work. I work a 40-hour week. I'm 79 years old. I
22 don't get any extra assistance from anyone, and yet I'm
23 asked to pay for all of these CEOs, their extra fund, I
24 don't get fund. None of us in the senior citizens get
25 fund. We're all on limited income, and I just don't see

1 where they get off with asking all these -- I can't even
2 get them to come out and do an energy audit for free.
3 No. I have to pay for that. I put in a whole new living
4 room window just so I could help save last year, but it
5 didn't save me, it cost me. I don't know what else to do
6 for these people. But I do thank you for your time.

7 JUDGE TOREM: Thank you. Thank you,
8 Ms. Tillemans, for your feelings and your views. Steve
9 Hegenrather is going to be followed by, I think it's Mag
10 Wick, and then Shirley Rademacher.

11 MR. HERGENRATHER: Steve Hegenrather,
12 and the last name spelling is, H-e-r-g-e-n-r-a-t-h-e-r.
13 And I live at 4604 North (inaudible) Road, 99216, Spokane
14 Valley, Washington. I am an Avista customer. I was born
15 and raised in Spokane. I've been with Washington Water
16 Power, and my wife worked for Washington Water Power when
17 it was Washington Water Power. I'm just here to say that
18 being a long-time resident of Spokane, and I visit the
19 lakes around here, and I know that, with the run-off
20 we've had lately, that the reservoirs, which are lakes
21 and stuff, were all up to capacity, so there's no reason
22 for rate increase on that.

23 The price of natural gas has gone down,
24 because I watch the Money Channel every day, because I'm
25 disabled 100 percent, and I collect Social Security. I

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1 was informed this year that there will be no rate
2 increase on Social Security, because the cost of living
3 did not raise this year. And, possibly, next year it
4 won't raise. So, possibly, next year there will be no
5 rate increase. That's in my Veteran's Disability and my
6 Social Security Disability.

7 My wife works for a company in the
8 Spokane Valley, here, that usually hires, approximately,
9 160 to 200 people. They're down to 160 right now, they
10 had a layoff down to the people that just had up to 10
11 years or more seniority. They're back up to about 160,
12 now, they just had their evaluation, and they were told
13 there will be no cost of living raises this year because
14 of the economy, and they can't afford it. Plus, their
15 bonuses, there will be no new bonuses.

16 I have a nephew that works out at Spokane
17 Falls Community College in the book store, he was
18 informed, through the State of Washington, there will be
19 no rate increases this year, so they can't expect the
20 cost of living raises, or anything. I look at Avista
21 as -- used to be part of the community, where they used
22 to open up an open hand to you. But, nowadays, in the
23 drowning economy Avista is more like this, and when you
24 ask for the raise, it's like pushing you down, not
25 allowing you to get a grasp of air. And, in my opinion,

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1 if that's the way they want to do business, then there's
2 a possibility that maybe I should talk to the Chamber of
3 Commerce here in Spokane, and when it comes time for
4 their contract next year, maybe have Vera, Modern
5 Electric, or one of the other companies that supplied
6 this area around here, consider them to supply to Spokane
7 Valley. And that's, basically, all I have to say. Thank
8 you. Thank you.

9 JUDGE TOREM: Thank you, sir. Mag Wick?
10 I'm not sure if you wanted to comment. It says --
11 There's a question mark, here.

12 MR. WICK: No.

13 JUDGE TOREM: All right. We'll pass on
14 that. Shirley Rademacher. And after her, Harold
15 Colburn.

16 MS. RADEMACHER: Gentlemen, my name is
17 Shirley Rademacher, R-a-d-e-m-a-c-h-e-r. My address is
18 19303 East River Rock Lane, Spokane Valley, Washington
19 99016. I have expressed my displeasure with Avista, just
20 a little history. My husband was born and raised here,
21 and always Washington Water Power was our provider. He
22 left to go in the military, and was a naval fighter
23 pilot. When he left the military we moved back here to
24 raise our children, and for 16 years we had Washington
25 Water Power. And, honestly, I don't remember that many

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1 raises. Maybe one or two small ones in 16 years. And I
2 would have noticed, because it was tight, we had four
3 children, and an involent mother that we were taking care
4 of. So, I don't remember Washington Water Power ever
5 going after rate increases like this company.

