

1                                   BEFORE THE WASHINGTON STATE

2                                   UTILITIES AND TRANSPORTATION COMMISSION

3   WASHINGTON UTILITIES AND            )  
 4   TRANSPORTATION COMMISSION,        ) DOCKET NO. UG-041515  
   )  
   Complainant,    ) Volume IV  
 5    ) Pages 126 to 147  
   )  
   vs.                )  
 6    )  
 7   AVISTA CORPORATION d/b/a            )  
   AVISTA UTILITIES,                    )  
   )  
 8    Respondent.     )  
 \_\_\_\_\_                                  )

9

10                                   A hearing in the above matter was held on

11   October 28, 2004, from 6:05 p.m to 6:40 p.m., at 2404

12   West Longfellow Avenue, Spokane, Washington, before

13   Chairwoman MARILYN SHOWALTER and Commissioner PATRICK J.

14   OSHIE.

15

16                                   The parties were present as follows:

17                                   THE COMMISSION, by GREGORY J. TRAUTMAN,  
 18   Assistant Attorney General, 1400 South Evergreen Park  
 19   Drive Southwest, Olympia, Washington 98504-0128,  
   Telephone (360) 664-1187, Fax (360) 586-5522, E-Mail  
   gtrautma@wutc.wa.gov.

20                                   THE PUBLIC, by ROBERT W. CROMWELL, JR.,  
 21   Assistant Attorney General, 900 Fourth Avenue, Suite  
 22   2000, Seattle, Washington 98164-1012, Telephone (206)  
   464-6595, Fax (206) 389-2058, E-Mail  
   robertcl@atg.wa.gov.

23                                   AVISTA CORPORATION, by DAVID J. MEYER,  
 24   General Counsel, East 1411 Mission Avenue, Spokane,  
   Washington 99220, Telephone (509) 495-4316, Fax (509)  
   495-4361, E-Mail david.meyer@avistacorp.com.

25   Joan E. Kinn, CCR, RPR, Court Reporter

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1                   CITIZENS' UTILITY ALLIANCE OF WASHINGTON AND  
2 SPOKANE NEIGHBORHOOD ACTION PROGRAM, by JOHN O'ROURKE,  
3 212 West Second Avenue, Suite 100, Spokane, Washington  
4 99201, Telephone (509) 744-3370, Fax (509) 744-3374,  
5 E-Mail o'rourke@snapwa.org.

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

2 CHAIRWOMAN SHOWALTER: Good evening,  
3 everyone. I'm Marilyn Showalter, I'm the Chair of the  
4 Washington Utilities and Transportation Commission.  
5 Next to me is my colleague, Commissioner Pat Oshie.  
6 Tonight is a public hearing on the matter of Avista's  
7 general rate case request. The docket number is  
8 UG-041515 entitled Washington Utilities and  
9 Transportation Commission versus Avista Corporation  
10 doing business as Avista Utilities.

11 Before we begin our hearing, I want to make  
12 just a couple of comments. One is that there are two  
13 different proceedings relating to Avista that have been  
14 in the news recently. One has to do with the actual  
15 natural gas that goes through the pipes and to the  
16 homes, and the other is this case here. Yesterday the  
17 Commission approved an increase in the cost of the gas  
18 that goes, approved an increase in the rate to the rate  
19 payers of the gas that goes through the pipes. That's  
20 not the case that's in front of us. What is in front of  
21 us is all the rest of what makes up a gas utility,  
22 meaning the pipes that go to the home, the meters, the  
23 meter readers, the bills, the people who fix the pipes  
24 and ensure their safety, and that is what is in front of  
25 us today.

