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1 BEFORE THE WASHINGTON

2 UTILITIES AND TRANSPORTATION COMMISSION

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4 WASHINGTON UTILITIES AND )DOCKET NOS. UE-170485

TRANSPORTATION COMMISSION, )and UG-170486

5 )

Complainant, )

6 )

vs. )

7 )

AVISTA CORPORATION, d/b/a )

8 AVISTA UTILITIES, )

)

9 Respondent. )

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13 VOLUME II

14 PUBLIC COMMENTS HEARING

15 November 8, 2017

16 6:00 p.m. - 7:45 p.m.

17 4001 North Cook Street

18 Spokane, Washington

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23

24 REPORTED BY:

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1 SPOKANE, WASHINGTON; WEDNESDAY, NOVEMBER 8, 2017

2 6:00 p.m.

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5 CHAIRMAN DANNER: Good evening. It is November 8,

6 2017, and this is a meeting of the Washington Utilities

7 and Transportation Commission. And we are here tonight

8 in Spokane to take public comments on a rate increase

9 proceeding that is before the UTC at this time in dockets

10 UE-170485 and UG-170486.

11 On May 26, 2017, Avista filed with the Commission a

12 request to increase -- increase its electric and natural

13 gas rates. Avista proposed a three-year rate plan for

14 electric and natural gas service with rate increases

15 going into effect on May 1st of each year of the rate

16 plan. They propose to increase the monthly basic charge

17 to $10 for both electric and natural gas services in the

18 first year of the rate plan, and if approved, these

19 increases will impact your bills as follows:

20 In 2018, the average monthly bill for customers

21 kilowatt hours would be $95.14; in 2019, it would be

22 $97.67; and then finally in 2020, $100.28. This are

23 increases of -- in 2018, 12 percent; followed by an

24 increase of 2.4 percent in 2019; and 2020, 2.5 percent.

25 For natural gas, the proposed increases affecting an

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1 average monthly bill for customers using 65 therm for

2 2018 would be $61.39; 2019, $63.92; and finally in 2020,

3 $66.53. Those are increases in 2018 of 5.4 percent; in

4 2019, 2.6 percent; and in 2020, 2.7 percent.

5 So Avista states the increases are needed for plan

6 capital investments, a generation for facilities equipped

7 with assistive performance, growth and capital

8 investments and operating expenses that outpace revenues

9 and increases in the cost of purchased electricity on the

10 market, among other things.

11 So the Utilities and Transportation Commission

12 generally deals with rate increases in an adjudicative

13 proceeding. That means the three of us sit as judges in

14 these proceedings, and we take cases and hear the cases

15 in compliance with the Administrative Procedures Act,

16 which means we have several parties before the

17 Commission.

18 The company, Avista, obviously, is a party. Our

19 Commission staff is a separate party, and then we have

20 the intervenors, such as environmental groups, industrial

21 customers, consumer advocates and low-income advocates.

22 The case is generally a trial, a multi-day trial

23 that we hold in Olympia, Washington, and we hear

24 testimony from witnesses for all the parties and we make

25 our decision. An important part of our decision-making

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1 is that we want to hear from the public. We need to hear

2 your views on how this request affects you, how you feel

3 about it, and that is news that, really, we want to know

4 what you're thinking. It does inform our decision.

5 So that's why we are here tonight. This is part of

6 the adjudication. We have a court reporter here with us,

7 so if you're going to comment tonight, please speak

8 clearly and slowly so that she can hear you.

9 We also have representatives of Commission staff.

10 Where is -- oh, okay. There's our attorney general --

11 the UTC's Assistant Attorney General Chris Casey is here.

12 We also have a representative of the Public Counsel unit

13 of the Attorney General's office, and that's Assistant

14 Attorney General Armikka Bryant, so if you have questions

15 for him. We also have a number of representatives from

16 the company here that I see. So I actually -- why don't

17 you introduce the representatives of Avista who are here

18 tonight. It will be a resource for sure.

19 MR. MEYER: Thank you, Chairman Danner and members

20 of the Commission. I'm David Meyer, and I'm a lawyer

21 representing the company. And I won't take up too much

22 time, but I do want to introduce two individuals: Dennis

23 Vermillion, who is the president of Avista Utilities, and

24 Jason Thackston, a senior vice-president of the company.

25 We also have others in attendance here from the company

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1 who directs afterwards. They can visit with you if you

2 have billing issues or assistance issues, or whatever

3 your questions are, we'll be around.

4 Thank you very much. Thank you.

5 CHAIRMAN DANNER: Thank you, Mr. Meyer.

6 All right. So let me introduce -- first of all, I'm

7 Dave Danner, chair of the Commission, and with me is

8 Commissioner Jay Balasbas on my right, and on my left,

9 Commissioner Ann Rendahl. Before we get started, for

10 those of you who plan to make public comments tonight, I

11 will need you to stand and raise your hand and we will

12 swear you in because that's this kind of proceeding.

13 Do you swear to tell the truth, the whole truth and

14 nothing but the truth?

15 (All swear affirmatively.)

16 CHAIRMAN DANNER: All right. So let's get started.

17 We have a number of people signed in tonight. Okay. So

18 we will start at the top of the list.

19 Margaret Herzog, will you please come forward. Good

20 evening.