6 Well, then we left for Alaska for 11
7 years, my husband was offered a job there. He passed
8 away there, I returned in 2001, and my Avista bill has
9 gone up practically every year since I returned. And I
10 don't know what happened while we were gone. It looks
11 like a mini Enron came upon the scene, because I -- it
12 seems to me that the Executive CEO and President salaries
13 are so excessive that I cannot believe it, over
14 \$2,000,000. Well, most of us are not living on two, and
15 one million, and 500,000, and 600,000, and the people in
16 this community don't make those kind of salaries,
17 ordinarily. We have school teachers that are making
18 35,000. My niece's family had \$450 monthly bills in the
19 winter. We cannot absorb these rate increases. They are
20 exorbitant, they are constant, and I am so against it.
21 Thank you very much, gentlemen.

22 JUDGE TOREM: Thank you, ma'am.
23 Mr. Colburn? And I'm guessing on the penmanship, here,
24 and my interpretation skills, maybe it's Dan or Don Mills
25 will follow, and then Bethann Daigre, or Daigre.

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1 MR. COLBURN: I'm a retired pharmacist,
2 I'm 73 years old, live here in the Valley.

3 JUDGE TOREM: Can you state and spell
4 your name for us, sir.

5 MR. COLBURN: Yes. Harold, H-a-r-o-l-d,
6 Colburn, C-o-l-b-u-r-n.

7 JUDGE TOREM: Thank you.

8 MR. COLBURN: And I'm 73, and I got a
9 one-track mind, you know, when somebody says "What time
10 is it?" There goes my mind. But, anyway, what I wanted
11 to say was that I get 900 a month Social Security, it's
12 not a lot of money, we survive. And when I look around
13 where the companies here are laying off, I talked to a
14 fellow who worked for the School District, and he said,
15 "No pay increases. You got to get by." We realize
16 things are going up, but I think the real message is,
17 here, we're not against Avista, we're against being --
18 raising at a time when things are tough. I mean, a lot
19 of people are out of work here, and our neighbors are
20 looking for jobs, and I think it's the wrong time. I
21 think that they should tighten their belt a little bit,
22 and say, "We'll come back next year." And that's it.
23 That's all I have to say. Thank you.

24 JUDGE TOREM: Thank you, sir.

25 MS. DAIGRE: Thank you for being here.

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1 I'm Bethann Daigre, B-e-t-h-a-n-n, D-a-i-g-r-e. I live
2 at 2620 South Bolivar, B-o-l-i-v-a-r, Road, Spokane
3 Valley. I don't see how Washington Avista can justify
4 giving their shareholders any kind of an increase when
5 the majority of us aren't getting increases, as has been
6 earlier stated, and some of us don't even have jobs. If
7 natural gas costs have steeply declined, why is an
8 increase necessary. I believe Avista could cut costs,
9 including profit for their bottom line, while we're in
10 recession, and they should have to share the stress that
11 we're all under in trying to have to pay these kind of
12 bills. I'm a widow on Social Security, and as the lady
13 in the yellow jacket stated, you know, this is -- the
14 cost increases year after year after year are just
15 becoming prohibitive for those of us who have small fixed
16 incomes. And, of course, even if we wanted to go out and
17 get a job to help cover these increases, we can't, there
18 aren't jobs there.

19 The moms and dads raising kids need to
20 have those jobs, not those of us who are probably able to
21 work, but we only have one mouth to feed in our
22 households. So, I would appreciate it if you would, very
23 strongly, search their justifications for their
24 increases. Thank you.

25 JUDGE TOREM: Thank you, ma'am. If

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1 there's not a Dan Mills, then the next speaker is
2 Catherine Thompson, and then Bruce Ottmore.