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1                   This type of proceeding is a quasijudicial  
2 one, meaning we sit like judges, and that's the reason  
3 you see a court reporter up at the front of the room  
4 here. What it means if you are going to comment or  
5 testify is that you actually will be testifying, so I  
6 will swear anyone in who is going to testify. It also  
7 means you need to speak so that the court reporter can  
8 understand what you are saying. That also means not  
9 talking too fast. As you might be able to tell, I'm  
10 trying to slow down my normal pace. We will start with  
11 opening remarks by Robert Cromwell, who is with the  
12 Office of Public Counsel, but before we do that, I would  
13 like anyone who intends to testify tonight to stand up,  
14 and I will swear you in as a group, although it may be a  
15 group of one, I'm not certain.

16                   All right, will you raise your right hand.

17                   (Witness Larry Stuckart was sworn in.)

18

19                   CHAIRWOMAN SHOWALTER: Thank you.

20                   And if anyone else comes in later, we will do  
21 that again.

22                   I believe we're ready, why don't we start  
23 with Mr. Cromwell.

24                   MR. CROMWELL: Good evening, Commissioners.

25                   CHAIRWOMAN SHOWALTER: We'll pass this mike

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1 around. Be careful because the top might fall off, so  
2 hold it carefully.

3 MR. CROMWELL: Good evening, Commissioners.  
4 My name is Robert Cromwell, I'm an Assistant Attorney  
5 General with the Public Counsel section of the  
6 Washington State Attorney General's Office. We're the  
7 team in the Attorney General's Office that represents  
8 consumer interests in matters that come before the  
9 Commission.

10 It is our position in the matter that's now  
11 before the Commission, which has a settlement proposed  
12 by the company and the Commission Staff, that we oppose  
13 the proposed immediate implementation of that settlement  
14 and also the proposal for a temporary implementation of  
15 rates pending resolution of this proceeding if there are  
16 additional procedures to occur. It is our position that  
17 we have not yet been afforded a meaningful opportunity  
18 to develop the case that we wish to present in this  
19 matter.

20 With that, I will return the microphone.

21 CHAIRWOMAN SHOWALTER: Thank you.

22 Larry Stuckart.

23

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0133

1 Whereupon,

2 LARRY STUCKART,

3 having been first duly sworn, was called as a witness

4 herein and was examined and testified as follows:

5

6 CHAIRWOMAN SHOWALTER: I will ask you some  
7 questions to get this going.

8 MR. STUCKART: Okay.

9 CHAIRWOMAN SHOWALTER: So I will just speak  
10 loudly. Would you state your name.

11 MR. STUCKART: My name is Larry Stuckart,  
12 S-T-U-C-K-A-R-T.

13 CHAIRWOMAN SHOWALTER: And are you speaking  
14 in your capacity as an individual, or are you  
15 representing a group?

16 MR. STUCKART: I'm representing the Spokane  
17 Neighborhood Action Programs, SNAP.

18 CHAIRWOMAN SHOWALTER: All right, go ahead.

19 MR. STUCKART: SNAP or Spokane Neighborhood  
20 Action Programs is the community action agency for  
21 Spokane County. We operate the federally funded LIHEAP  
22 Energy Assistance Programs and have done so since their  
23 very beginning back in the early 1980's. In November of  
24 2001 with the approval of the Commission here and with  
25 the assistance of Avista Utilities we began operating a



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1 new and unique utility assistance program called LIRAP.  
2 The LIRAP program is funded by a usage based tariff on  
3 Avista natural gas and electric customers. I want to  
4 give you some dollar figures and some customer numbers,  
5 and I will turn this in and I have the numbers on a  
6 chart for you besides in the article.

7           At the outset I need to clarify some things  
8 about the numbers. The LIHEAP program, the program here  
9 started first because it started back in the 1980's and  
10 it was established with the program year that  
11 corresponds to a heating season, that is it starts on  
12 the 1st of October and ends on September 30th. Because  
13 of this, when I talk about a year in either program, I'm  
14 going to use the LIHEAP program year, and so some of the  
15 numbers may not correspond to what's been filed with the  
16 Commission. And it's just for ease of use if we use the  
17 same year in both programs when comparing them.