21 MS. HERZOG: I'm Margaret Herzog. I live in

22 Spokane. I am an Avista customer. In the

23 Spokesman-Review, as -- where we get our information,

24 mostly, it was stated that Avista, indeed, wanted a

25 three-year rate plan, and the reasons given were aging

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1 infrastructure and dam renovations. The problem, these

2 are the same reasons that have been given year after year

3 after year.

4 A second reason given was online payment system. It

5 seems to me that this should be a cost efficiency, not a

6 reason to raise rates. Another reason given in that

7 article, and this is also in the billing materials that

8 we get from Avista: federal relicensing. It seems to me

9 that a company that's well run is well aware when

10 relicensing will need to occur is an expected cost, and I

11 think it should be planned and factored into their

12 regular budget.

13 Perennially, Avista will include in its request

14 changes their reasoning about the weather or the shifting

15 cost of gas and electricity as a reason. Yet Avista has

16 received a power cost rate adjustment which is totally

17 separate from the rate increase request, and these

18 surcharges, these power cost rate adjustments, are paid

19 by ratepayers and are approved in both Washington and

20 Idaho by the UTC and included in our monthly billing.

21 Avista also asks the customers for donations to

22 low-income customers' relief. Don't get me wrong, I

23 think it's a great idea; however, Avista has UTC approval

24 for LIRAP, L-I-R-A-P, fees included in the monthly bill

25 to the ratepayers, and this is a low-income rate help for

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1 people who can't pay. So how can customers who

2 generously contribute, apart from their regular billing,

3 realize that they have already paid a low-income monthly

4 relief in their bill?

5 And now to the three-year request. I'm curious, how

6 can Avista know that the mitigating factors, such as

7 weather and energy price fluctuation, three years in

8 advance? Mr. Scott Morrison in a statement said that

9 Avista tries to keep rates at a 2 percent, but I find

10 this not factual, and I -- I have a graph here that I'd

11 like to share with you. I did it in graph form and a

12 chart form because it's -- if anybody else wants one,

13 pass it around. It will show you that it has the COLA,

14 which is cost of living increase. It has -- the red line

15 is electric and the green line is gas. And the only

16 reason, by the way, when you look at that chart there's

17 zeros in 2017, is because UTC denied the requested

18 increases for insufficient reasons, and I think they

19 still exist.

20 Washington State merger law requires -- oh, I should

21 back up a minute here and say, I'm amused that they're

22 asking for a three-year request when we are also being

23 told that they will be purchased by Hydro One from

24 Ontario, Canada mid 2018. That's this coming year and

25 yet they want a three-year request.

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1 Washington State merger law requires that:

2 "Ratepayers" -- this is a quotation -- "need to be

3 receiving a benefit from the merger to go forward."

4 And every bit of the articles that I read, the

5 research that I did, affirms that the stockholders will

6 receive $53 per share in profit. The information about

7 ratepayers says that by the year 2020, and this was

8 mentioned in the introduction, the ratepayers' electric

9 bills will increase to $100 a month, natural gas bills to

10 $65 a month. And, oddly enough, in my research Hydro One

11 ratepayers, according to the Fair Hydro Plan announced in

12 Ontario, will see a 25 percent reduction in their

13 electric bill by 2020.

14 I have some questions regarding this. Is Hydro One

15 subject to Washington UTC for future rate change

16 requests, or are requests only authorized by Ontario

17 government, which, incidentally, owns -- the Ontario

18 government owns over half of Hydro One's stocks. Does

19 Hydro One have governors over Avista's subsidiaries? And

20 on that paper that I passed out, there's a list of

21 subsidiaries. It just happened to be in the public

22 information.

23 To what advantage is this to Avista ratepayers?

24 Avista lists 17 businesses in which Avista has 85 to 100

25 percent stockholder control. Were any of the profits of

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1 these companies used to benefit the ratepayer? The

2 advertising for the merger totes the payment of Avista's

3 1.9 billion-dollar debt by this merger. But in my

4 research, do the Avista rate payers then assume the

5 2.6 billion-dollar debt of Hydro One because we will

6 become Hydro One?

7 CHAIRMAN DANNER: So I'm going to interrupt you for

8 just a second. First of all, when you said you have

9 questions, I want to make sure that you understand all

10 questions come before us, we will receive them as

11 rhetorical questions because we're not going to --

12 MS. HERZOG: I understand that.

13 CHAIRMAN DANNER: Those are questions that I would

14 take up with the company or the Public Counsel. The

15 Hydro One proceeding is a separate docket that we will be

16 hearing soon. I will accept this testimony as it relates

17 to the current case. I just wanted to clarify that.

18 MS. HERZOG: I understand.

19 CHAIRMAN DANNER: We're not about to make any

20 decisions regarding that proceeding.

21 MS. HERZOG: Thank you. Since Hydro One -- this

22 is another question -- is a foreign entity, because we

23 are customers will they obligate U.S. customers to comply

24 with Canadian power, electricity, gas regulations? And

25 they have a 20-year plan and it's pretty stiff. If so,

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1 it appears to me that this would be regulations without

2 representation, very similar to the Tea Party taxation --

3 I'm talking about the Boston Tea Party taxation without

4 representation. The merger, if approved, is said to go

5 into effect mid 2018, that's this coming year.