3 MR. MILES: That's Dean Miles. And I
4 think these other people said it, nicely. So, I'm going
5 to leave it to them.

6 JUDGE TOREM: Thank you, Mr. Miles. So,
7 Catherine Thompson.

8 MS. THOMPSON: My name is Catherine
9 Thompson, T-h-o-m-p-s-o-n. I live at 11218 East 10th
10 Avenue, Spokane 99206. They charge \$5.75 to read your
11 gas, 5.75 a month to read your electricity. I live on
12 a -- between Pierce and Bowdish, there are 28 homes, the
13 majority of us are retired on fixed incomes. \$11 a month
14 just to read the meters is, to me, outrageous. I want to
15 know how they can come at this rate? And, like I said,
16 most of us are on fixed incomes, and we are hurting. We
17 don't get raises, either. That's all I have to say.

18 JUDGE TOREM: Thank you, ma'am. Bruce
19 Ottmore, and then Sharon Mongeon, and then after that is
20 Stu -- I'm not sure, it starts with an N.

21 MR. NEGRETTI: Negretti. Steve Negretti.

22 JUDGE TOREM: I'll take it as that,
23 Mr. Negretti. Bruce Ottmore.

24 MR. OTTMORE: Yeah. Bruce Ottmore, 7003
25 North Tucannon, T-u-c-a-n-n-o-n, Court. And I just

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1 joined the ranks of the fixed income, but, you know, when
2 I look around at the cars and trucks that Avista drives,
3 they're better than most of the other cars that I see
4 going down the street, newer, shinier. And, yeah, it
5 seems like every year they ask and received a rate
6 increase. I look around here, and I'm kind of upset
7 because there aren't more people here, and I think a lot
8 of people are thinking, "Well, big business. Big
9 business has money, and they get what they want, and so
10 why come." And if I had the income, that these people
11 behind me in the front row have, then I wouldn't care,
12 either. But there are a lot of people out there on fixed
13 incomes, and that, that are having to really struggle. A
14 lot of businesses are struggling to try to stay afloat in
15 this economy. And I feel that this is just too much to
16 ask for. Thank you.

17 JUDGE TOREM: Thank you, sir. Sharon
18 Mongeon.

19 MS. MONGEON: My name is Sharon Mongeon,
20 and it's M-o-n-g-e-o-n. I live at 4416 North Locust
21 Court. I will, as of a year sometime in October, I will
22 be with Avista for a year. I've spent 13 years in
23 Spokane, and at that time I spent 13 years with Inland
24 Power and Light, and when we came our electric bill
25 started at 90. My house was totally electric, and we had

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1 a 1,600 manufactured home energy -- high energy bills.
2 And in those 13 years, when we left, my electrical bill
3 was \$120, and probably over -- and every year we received
4 a rebate from Inland Power and Light. I don't know how
5 they do it, but they continue to increase their service.
6 And I was very happy with them. And the other thing that
7 bothers me is, is that, if I'm understanding this right,
8 and I'm not sure I do, but I don't know of anywhere else
9 you get natural gas. And the new development we moved
10 into has a natural gas furnace, and hot water heater, and
11 so I'm thinking there's no competition, and competition
12 does keep prices down. So, I'm really concerned. I
13 haven't had to experience the continued increases as of
14 yet, but I am paying an electric bill that is probably
15 about 20, \$30 over my Inland Power and Light bill.

16 So, I'm wondering, with the economy the
17 way it is, and that there is like 9 percent unemployment
18 in the City of Spokane, many many of our citizens are
19 senior citizens, and my husband and I are now retired,
20 but I do work part-time to meet our obligations, and with
21 losing over half of my retirement in the economy drop,
22 I'm a little concerned. I had to go to work to meet the
23 rest of the obligations because I couldn't draw more on
24 that.

25 So, I'm just wondering if there's a real

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1 necessity for that increase. And I feel that it is a
2 real burden, it will be a real burden for those of us
3 people who are not employed and cannot have any increase
4 in income. So, I thank you for letting me speak, and I
5 hope you consider our messages to your decision. Thank
6 you.