18           The first year of LIRAP, in addition to  
19 paying on the heat portion payments, payments were also  
20 made on the base usage. The base usage is that portion  
21 of a bill that's not attributed to space heating. This  
22 type of payment is not allowed under the LIHEAP, the  
23 federal program, so we made these base payments to both  
24 LIHEAP and LIRAP customers out of the LIRAP dollars.

25           The numbers that I use for the LIHEAP program

0135

1 include all heat sources of which 43 1/3% of the  
2 customers are Avista gas customers, 38%, almost 39% are  
3 Avista electric customers, under 9% are other electric  
4 utilities, and under 11% are oil, propane, and wood. We  
5 don't have an easy way to divide these numbers out in  
6 prior years. We contract that program with the Office  
7 of Community Development, and they don't retain the  
8 detail data. We were surfing the web site today trying  
9 to figure out what we could do and found out that they  
10 just dispose of the data. We could eventually if we  
11 needed to access our database and bring back some tapes.

12           In the combined programs for the 01/02  
13 program, that's the first year of LIRAP, we helped 6,048  
14 unduplicated households with direct payments of  
15 \$3,687,276. In 02/03 we helped 7,113 unduplicated  
16 households and made payments totalling \$3,989,729. In  
17 the 03/04 year that ended last month we helped 8,571  
18 unduplicated households. You can't visualize this as I  
19 say the numbers, it's going up steadily. In the 04/05  
20 program we project helping 9,212 unduplicated households  
21 with direct payments totalling over \$4,400,000. These  
22 figures are budgetary estimates. We have a contract  
23 with the Office of Community Development, but those  
24 numbers almost always change.

25           What do these numbers say? The programs have

0136

1 helped large increases in the number of households each  
2 year, yet we still assist less than 30% of those people  
3 eligible for assistance. The programs base their level  
4 of assistance on the prior 12 months of actual billings  
5 at the address. These payments, the payments this year  
6 for natural gas, will not increase until the bills  
7 reflect the increased cost. This means our average  
8 payments will increase each month as people apply until  
9 the program finishes operating. We see a great need for  
10 increased dollars next year to address the need based on  
11 the increased cost this year.

12 Thank you.

13 CHAIRWOMAN SHOWALTER: Thank you.

14 MR. CROMWELL: Chairwoman Showalter.

15 CHAIRWOMAN SHOWALTER: Mr. Cromwell.

16 MR. CROMWELL: One thing did occur to me, if  
17 we could have ALJ Wallis assign an exhibit number for  
18 the submission of written public comments in this  
19 docket. I neglected to request that earlier, but  
20 Mr. Stuckart's submission just reminded me that we need  
21 to do that.

22 CHAIRWOMAN SHOWALTER: Since I don't know  
23 what the right number is, we'll just make a note that we  
24 will when we get back to Olympia provide an exhibit  
25 number for all of the testimony and records that come in

0137

1 today, and we'll make sure that all parties, but in  
2 particular Mr. Cromwell, gets it.

3 Nick Beamer.

4 Did you come in a little bit late?

5 MR. BEAMER: Yes.

6 CHAIRWOMAN SHOWALTER: In that case, I want  
7 to swear you in. This is a quasijudicial hearing, and  
8 so if you will raise your right hand.

9

10 Whereupon,

11 NICK BEAMER,  
12 having been first duly sworn, was called as a witness  
13 herein and was examined and testified as follows:

14

15 CHAIRWOMAN SHOWALTER: Thank you.

16 I will ask, let's see, you take the  
17 microphone and I will ask you a question or two.

18 Would you state your name and spell your last  
19 name.

20 MR. BEAMER: My name is Nick Beamer, that's B  
21 as in boy E-A-M-E-R.

22 CHAIRWOMAN SHOWALTER: And are you testifying  
23 as an individual, or do you represent an organization?

24 MR. BEAMER: I'm representing an  
25 organization.

0138

1                   CHAIRWOMAN SHOWALTER: And what is it?

2                   MR. BEAMER: Eastern area agency on aging,  
3 its formal title is Aging & Long Term Care of Eastern  
4 Washington.