6 Apparently, the stockholders get to vote on the merger

7 but there isn't even an advisory vote given to the

8 ratepayers. It seems to me that the advantage is all

9 Hydro One and the stock payers. And for the ratepayer,

10 there's only pillaging and looting.

11 Please deny the three-year rate request, and insofar

12 as the UTC is involved, please study the real winner in

13 the Hydro One/Avista sale because I don't think it's the

14 ratepayer. Thank you very much for listening. I feel

15 that I represent many, many people that I speak with on

16 almost a daily basis. They can't be here because they

17 work, because they're elderly, because they're

18 handicapped and can't make it. So please give it

19 consideration. Thank you very much.

20 CHAIRMAN DANNER: Thank you very much for coming out

21 this evening. I want to reiterate that we are going to

22 have a separate hearing with regard to Hydro One. That

23 will be in the months to come, and there also will be a

24 public hearing on that proceeding. So thank you.

25 Mack Cain, do you want to speak this morning -- this

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1 evening?

2 MR. CAIN: Good evening, Madam, Chairman and

3 Commissioner. First, I would like to sincerely thank the

4 members of the Washington State Utilities and

5 Transportation Commission and to the members of the

6 Washington State Attorney General's office for allowing

7 me to present this short presentation to you this

8 evening. That is, indeed, an honor for me to do that.

9 I want to make it very clear, and I, as a customer

10 of Avista, have no complaint of the service provided by

11 Avista Utilities, nor with their current prices and rate

12 structure. They provide a very essential service with an

13 outstanding reliability and dependability history. I

14 commend each and every one of the employees, nor am I

15 challenging the capabilities nor the performance of the

16 current CEO of Avista Utilities.

17 What I do have a problem with is their current

18 excessive and totally irresponsible wage and compensation

19 packet for the current chief executive officer. This one

20 employee was paid 5.5 million in 2014, 3.6 million in

21 2015, 4.5 million in 2016. And I understand his expected

22 compensation package of 2017 will exceed $5 million.

23 This is not new. Avista has been paying this absurd

24 amount for many years. I have been told he has an

25 excellent performance record and has done a wonderful job

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1 for Avista. Let us compare this one individual's salary

2 with another highly responsible position: The President

3 of the United States of America.

4 Our President receives an annual salary of $400,000.

5 Avista pays their CEO more than 13 times the annual

6 salary of our President of the United States. That bears

7 repeating. Avista pays one employee, their CEO, more

8 than 13 times the salary of the President of the United

9 States.

10 Now, let us compare the responsibilities of those

11 two senior executives. Our President is responsible for

12 the international relations and trade agreements with 218

13 nations. Our national securities, the economic

14 stability, the health and welfare, the transportation,

15 the education, the infrastructure, the defense, the

16 deployment and overall well-being of almost 400 million

17 citizens. That is 400 million. The CEO of Avista is

18 responsible for the daily operations of about 1,500

19 employees. A reasonable and just compensation package

20 for Avista CEO should be in the range of $300,000,

21 certainly not $5.5 million annually.

22 On the 26th of May 2016, Avista requested a power

23 cost rate adjustment from the Washington Utilities and

24 Transportation Commission, an increase of between 2.97

25 percent and 3.1 percent, which was expected to provide

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1 approximately $15 million per year in additional revenue

2 and wants to begin September 1st of 2017. Every one of

3 Avista's 770,000 customers would have then paid that

4 increase, yet Avista's compensation plan was to give the

5 equivalent -- that is one-third of the expected increase,

6 5.5 million -- one-third to one individual that is borne

7 by 770,000 customers. That request was not approved

8 thanks to the Washington State Utilities and

9 Transportation Commission.

10 Now, as the Honorable Chairman, Mr. Danner,

11 explained to us a few minutes ago, the new, current rate

12 which was filed on 13th of May, 2017 -- and it's a new

13 request by Avista to include those additional rate

14 increases for both gasoline, or natural gas and

15 electricity to be limit -- beginning 2018, 1st of May,

16 2018, and the 1st of May, 2019, and 1st of May in 2020.

17 Now, for those individuals that are not familiar, this is

18 not just one year, this is the continuing on, so the rate

19 increase for 2018 continues on into the future and an

20 additional rate increase of 2019 and an additional rate

21 increase for 2020.

22 On the 13th of May, 2017, I mailed a letter to the

23 four current members of the Avista Utilities compensation

24 and organization committee. That is the managing group

25 that determines the salary paid to the CEO. I asked that

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1 committee for a copy of the job description and to

2 explain the extreme and unique skills and capability

3 required of Avista. That would justify such an obscene

4 and the extremely inflated annual compensation. The

5 external communications manager responded that Avista

6 selects and retains an independent compensation

7 consultant, that is an individual separate from the

8 company itself to support the oversight of Avista's

9 executive compensation programs. That manager said to me

10 that Avista pays some customers -- some outsider to

11 determine the pay and compensation for their executives

12 with little or no regard to the hardships imposed on

13 their 770,000 customers.