7 JUDGE TOREM: Thank you, Ms. Mongeon.
8 Mr. Negretti?

9 MR. NEGRETTI: Hello. Thank you for
10 letting me speak today. My name is Steve Negretti, it's
11 N-e-g-r-e-t-t-i. Do you need my address?

12 JUDGE TOREM: Just who you're
13 representing.

14 MR. NEGRETTI: Myself.

15 JUDGE TOREM: Yourself. Great.

16 MR. NEGRETTI: And the entire free world.

17 JUDGE TOREM: All right. And do you live
18 here in the Spokane Valley, sir?

19 MR. NEGRETTI: I live in North Spokane,
20 near Nine Mile Falls.

21 JUDGE TOREM: Thanks.

22 MR. NEGRETTI: And when I heard you were
23 coming I thought, "Hey, it's a great chance to bring up
24 some things that --

25 JUDGE TOREM: Mr. Negretti, the rest of

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1 the folks probably can't hear you unless you use the
2 microphone.

3 MR. NEGRETTI: Can you hear me?

4 JUDGE TOREM: All right. Go ahead, sir.

5 MR NEGRETTI: Well, I thought it would be
6 a good chance to bring up some things that I bring with
7 me from my past. I was with Avista for 18 years, when I
8 left I was a Senior DSM Analyst, and for those of you
9 that may not know, Demand Site Management is often called
10 conservation or energy efficiency. I hate the word
11 conservation, because it's -- they teach you in physics
12 it doesn't happen, so energy efficiency would be the
13 right word.

14 There's one thing I want to start off
15 with right now is, I'd like to take just a moment to
16 decouple the motion of a rate impact, and look at just
17 the financial part. Now, the rates department over here
18 at Washington Water Power Avista will submit documents to
19 your staff. Their staff will look it over, and send
20 stuff back, and back and forth, and back and forth. And
21 there's always a little gamesmanship going on there.

22 The staff will never give you a paper
23 that says, "We approve this all the way." One of them
24 will probably get fired. But, things happen. There is
25 an inefficiency built in there. Now, I know you can't

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1 take questions, but I hope that maybe Mr. Norwood or
2 Mr. Meyer would correct me if I'm wrong, but isn't the
3 UTC and their staff fully funded by all the utilities and
4 trucking companies in the state? So, in fact, this
5 hearing is being funded by their money, correct? So to
6 speak, just so you know where it's coming from.

7 Now, the next thought, I would like to
8 see a fully financial, no emotional finding. And, by
9 that, I mean, do not let the Sierra Club lower the output
10 of the Monroe Street Dam because they want it to look
11 different. It costs the same to run that dam, whether
12 the water is funded through, or not, it's in the rates.
13 The environmentalist group said they wanted it changed.
14 Somehow they negotiated a change with Avista.

15 That gets me to my next point. It has
16 been a constant irritant. Transparency. You talk about
17 parties negotiating rates, some of the largest, most
18 aggressive parties are not industrial, electric and gas
19 groups, they are environmentalists. And I don't even
20 call them that anymore. I call them the environmental
21 industry. And I'm not talking about people that care
22 about animals, trying to save endangered species, I'm
23 talking about the industry built up around the
24 environmental. I'll give you a quick example. You had
25 one that was called the Northwest Energy Coalition.

1 JUDGE TOREM: Correct.

2 MR. NEGRETTI: I was there when that was
3 started. The Northwest Energy Efficiency Alliance was
4 supposed to do its job, help get contact florescence
5 (phonetic) in place to get them working, and other
6 things, and then it was supposed to go away. It was an
7 ad hoc committee. But now, they, along with others, you
8 folks are paying for them, is that -- that's how I
9 understand it, for all these different negotiated
10 settlements, Avista, through their rates, has to pay for.
11 And the rates are passed along one way or another to the
12 rate payer, or the cost. The stock payer has not gotten
13 rich off Avista in a long time, and they're going to have
14 to some day, or they will abandon them.