5                   CHAIRWOMAN SHOWALTER: And go ahead and make  
6 your comments, but you might start by saying a little  
7 bit of what the organization is.

8                   MR. BEAMER: Thank you, I will do so. I have  
9 also copies here that I will hand out to you.

10                   As I stated earlier, my name is Nick Beamer,  
11 and I'm the Executive director for Aging & Long Term  
12 Care of Eastern Washington. That is the area agency on  
13 aging for Spokane County and four other surrounding  
14 counties, three to the north, Ferry, Stevens, and Pend  
15 Oreille, as well as Whitman County to the south of us.  
16 As such, we are concerned about issues that not only  
17 impact seniors in the area, those 60 and older, but also  
18 those that are under 60 that may have a disability.

19                   What I would like to present tonight is a  
20 position of the agency with respect to the proposed  
21 settlement agreement regarding natural gas rates for  
22 Avista. The agency's planning and management council,  
23 which is composed of about 35 volunteers from throughout  
24 the five counties, is really concerned about the adverse  
25 impact of increasing rates for energy costs. Most

0139

1 importantly, we are concerned about the effect those  
2 rate increases have on frail, vulnerable seniors and  
3 others with a disability who are really trying to remain  
4 in their own home and maintain their independence.

5           We support the settlement agreement that  
6 would restrict the increase in gas rates to 3.9%. This  
7 is considerably lower than the rate originally proposed.  
8 However, any rate increase makes it more difficult for  
9 these low income individuals that we represent,  
10 especially seniors, to afford their energy bills and  
11 especially with a proposed rate increase of November 1st  
12 implementation. Accordingly, we recommend that the  
13 settlement agreement contain provisions that require  
14 Avista to set aside additional funds for energy  
15 assistance for low income seniors and persons with a  
16 disability in their service area.

17           Thank you.

18           CHAIRWOMAN SHOWALTER: Thank you.

19           Is there anyone else in the room who would  
20 like to testify?

21           I think given that it's so soon after the  
22 6:00 hour, it probably would be best to be at ease for a  
23 while, let me consult with my colleague for a minute.

24           (Discussion on the Bench.)

25           CHAIRWOMAN SHOWALTER: Before we go at ease,

0140

1 well, actually someone is just coming in now, but I will  
2 point out that there are several people in the room who  
3 can provide information on this case. You have heard  
4 from Mr. Cromwell, he represents the Office of the  
5 Attorney General Public Counsel, meaning he represents  
6 rate payers in general. Also Greg Trautman, if you  
7 would stand, he is an Assistant Attorney General  
8 representing the Staff of the Commission. The Staff  
9 operates as an independent party independent from us,  
10 the Commissioners. Also we have a large number of  
11 people from Avista, and if all of you could stand, I'm  
12 not going to introduce all of you, but any one of these  
13 people could answer questions if you have questions of  
14 the company.

15 Dawn Shaw.

16 I know that you just came in, so you haven't  
17 heard all the introductory remarks, but because this is  
18 a quasijudicial proceeding, we have a court reporter, it  
19 means that your comments are testimony in that case, and  
20 which means I need to swear you in. So would you come  
21 forward, that's fine, and raise your right hand.

22

23

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0141

1 Whereupon,

2 DAWN SHAW,

3 having been first duly sworn, was called as a witness

4 herein and was examined and testified as follows:

5

6 CHAIRWOMAN SHOWALTER: And it would help if  
7 you stand here so that the court reporter can see you  
8 but so can we in the audience. And why don't you take  
9 the microphone, and I will ask you a couple of questions  
10 that will introduce you to us.