14 Now, I'm sure that Avista will respond with a

15 statement that their CEO is not paid with revenue

16 received from their 770,000 customers who they are

17 leveraging additional rate increases onto. They will

18 probably justify with a statement that their CEO was paid

19 from investors, or investors of Avista stock who have

20 purchased Avista stock. Avista depends upon investors

21 for proper funding, the funding that's needed for

22 computer service shows, transformers, giant switching

23 devices, poles, towers, thousands of miles of

24 high-voltage lines, personnel wages, insurance, medical

25 and thousands of other items necessary to provide the

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1 excellent service that Avista is famous for.

2 Our local newspaper, the Spokesman-Review reported

3 on Thursday, 11 May of 2017, a return on investment of

4 Avista Utilities for the past 365 days, that is one year,

5 to be 3 percent. So what does this mean when we say

6 return on investment by Avista's -- Avista stock of 3

7 percent? It means that Avista is paying their CEO the

8 equivalent of about what 10,000 investors would be

9 investing if each individual invested an -- approximately

10 $18,000 for one year and return of 3 percent, the total

11 of all those 10,000 investors, it would take 10,000 to

12 equal the salary of one employee of Avista Utilities.

13 Let me break down for you the results of that

14 unreasonable annual compensation packet of 5.5. Assuming

15 that the CEO receives a two-week vacation annually, he

16 works 50 weeks per year, five workdays per week, that's

17 250 workdays per year. When we divide the annual salary

18 by the annual workdays, we will see that Avista Utilities

19 pays their CEO $22,000 per day. I will say that one more

20 time. One man working eight hours receives $22,000.

21 Now, I would like you to consider this. I believe

22 that at least one third of those 770,000 customers of

23 Avista most likely receives not more than the $22,000

24 that their CEO receives in one day. They work a full

25 year, striving and trying to keep their house warm, and

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1 buy groceries and milk for the baby, et cetera. They

2 work a full year, probably not much more than what the

3 CEO receives in one day.

4 Now, it gets even more interesting.

5 CHAIRMAN DANNER: So we're going to have to wrap

6 this up.

7 MR. CAIN: I have two more paragraphs in all

8 respect. What about his hourly wage? If he's making

9 $22,000 per day, this will be shocking to you. Avista

10 pays its CEO $2,750 per hour, one hour's work, $2,750.

11 Once again, Avista pays their CEO $2,750 per hour.

12 Members of the Utilities and Transportation Commission,

13 does that sound fair to you? Does that really sound fair

14 to you, one man receiving $2,750 salary? When many of

15 the 770,000 customers are striving, cutting the heat back

16 at night, trying to keep their house warm and buy food.

17 I beg you to disapprove those additional annual rate

18 increases proposed for 2018, 2019 and 2020 until Avista

19 Utilities gets their compensation schedules for all of

20 their executives under control. If Avista can afford to

21 pay one employee $5.5 million annually, they certainly do

22 not need a rate increase to be borne from each of their

23 770,000 customers.

24 And to the board of directors of Avista, it is hard

25 for me to understand that you would pay some consultant

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1 from an outside firm to advise you to pay one individual

2 $2,750 per hour, and even more difficult for me to

3 believe that you would agree that it's insanity when you

4 can easily obtain a highly qualified, experienced,

5 dedicated professional CEO to perform your required

6 duties for a compensation package of about $150 per hour

7 or $300,000 annual salary.

8 If anyone would like to have a copy of this

9 presentation, please see me again. Honorable members of

10 the Washington Commission and Attorney General's office,

11 I thank you for the opportunity of speaking before you

12 tonight.

13 CHAIRMAN DANNER: Thank you. If you look to our

14 court reporter -- or to Mr. Roberts.

15 All right. Julie HoneKamp, would you step forward?

16 MS. HONEKAMP: Good evening, Chairman Danner,

17 Commissioner Rendahl and Commissioner Balasbas. My name

18 is Julie HoneKamp, and I serve as the CEO at the Spokane

19 Neighborhood Action Partners, better known as SNAP.

20 For over 50 years, SNAP has served as the Spokane

21 area community action agency and the primary nonprofit

22 energy assistance provider of Spokane County.

23 In 2016, SNAP served over 47,000 unduplicated

24 low-income individuals through nearly 30 programs aimed

25 at either stabilizing low-income households or equipping

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1 (inaudible) of poverty. In a subset of our work, in

2 2016, SNAP provided energy assistance to the 23,607

3 low-income households which is a duplicated number, and

4 that was through a mix of public private and ratepayer

5 dollars, a fairly substantial increase over 2015. My

6 hope today is to update you on several collaborative and

7 innovative efforts to share some thought about the

8 multi-year rate increase and also to close with an

9 expression of gratitude.

10 So this past heating season, which for us is October

11 of 2016 to September of 2017, is very busy, and our

12 energy assistance programs continue to evolve and change

13 every year. I'm grateful to the SNAP team, they have

14 really pushed hard in the couple of years to try and find

15 new ways to engage customers and grow the number of

16 people that we serve. In an effort to continually

17 improve our effectiveness and efficiency, we work with

18 Avista and multiple partners to do five primary things

19 this last year season.

20 So the first of which was to successfully complete

21 Avista's annual walk-in day where together in just one

22 day, we served 670 households with energy assistance.

23 This appointment day -- or this actual service day was

24 held before we opened our appointment line, which just

25 happened about two weeks ago, and we made close to 6,000

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1 appointments for energy assistance in just over eight

2 days, so the need remains strong.