15 The last quick thing I wanted to say --
16 if I can remember it in my last 30 seconds -- your
17 insured rates, especially for Schedule 1, is bizarre.
18 Having been one who worked on the rates before, it's
19 bizarre. It goes up, and that was supposed to keep you
20 from kind of doing a little conservation on your own, and
21 not go above a certain level. But it goes up, then
22 drops. Then it goes up again. And you guys hit it right
23 where my heat pump kicks off, so, you know. I had you
24 figured out, there, you know, but now it's changed.
25 Okay. My time is up. And I guess that's the last thing

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1 I had to say, is maybe adjust that to give the customers
2 a choice that they can work with their heating system to
3 adjust the tier's rates.

4 And along with the last thing I can say
5 where they can save money, I think is a terrible reverse
6 socialistic attitude, Rate Schedule 91 and 191, is that
7 the energy efficiency one, gentlemen? Anyone? They're
8 charging -- these people are getting charged for energy
9 efficiency projects. I was an industrial account
10 executive, and an industrial energy service manager. I
11 like the work I did, I hated where the money came from.
12 The pool of money came from all customers, and
13 residential, and we spent a hell of a lot of money on the
14 industrial customers. I think you want to keep rates as
15 low as you can to satisfy this group, drop them out of
16 that Schedule 91, and 191 immediately. Thank you.

17 JUDGE NEGRETTI: Thank you, Mr. Negretti.
18 The next couple folks listed weren't sure if they wanted
19 to comment. So, Betty Carroll?

20 MS. CARROLL: No.

21 JUDGE TOREM: Alright, ma'am. And
22 there's a Fred --

23 FRED: No.

24 JUDGE TOREM: All right. Thank you, sir.
25 Kathy Doer and Jeff Hannah, any comments? None. All

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1 right. Sandy Everson had indicated she did want to
2 comment. She'll be followed by Ron and Mary Franklin, if
3 they wish.

4 MS. EVERSON: My name is Sandy Everson,
5 E-v-e-r-s-o-n. I live in Northport, Washington, which is
6 approximately 130 miles north of here. Obviously, not a
7 lot of people could come down here from our area.
8 Responding via computer is also an issue, that's not
9 really huge in our area. Our town's statistics, we have
10 58.8 percent people that make under \$25,000 a year. 62
11 percent are retired and disabled, and I believe that's
12 indicative of Stevens County.

13 In today's economy of high unemployment,
14 work hours cut, pay freezes, pay cuts, retiring positions
15 not being replaced, I think it's criminal for our company
16 to ask for 16.7 percent increase, or a net 9 percent
17 increase. My husband is disabled, has been for 30 years.
18 We live on a fixed income. We did receive a 1.2 percent
19 cost of living increase, and have heard that next year
20 that would not be happening.

21 Just recently I attended a conference
22 where David Barrels spoke, and he has something called
23 the "Futures Game." And, in that, he makes you look at
24 the ramifications of every decision you make, and how it
25 affects you 5, 10, 20 years down the road. And the

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1 decision to put a pay increase in our area can mean the
2 difference between someone staying in their home and
3 living in the woods with cardboard and tarps, which
4 happens.

5 I was recently sharing with a waitress in
6 our area, that I was going to come down here and speak --
7 which this is not my forte at all, it's probably the
8 first time I've ever done this -- and she works at a
9 pretty classy restaurant in Colville. Avista comes in at
10 least two nights a week. They actually have a button on
11 their register, and they bill Avista once a month. For
12 her, personally, the ones that she has seen, it's \$150 a
13 pop. I would ask them to please look internally, cut
14 like our state, our county and our schools have had to
15 do. And because I live so far away, we did put a
16 petition around in our area for people to sign. They
17 have put their full names, addresses, and slight
18 comments. I ask that you accept these on behalf of our
19 town. Thank you.

20 JUDGE TOREM: I'll take that petition
21 from you, Ms. Everson, and make sure our Public
22 Involvement Staff puts them in the record.