11 Please state your name and spell your last  
12 name.

13 MS. SHAW: My name is Dawn Shaw, that's  
14 S-H-A-W.

15 CHAIRWOMAN SHOWALTER: And are you speaking  
16 as an individual, or do you represent a group or  
17 organization?

18 MS. SHAW: We have eight people in my family,  
19 so my family would be the organization that I'm here  
20 representing, gentlemen and ladies.

21 CHAIRWOMAN SHOWALTER: All right, then go  
22 ahead and give us your comments.

23 MS. SHAW: I am disturbed, I am deeply  
24 disturbed that Avista wants to raise our power rates  
25 again to heat my home. All winter long I sweat bullets



0142

1 about paying my Avista bill. Avista is my least  
2 favorite bill. I'm sure you guys must know that. I bet  
3 none of your neighbors tell you that, but that is a  
4 pretty common feeling in the Spokane area. We don't  
5 have mild temperate winters, we have pretty severe  
6 winters.

7 I don't like feeling like I have to worry  
8 that my kids' fingers are cold because I can't afford to  
9 pay elevated prices when, gosh, our bill has risen twice  
10 at least in the last five years. I don't know anybody  
11 whose income has risen the same amount of percentage  
12 points as my Avista bill. I would like an explanation  
13 why my Avista bill was raised to pay for financial  
14 boo-boo's that somebody made. You know, I understand  
15 about stock markets, and I understand about all of the,  
16 you know, you can make a mistake when you're estimating  
17 how much to pay for what you're buying. And yet I also  
18 understand that most of the -- and I would like somebody  
19 to correct me if my understanding is wrong, please  
20 educate me. The fuel that's in the pipelines already,  
21 hasn't that been contracted for at a price that doesn't  
22 have any relation to the prices that by golly were on my  
23 news shows today? Wasn't my heating, my natural gas,  
24 wasn't that contracted for months ago? Because that was  
25 my understanding, am I wrong?

0143

1                   I have harangued my husband all summer long,  
2 let's frame in the front porch, let's put in a fire wall  
3 and let's get a wood stove so I can thumb my nose at  
4 Avista this winter. I told him, I said, we'll get a  
5 little trailer, and I will just start up a small  
6 business on the side, I will go out to the job sites, my  
7 husband is an ex-construction worker, I said, I will go  
8 out and clean job sites, we'll burn the ends. I know  
9 they're less than 20% moisture. You can't build a house  
10 with lumber that's moist, ruins the house, nasty. My  
11 husband probably built some of your guys' houses. He  
12 didn't get paid nearly what you guys get paid, why do  
13 you need more money? Have there been pay cuts or at  
14 least pay freezes initiated on Avista's side of this  
15 fence?

16                   I am grieved to see that apparently I am the  
17 only private citizen who came out here tonight. I  
18 brought my youngest child and my oldest son with me. We  
19 use natural gas. We heat our home with it. All the  
20 light bulbs in our house save for one or two in cold  
21 areas, our basement is not really a basement, it's more  
22 of a dungeon, it's an old house, 1897, all of our light  
23 bulbs are florescent. My husband, God love him, caulks,  
24 seals, winterizes our entire home every year, he unseals  
25 it every spring. We do absolutely everything in our

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1 power to keep our bill down, and it feels like we're not  
2 very appreciated for that. I almost feel that it  
3 aggrieves some people because we're not willing to spend  
4 more of the pitiful income that we have already.

5 My husband was injured at work. He's been  
6 out of work on L&I for two years. We don't have an  
7 additional 3.7%, 3.8%, or 4% increase in our income.  
8 Where do you people want the average citizen to come up  
9 with the increase? I think this is a question worth  
10 asking. More importantly, I think it's a question that  
11 should be answered. It's not rhetorical. It's a blunt  
12 question. Where are the people of Spokane, yeah, I live  
13 in the third district, guys. I would love to see a show  
14 of hands which ones of you live in the third district.  
15 Third district is shorthand for poverty row, is it not?  
16 There are not a lot of good jobs in Spokane to begin  
17 with. When you're injured and you can't use your left  
18 arm at all, it makes it very, very difficult if not  
19 impossible for a man to support his family. Where are  
20 we supposed to come up with an additional 4% for Avista?