3 Secondly, we shifted to running LIRAP year-round.

4 We used to just run LIRAP for a good portion of the year

5 and in the summer take a break. We now run it

6 year-round.

7 Thirdly, we continue to expand outreach. So to

8 mental health care workers, to affordable apartment

9 complexes, working with the homeless coalition, working

10 with ALTC, our aging and long-term partners, to help

11 spread the news about this important resource.

12 Number four, you have been planning on holding

13 conservation education classes in September before energy

14 even starts, and that helps clients get an early kind of

15 access to energy appointments, so we're always trying to

16 educate, along with getting assistance.

17 Then, lastly, and you may well know, several years

18 back you endorsed the effort to run a new pilot for

19 low-income and senior rate customers, disabled customers

20 on fixed income, and we were able to serve an additional

21 800 customers in Spokane, Stevens, Lincoln and Ferry

22 County. A third-party evaluator, Evergreen Economics,

23 shared that on average participating electric customers

24 decreased their annual electricity bill by 26 percent, or

25 $309 less than their pre-pilot cost. And for natural

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1 gas, they saved only $354 a year or reduced 38 percent of

2 their cost for their pre-pilot natural gas cost. So that

3 pilot also opened up a new avenue for us to serve

4 disabled households in a little higher income range.

5 Very effective pilot.

6 In addition to working with more resources and

7 Avista, SNAP has also come together to work on a new

8 pilot that will hopefully launch in fall of 2018, the

9 percentage of income payment plan and our arrearage

10 management plan pilot that are also scheduled to get

11 running.

12 These continued service delivery improvements and

13 innovation efforts highlight the strength of our

14 partnership, and their willingness, the company's

15 willingness to explore new service delivery methods, so

16 there's much to be grateful for, but I do remain

17 concerned about the impact of the proposed multi-year

18 increase.

19 So according to the Spokane community indicator

20 website which is maintained by Eastern Washington

21 University, 63,000 households -- I'm sorry -- residents

22 live below the federal poverty line in Spokane County.

23 So that's 13.2 percent of our community lives below the

24 poverty line. That compares to Washington State where

25 11.3 percent of the total population live below the

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1 federal poverty line.

2 Additionally, the median household income in Spokane

3 County was $53,000 a year in 2016 versus $67,000 a year

4 for Washington State as a whole. The vast majority of

5 SNAP's clients earn less than $12,000 a year. With

6 income increases in the single digits, it's difficult to

7 accommodate a proposed electric increase for the initial

8 year of 12 percent for electric and 5.4 percent for gas.

9 While wealthy in community spirit, Spokane lags

10 economically behind any of our west side colleagues, and

11 our low-income customers obviously face difficult choices

12 about how to stretch already limited resources.

13 And while I can appreciate the need to maintain a

14 strong structure and liability, I really do urge you to

15 maintain a low monthly fixed charge. Fixed charges are

16 not something low-income households can conserve their

17 way out of, they can't cut their bill for that fixed

18 charge.

19 So I want to close by expressing gratitude. There's

20 not enough good news in this world. So gratitude to you

21 all for approving a multi-year funding plan a number of

22 years ago. That has allowed us to stay focused on the

23 innovation and service delivery instead of planning a

24 resource avenue. It's created great stability, so thank

25 you for that multi-year funding plan for LIRAP.

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1 And while SNAP's mission and Avista's may be

2 different, they are very complementary, and we both share

3 joint vision for a robust, healthy community. And I do

4 have to say, as much as moments like this present an

5 opportunity to sometimes disagree, I do appreciate their

6 partnership and their willingness to come forward and

7 keep working and innovating to serve our community.

8 So, lastly, thank you for being here and coming to

9 the community center and for striving to set fair, just,

10 reasonable and sufficient rates. Thank you.

11 CHAIRMAN DANNER: All right. Thank you very much.

12 Yolanda Lovato.

13 MS. LOVATO: Good evening. I'm Yolanda Lovato. I'm

14 the planning and resource rep in the Aging and Long-Term

15 Care of Eastern Washington, and we are here to represent

16 the older adults and people living with disabilities

17 living in Spokane, Ferry, Pend Oreille, Stevens and

18 Whitman County. We are an agency that touches a lot of

19 them, about approximately 40,000 people in our service

20 area, and we a representative council that is composed of

21 volunteers who live in our communities. This committee

22 is called our Planning and Management Council, and I'm

23 here to speak on behalf of the council as we bring forth

24 some concerns that the council has identified.

25 The Planning and Management Council believe that

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1 given the general rate increase, settlement increases

2 granted to Avista for electric and gas nearly annually

3 since 2006, and with looming budget cuts and cuts to

4 social services, that we should see no electrical and

5 natural gas increases granted. As the Commission

6 considers the Avista general rate increase, we ask you to

7 consider the following:

8 Washington's 2016 elder, economic and security rate,

9 that is the percent of older retired seniors living in

10 their own home whose incomes fall below the local elder,

11 economics and security index. This information you're

12 asking about, 48 percent of older adults are living alone

13 and lack incomes that they will need to meet their needs

14 as they age and remain living in their own homes.