23 MS. EVERSON: Thank you.

24 MR. GOLTZ: Thank you so much for coming
25 such a long way. I appreciate it.

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1 JUDGE TOREM: Ron and Mary Franklin, and
2 then Cindy Marshall, do either of you wish to comment?

3 MR. FRANKLIN: I'm the Ron Franklin part
4 of the Ron and Mary. It's F-r-a-n-k-l-i-n, and we reside
5 at East 2505 Amberwood Court, and that's Spokane. And
6 I'm appearing in Spokane Valley, it's been a long time --
7 I was long-time resident in Spokane Valley. I've been
8 President in the Chamber, the Rotary, active in the
9 community, so I'm interested in both Spokane, and Spokane
10 Valley.

11 I'm mildly upset with the rate increases
12 that have been going on. I think, for the most part,
13 they haven't really been needed. In this time,
14 particularly, when everybody's suffering, I've been in
15 the executive status in organizations myself, and I think
16 it would behoove the management of Avista to either
17 freeze their salaries, or take a small increase rather
18 than taking increases in times like this. I don't think
19 it shows well at all for their thoughts of the community.

20 I would encourage that cost studies be
21 done somehow from the outside, so they can see that these
22 rates are either really needed, or not needed. I think
23 there ought to be, really, cost analysis going on here.
24 That's about all I have to say. I'd really appreciate it
25 if they hold the line and decrease rates. Thank you.

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1 JUDGE TOREM: Thank, you, Mr. Franklin.
2 Cindy Marshall?

3 MS. MARSHALL: My name is a Cindy
4 Marshall, and it's, M-a-r-s-h-a-l-l, and I reside at East
5 22711 Euclid Avenue in Otis Orchards, Washington. And I
6 missed the first part, so am I limited to three minutes?

7 JUDGE TOREM: Yes, ma'am.

8 MS. MARSHALL: Okay. Thank you. I'm
9 going to take a little bit different twist. I think I
10 follow along with the gentleman that was sitting here,
11 and I was hoping he would be in here when he heard me
12 talk. Out in Otis Orchards we've been dealing with
13 Avista quite a bit again, frequently, and the reason is
14 because we have a little substation that sits right in
15 the middle of our farming community.

16 Back in 2004 we had an ongoing debate
17 with them on increasing that substation. We were able to
18 be successful, because we had a lot of citizens' input,
19 and we were able to move a huge, huge facility that would
20 have ended up in our community over to the edge of our
21 community which borders Spokane Valley and Otis Orchards.
22 It's on Barker. So, I'm hoping people know what I'm
23 talking about. That huge monstrosity would have ended up
24 right in the middle of our little farming community.

25 They're at it again. At first they told

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1 us that our little substation was going to be
2 decommissioned back then. They promised us that in
3 writing, as well. Somewhere between then and now, the
4 spring of this year, they've changed their mind, and now
5 they want to increase. So, we've been in conference with
6 them, probably pretty much every month since March, our
7 little group out there, and my thought is, "I don't want
8 to just look at the increases that's going to pay CEOs."
9 I'm going, "Where is this coming from?" And I've been
10 asking them, "Where is it coming from?" "Where is your
11 mandate to increase transformers in our area?" "Where is
12 your mandate to put more supply lines in?"

13 Our little community has not grown that
14 much. The community across the river has, which is
15 Liberty Lake, and Spokane Valley, and we service both of
16 those areas, as well as Idaho. They haven't given me a
17 straight answer, number one. So, I do some looking on my
18 own. I talked to different people, and what I've heard,
19 and I haven't been able to find the research -- or, I've
20 been researching it, but I haven't been able to find the
21 answers is, someone told me that Congress had mandated
22 the power companies to put in more transformers, and
23 create more electrical grids, and I'm going, "Okay, why
24 would they do that?"