21 I mean that's my understanding, that's what I  
22 got in my little E-mail alert that this was coming up  
23 tonight, that originally you guys wanted something like  
24 7% or 8% increase and that WUTC said, no, no, no, no,  
25 guys, better reel that fish back in. Where am I

0145

1 supposed to come up with another 4%? I know where you  
2 guys are going to come up with it, you're going to come  
3 up with it from my pocket, my dad's pocket, my  
4 neighbor's pocket. Where are we supposed to come up  
5 with it? Are we supposed to hold up L&I? I don't think  
6 so. Is there any possibility of getting answers to the  
7 questions that I posed?

8 CHAIRWOMAN SHOWALTER: Are you finished?

9 MS. SHAW: I guess so.

10 CHAIRWOMAN SHOWALTER: Thank you very much.

11 MS. SHAW: Thank you.

12 CHAIRWOMAN SHOWALTER: This really is a  
13 hearing for you to comment to us, but I think you did  
14 miss some of the things that were said at the beginning.  
15 The first is that your gas bill and the gas business is  
16 made up of two parts. One is the gas that goes through  
17 the pipes, and the other is everything else, the pipes,  
18 the meters, the people, the bill and bill collection  
19 mechanisms. This is about the latter category. The  
20 gas, the gas itself is not at issue here, and we have  
21 had some other proceedings relating to the actual gas.

22 Second, we can not answer your questions  
23 here. We're sitting as judges, so we're taking comments  
24 from you. But I do want you to know that there are a  
25 large number of people in the room, in fact most of the

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1 people in the room can answer your questions from one  
2 vantage point or another. Mr. Cromwell is sitting right  
3 here, and he represents in general rate payers. I also  
4 was remiss in not pointing out our consumer staff at the  
5 back of the room who helped you sign in, and they may be  
6 able to answer your questions. I also commend you to  
7 Larry Stuckart who did already testify, and he is  
8 familiar with the program that offers assistance, and I  
9 don't know whether you qualify or not, but he knows the  
10 rules. And then there are a great number, great number,  
11 there are a number, several people from the company  
12 itself, and if you could just raise your hands. And so  
13 they may be able to answer your questions. So with all  
14 of that, I hope you can get some of your questions  
15 answered.

16 I want to say a third thing is that we, the  
17 Commissioners make up the Commission. It is our  
18 decision in the end. We haven't made any decision about  
19 anything yet. The Staff of the Commission in a  
20 proceeding like this operates as an independent party,  
21 and they may be able to come to a position, but nothing  
22 is final until we have approved any particular proposal,  
23 whether it's the company's or anyone else's, and we  
24 haven't done any of that yet. That's what this process  
25 is for, for us to take in information before we make

0147

1 that decision.

2 All right, is there anyone else in the room  
3 who would like to testify?

4 (Discussion on the Bench.)

5 CHAIRWOMAN SHOWALTER: Let's go off the  
6 record for a minute.

7 (Discussion off the record.)

8 CHAIRWOMAN SHOWALTER: We have had a  
9 consultation with everyone in the room, and no one knows  
10 of anyone else who is going to come and comment. So  
11 given that it is 35 minutes after the beginning of the  
12 hearing and we have no one else to comment, we will  
13 conclude the hearing. I want to thank everyone for  
14 coming, it really does help us, the Commissioners, hear  
15 from the different sorts of people who are affected by  
16 the decisions we make. It doesn't make our job any  
17 easier, but I think it does even our understanding of  
18 what is at issue. Thank you very much, and this hearing  
19 is concluded.

20 (Hearing adjourned at 6:40 p.m.)

21 (Written Public Comments were marked and  
22 admitted as Exhibit Number 5.)

23

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25