15 Secondly, the state's economic and security rate for

16 senior couples is about 23 percent. This rate stands in

17 contrast to the modest 4.2 poverty rate for senior

18 couples. So we see a huge disparity in older adults who

19 are living in poverty and older adults who are having

20 difficult with income security. These older adults are

21 more likely to go without one or more basic needs and are

22 less likely to weather unforeseen expenses.

23 Income for older adults in our region does not keep

24 pace with rate increases. Many elderly adults in our

25 area rely on social security alone, and we have only seen

0048

1 a .3 percent increase in social security, and any rate

2 increase is offset by the lack of increases in social

3 security.

4 We know that many of the clients that we work with

5 are low income and must manage both chronic health

6 conditions and other problems and/or live with

7 disabilities and sometimes both. We know that an

8 increase in residential rates for heat and light impacts

9 this populace in a way that doesn't impact other

10 populations, and we know that these kinds of decisions

11 have an impact on whether people choose to fill

12 prescriptions or meet their heating needs. So we'd ask

13 you to consider this population as we look at this

14 request and that we really look at the impact it will

15 have, not in only 2018, but in 2019 and 2020 as this age

16 demographic continues to emerge.

17 Thank you.

18 CHAIRMAN DANNER: Thank you very much. We

19 appreciate you coming out tonight.

20 Okay. Kathy LeTellier?

21 MS. LE TELLIER: I'm going to pass because she

22 expressed my concerns.

23 CHAIRMAN DANNER: All right. Thank you very much.

24 Brad Sauer?

25 MR. SAUER: Good evening, Commissioners. My name is

0049

1 Brad Sauer. I'm a rancher in Rosebud County. Of course,

2 I'm here for Montana and Colstrip, Montana. I'm here to

3 provide comment on your rate case as it regards to in

4 Colstrip, Montana power plants, which provide a

5 significant amount of power for your state and of which

6 Avista is a part owner. I would also add that our state

7 attorney general has stated that this area is a potential

8 Superfund site. Given that the nature and extent of

9 problems are still being determined as noted in their

10 Colstrip wastewater facility closure plan from our

11 Montana DQ in 2017, I ask you, the Washington UTC, to

12 require Avista to set aside funds to address future

13 problems at the Colstrip site, particularly as these

14 plants face change.

15 An example of a problem as per the Montana

16 Department of Environmental Quality in their

17 administrative order of consent, which was begun in 2010,

18 states that contaminated water from the coal ash settling

19 ponds has leaked into the adjacent groundwaters, the

20 aquifers and the extent of that contamination in that

21 document is noted to be one mile downgrading from the

22 existing ash ponds. These contaminated waters contain

23 heavy metals. The amount of water noted to be leaking in

24 that document is approximately 280 gallons per minute,

25 which translates to 400,000 gallons per day. As it leaks

0050

1 out of the ponds, it's monitored by shallow wells which,

2 when they become contaminated, are turned into pump-back

3 wells and new monitoring wells are then drilled below

4 them in the gradient.

5 As of tonight the number of these wells is

6 approaching approximately 1,000, and the cost of these

7 wells, the drilling of them and the operation of them and

8 the sampling of them is currently being passed on to your

9 ratepayers. Thank you.

10 CHAIRMAN DANNER: Thank you very much. I can't read

11 your handwriting. Looks like it's Bob Henlin. Is that

12 right?

13 MR. HERITAGE: I'm here. I live on Chattaroy in

14 Chattaroy.

15 CHAIRMAN DANNER: Yeah. How do you spell your last

16 name, please?

17 MR. HERITAGE: Heritage.

18 CHAIRMAN DANNER: Heritage. All right. Thank you,

19 sir. Go ahead.

20 MR. HERITAGE: The rates that they're trying to

21 force through with you people, how many meals for the

22 seniors that live on social security -- we only get --

23 I'm 81 years old. I have a 1 percent raise in my social

24 security. That doesn't buy anything. They want ten.

25 You add them both together, it's atrocious as far as I'm

0051

1 concerned. I'm having a hell of a time trying to pay my

2 electric and gas bill as it is. He sits in a house and

3 he doesn't really care about it, so long as he gets his

4 overpaid check that shouldn't be here.

5 So there is one other thing here. I have a second

6 meter on my garage, and they tell me that the meter is

7 considered to be a commercial meter because it's a second

8 meter on the property. And I'm paying $18 a month for

9 that one, one on the house and one on the gas meter.

10 That's one heck of a lot of money. And I just don't

11 understand why a meter on a garage should be considered a

12 commercial meter, and I pay more for that electricity in

13 that. I'm going to have it cut off is what I'm going to

14 do, but they just -- they're greedy is all I can say.

15 And I wish that he would go find a hole to -- crawl in

16 it -- crawl in it.

17 CHAIRMAN DANNER: Thank you, sir.

18 MR. HERITAGE: You're welcome.

19 CHAIRMAN DANNER: All right. Bill Gillis, come

20 forward. Good evening, Mr. Gillis.

21 MR. GILLIS: Good evening. Commissioners, I

22 appreciate you coming to Spokane. I thought since you

23 made the trip, I want to try to say something useful. I

24 don't know if I will succeed or not, and I'm definitely a

25 newby on this side of the microphone. They haven't

0052

1 really talked about it in every case, but a couple of

2 reasons why this particular one interests me -- but I was

3 going to say that my neighbors that spoke before me, I'm

4 pretty impressed with the level of detail into the target

5 resource systems. I mean, as somebody who is just a

6 shareholder or customer, it's complex stuff. That's

7 partly why they -- I don't know if I would say a whole

8 lot, just general resource.