25 Well, in my other research I find out

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1 with -- one of the things that they talked about when
2 they're in our meetings is that they're trying to put a
3 more successful grid in so that the electricity flows in
4 such a pattern, blah, blah, blah, and that we in our
5 little area have used more electricity, and we're going,
6 "Wait a minute. We put in" -- A lot of us have put in
7 more energy efficient windows, more -- you know, more
8 insulation, and such, and we should be coming down in our
9 usage, and they're telling us we're going up. And
10 they're saying, "Well, now, it's the new TVs that we're
11 putting in. It's the new whatever we're putting in."
12 And I'm still questioning that, going, "No. Liberty
13 Lake -- You're telling us Liberty Lake, who has a lot
14 more housing, and such, they're using less electricity
15 than our little farming community?" I don't buy it.

16 So, I came acrossed a piece of paper that
17 was mailed out in an Avista bill, and there was talk of a
18 Restoration Act that has to do with the Stimulus package.
19 And they're talking about pulling that, something from
20 the Stimulus package to create more grids. And I'm
21 going, "Okay, green cars." And talking to some of our
22 linemen, they're going, "We can't take on the green cars
23 that you plug in, unless we put in more transformers,
24 because we can't handle it right now." And so I'm
25 thinking, "Okay, this is where Avista is really looking

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1 at, they're looking at putting in more transformers to be
2 able to handle those green cars for people to be driving
3 around and plugging them in. They're going to have
4 stations everywhere to plug in your green cars." This is
5 where my thought pattern goes.

6 So, they're going to have to ask for more
7 money so that they have that out there to be able to fund
8 it, and that's going to come from our community. So, I'm
9 just going to suggest to the folks here, take a look a
10 little bit beyond the scope of just the CEOs, and what
11 they make, I don't agree with what they make, but look at
12 what Avista is planning to do with the money in the funds
13 from the green industry, from what this gentleman was
14 talking about, as well. The sustainability stuff. Look
15 at all of that, because it all ties into the "Cap and
16 Trade" Stimulus package, and green cars.

17 Oh, and, by the way, if I could get an
18 answer on where this -- if Congress did mandate the
19 utility companies, or the power companies to increase,
20 who would I talk to? Who would I get that information
21 from?

22 JUDGE TOREM: Mr. Norwood is raising his
23 hand behind you.

24 MR. GOLTZ: Mr. Norwood, after this
25 public hearing, I'm sure you can have a conversation.

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1 MS. MARSHALL: Okay. Thank you very
2 much.

3 JUDGE TOREM: Thank you, Ms. Marshall.
4 That exhausts the names that are on the sign-up list that
5 I've been handed by our Public Involvement Staff. They
6 would have brought me another sheet by now if there was
7 anyone else that had signed in late. For those assembled
8 here this afternoon, are there any others that wish to
9 comment that didn't sign up originally? All right.
10 Seeing none, then, let me just remind folks that we'll
11 close the record for this afternoon, there will be
12 another public comment hearing in downtown Spokane at
13 their City Council Chambers at 5:30 tonight. If you have
14 written comments you want to make, based on maybe what
15 you heard today, or if you refrained from making a verbal
16 comment, or just want to reinforce it with a written
17 comment, as long as we have it postmarked, or received
18 electronically by next Friday, October 9th, we'll make
19 that part of the record.

20 The address to mail your comments is to
21 Utilities and Transportation Commission, which is UTC,
22 P.O. Box 47250, it's in Olympia, Washington, and the zip
23 code 98504. The web site, www.utc.wa.gov, has an area
24 you can indicate if you want to make a public comment.
25 What I'd ask you, if you send in a written comment, is

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1 that you put down it's regarding the Avista Rate Case.
2 Even better, if you can indicate it's for these rate case
3 dockets, and I'll repeat them again. Any of these three
4 numbers will get them to the right place, 090134, or
5 090135, or even 060518, which is the docket dealing with
6 the decoupling project.

7 Commissioners, any closing comments for
8 this afternoon?

9 MR. GOLTZ: No. I really appreciate
10 everyone coming, and coming from, at least one case, from
11 a very long ways away, and I made a lot of notes today,
12 and things that we'll follow up on during the formal rate
13 case proceedings next week, and as we deliberate on this.
14 So, thank you very much.