9 But I think this particular rate gives me -- one of

10 things I did want to say for the record is that I don't

11 think it's an important area of the recent rate case

12 because of the framing context that we're in right now,

13 one being the real possibility that you'll be looking at

14 a merger this spring, and the second is just kind of

15 broad trends of the industry to the technology change,

16 the shift of generation, the net zero movement, the

17 limited customer interest in choice.

18 All these things are changing the industry, and I

19 don't think you can separate all that from what you're

20 doing here in the rate case. But at the same time, I

21 know you've got to make a decision and have a

22 responsibility to respond to the company's petition and

23 find new ways. You can't solve it all, but I think

24 that -- what I want to say for the record is I think the

25 context is important for you to consider as you work

0053

1 through this -- these new decisions.

2 Specifically with respect to the reality that you

3 may be considering a merger this coming year is that,

4 one, it's really important you get this right because

5 you're talking about the rate structure that's going to

6 be used in -- by the newly formed company in the merge

7 situation. And having the right baseline is important,

8 so if -- partly, it means taking your time to get it

9 right. If the company has a strong case, they really

10 would be harmed if you don't raise rates right away,

11 then, yeah, you got to do that.

12 The point was made earlier that three years is a

13 long time, and I agree. I mean, I don't know if you have

14 another option, but if there's a way that you can -- if

15 you have to provide a remedy quickly, to do it for a

16 shorter time frame, I think it kind of makes sense given

17 the context is something to consider. Again, I don't

18 have the big picture. It's just kind of rough thoughts.

19 The other thing, I spent a little time just skimming

20 some of the testimony last night, and the only thing that

21 jumped out at me and surprised me is that -- I think it

22 was one of your staff, Hancock, I think -- is that

23 right -- he had mentioned that there was a statement in

24 there that prudency review is being kicked down the road

25 for three years, and, you know, I was a little surprised,

0054

1 and that there may be a lot of reasons for that. I mean,

2 I just skimmed stuff.

3 But it's something that -- particularly again in the

4 context of moving into a newly -- newly formed company

5 with new structure strikes me as -- kind of do

6 you really -- do you need that information? Is that an

7 important piece of information to consider when you are

8 faced with a challenge of figuring out if this is a

9 benefit to the customers? And if it's not a part of this

10 rate case, the merger may be completed kind of thing. So

11 it's something that -- again, I don't know what the whole

12 context is, but it's something that just jumped out to me

13 and said -- as a customer, you know, I really think that

14 that's something that maybe you should consider given,

15 this rate increase.

16 I guess the other reason for that is that you heard

17 quite a bit of testimony about the Colstrip in the prior

18 proceedings this afternoon. And Colstrip, historically,

19 has been one where our prudence has been a major concern,

20 and I think it's a concern to a lot of us in Spokane. So

21 if you have an option, that's one that I would advocate

22 to consider as part of this rate increase case.

23 The other big picture, the backward changes that are

24 moving towards consumer choices in generation. I mean,

25 it's just fascinating, it really is. It makes your job

0055

1 so hard, and at the same time, I think it impacts this

2 rate case, but at the same time I don't know what you'd

3 do about that. I mean, I don't have a lot of answers,

4 but I do have, I guess some thoughts, I mean, as I look

5 at it, but the combination of the battery storage

6 technologies, shift of generation.

7 And you're hearing from customers in the Avista area

8 saying, yeah, I would love to go choose my generation. I

9 don't want to buy those. And so that there's a movement,

10 I think, that there's a real possibility that competition

11 is coming our way in the -- at least in the generation

12 choice. And how does that affect the rate case? Well,

13 in a couple of ways.

14 One is it reminds me a lot of the telecommunications

15 industry in the '90s. It has the same feel to it kind

16 of. It is that -- well, we're looking at with -- when

17 companies, a monopoly of the companies are faced with the

18 prospect of the competition, a couple of reactions you're

19 going to see from them is called telecom. It's one thing

20 of looking at the merger opportunities. If you have

21 legacy assets, in this case it's generation that is

22 threatened by the competition, then you are going to want

23 more cap to your customers to spread it obviously because

24 the competition cares how you do it. And that's

25 happening both with -- both -- that regulate companies in

0056

1 Washington.

2 And then the other thing that happened in telecom,

3 and I think that this does apply to the rate case, is

4 that a well-managed company that is responsible to their

5 shareholders is going to be looking for ways to

6 front-load the costs to the legacy assets. So as your

7 staff does their evaluation and you ask your questions

8 and so forth, I think that's -- I don't have the answer

9 as to how you do it, like, how you operationalize that,

10 but as an economist and somebody who's sat on telecom

11 proceedings, I know what happens.

12 I think when you look under the hood, it's probably

13 somewhere in the cost of -- cost of capital, there's

14 problems with negotiation structures, but it's way beyond

15 my pay grade to figure it out, but you have the staff

16 that do those things. You have the opportunity to ask

17 questions of the stakeholders, and that's one thing I

18 think that's really important because it's just -- it's

19 part of this context that we're in right now.