15 JUDGE TOREM: And, tempting as it might
16 be to want to come up and talk to the Commissioners, I
17 have to let you know we have some rules about Judges, and
18 the Commissioners do sit as Judges, and we can't have
19 folks in a jury trial coming to talk to a Judge
20 separately, the rules regarding that are called ex-parte
21 communication. So, if they appear at all stand-offish,
22 it's not that they don't want to talk to you, but with
23 the litigation pending they can't, and those are the
24 rules. The folks you can talk to, though, again, are
25 Mr. ffitich, from the Public Counsel Office, and

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1 Mr. Trautman, from the Commission Staff, and those that
2 are here from Avista, Mr. Meyer, Mr. Norwood, and the
3 rest of the company representatives who are here. So,
4 please talk to them.

5 I know a number of the issues that came
6 up are rather confusing. I've been a Judge with the
7 Commission for two and a half years out of my total of
8 eight years working as a Judge for the state, I'll tell
9 you that some of what I'm hearing today is what I
10 initially walked in the door with two and a half years
11 ago, and I'm still struggling with how rates can go up
12 and down, simultaneously. I encourage you to get those
13 questions addressed, because there is a good answer for
14 what you're paying for, what goes up, and what goes down,
15 and what the company is really asking for.

16 So, today if you were the ones asking
17 those questions, check in. If you're interested, if
18 you're on the fixed income, I ask you to inquire,
19 particularly, of Mr. ffitich's office, as to what they're
20 doing for low income and fixed income folks, and
21 representing your interest before the Commission. He's
22 the person to go talk to about that. The company can
23 tell you about their programs, but Mr. ffitich's office is
24 truly your advocate. Let them know what you're feeling.
25 Hopefully, you'll get a copy of his handout explaining

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1 the Public Counsel's position.

2 And as far as the questions on power
3 supply, that Ms. Marshall was raising, Mr. ffitch's
4 offices has taken some positions regarding what's a
5 prudent acquisition, or not, in this case. So, all the
6 issues you've talked about today are before the
7 Commission, and being thoroughly looked at. Your views,
8 and your very poignant heart-felt comments are
9 appreciated, and do make an impact on our ultimate
10 decision.

11 The hearing, again, is next week. The
12 parties will be submitting legal briefs and arguments
13 sometime in early November, and we have to issue a
14 decision by mid December, and so you should look for
15 something toward the end of the year as to what the
16 gentlemen, here, are going to rule as to whether there
17 will be a rate increase, and if so, how much on both the
18 electric, or the natural gas sides. Again, I thank you,
19 again, for taking part in what's a very important public
20 process. I'm glad this isn't as much like the health
21 care debates, it was civil today, we appreciate that, and
22 we definitely appreciate your comments. It's now about
23 1:30, and we are adjourned. Thank you.

24

25

(1.30 p.m.)

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1 STATE OF WASHINGTON)
2 County of Spokane) ss.
3)

4 I, Raymond H. Groth, do hereby certify that
5 at the time and place heretofore mentioned in the caption
6 of the foregoing matter, I was a Certified Shorthand
7 Reporter and Notary Public for Washington; that at said
8 time and place I reported in stenotype all testimony
9 adduced and proceedings had in the foregoing matter; that
10 thereafter my notes were reduced to typewriting and that
11 the foregoing transcript consisting of 42 typewritten
12 pages is a true and correct transcript of all such
13 testimony adduced and proceedings had and of the whole
14 thereof.

15 I further certify that I am herewith securely
16 sealing the said original deposition transcript and
17 promptly delivering the same to Judge Adam Torem.

18 Witness my hand at Spokane, Washington, on
19 this _____ day of October, 2009.

20

21

22

23 _____
24 Raymond H. Groth
25 Certified Shorthand Reporter
CSR No. 2824
Notary Public for Washington
My commission expires: 8-19-10