20 And I understand -- I mean, just per your website,

21 that you've other dockets going on that focus on the

22 issues, but as a Avista ratepayer and me and my neighbors

23 are paying these costs, so it's important you look at --

24 and it kind of goes back to is there a way of taking your

25 time -- I don't know -- but if not, these are coming down

0057

1 the road. So those are some, I guess for the high-level

2 observations, I don't have kind of the details some of my

3 neighbors had.

4 There's three kind of things that, I guess, jump out

5 at me, like, you know, to suggest maybe you can consider

6 in your -- in your -- in this case. One -- without

7 trying to solve all the problems at once, I guess, one

8 is I think the principles that you state in your response

9 to the company in this rate case are important. I don't

10 know that you've always got the principles in order, but

11 I think in this case you should.

12 And one really important principle I think to state

13 very clearly is that the company bears the responsibility

14 for the risk of legacy assets. There's a more eloquent

15 way of saying that, but beyond -- it's looking -- we're

16 looking here at a situation where there's legacy assets

17 where the potential of competition can change the value

18 of those, and we as rate payers should not be paying

19 them. That's really kind of -- in other words, that's

20 something that if the company purchases assets, it's

21 theirs to manage, and I think it's really important that

22 the Commission take the position -- the principal

23 position that as it receives and more information becomes

24 available, that these costs are the responsibility of the

25 company and not members of the public.

0058

1 The other is -- that I mentioned before is that if

2 there's a way to include purchasing agent review as a

3 part of this rate case, I think the context deserves it.

4 I also think that the public testimony you receive from

5 people concerned about the Colstrip deserves that. So

6 that's something I guess I recommend that you consider.

7 And third thing I'd recommend is just the timeline.

8 Three years seems like a long time to me. I mean, I

9 totally understand the efficiency of traditional --

10 not -- the regulatory planning involved and all this

11 stuff, but because of the context of a merger coming up,

12 new faces, new culture, all these things, I think three

13 years is too long. And -- I mean, my first preference

14 would be to just take more time and really work this

15 through, but I don't know how that really works, but if

16 the company can prove damages, they don't get this relief

17 in January, then I guess that's the way it is. If they

18 can prove damages, I think more time is good. But the

19 alternative, I think, is just shorten the length of the

20 remedy and come back to it. Those are my thoughts, for

21 what it's worth.

22 CHAIRMAN DANNER: Thank you very much for coming out

23 tonight.

24 Antoine Velone, are you here?

25 MR. VELONE: My name is Antoine Velone, and I am a

0059

1 concerned citizen. And maybe what I've listened to and

2 I've talked to my people, you know, among my peers, that

3 maybe we should be a little bit more considerate, I mean,

4 in making decisions on raising rates on, you know,

5 utilities. You know, like, a lot of people are on social

6 security, you know. I mean, you know, and you look at

7 the jobs, I mean, who do you blame for minimum wages?

8 Who do you blame for the minimum wage paying jobs in

9 Spokane. You know, like with coal, we should be looking

10 at where you can save energy, you know. And it seems

11 like we're all looking at the stockholders and investors

12 and who is going to make money instead of looking at the

13 people and the public as a community, you know, the

14 corporation, you know, for people to survive. You know,

15 and if you don't have a paying job, then what happens,

16 you know.

17 I mean, you can get somebody, and then somebody at

18 the same time is -- the CEO, for example, like this

19 gentleman said, is sitting up there with his paid account

20 and he has nothing to worry about. You know, I'm pretty

21 sure he can take a cut in pay, you know. I mean, to work

22 with us, to work with the people, to work with everybody

23 so we can be a strong community all together. Maybe next

24 time you do, just be considerate, or if you make an

25 agreement with any kind of company that's transporting

0060

1 coal to Spokane and whoever that is going to be, like,

2 oil, let them foot the bill if there are going to be any

3 spills, not the taxpayers.

4 I mean, we don't have enough money to begin with. I

5 mean, the taxpayers, you know, a lot of them are working

6 on minimum wage. I mean, I just like -- I just want to

7 say that, to be a little bit more considerate, okay?

8 Thank you.

9 CHAIRMAN DANNER: Thank you very much.

10 Rebecca MacMullan.

11 MS. MAC MULLAN: Hello. Thank you for coming to

12 Spokane and giving us an opportunity to comment on

13 Avista's rate increases. I'm an Avista rate payer and I

14 am deeply concerned about climate change. I'm concerned

15 what anthropogenic climate change will bring to political

16 instability, dangerous weather patterns and shortages of

17 food and clean water. So I'm here to ask that any

18 increases in our electricity rates be traded for a

19 concrete commitment from Avista to end coal-by-wire by

20 2025.

21 Two months ago in Spokane, we suffered several days

22 of hazardous and fairly hazardous air quality due to

23 gargantuan wildfires in British Columbia, Montana and

24 Oregon. So for people with respiratory conditions, there

25 was literally nowhere to run. And at the same time, I

0061

1 was trying to protect my kids from the highest level of

2 air pollution recorded in this county. My father was

3 under mandatory evacuation orders in Florida from

4 Hurricane Irma. And even that concern was soon dwarfed

5 by Hurricane Maria.

6 Now, my husband grew up in Santorsa, Puerto Rico.

7 And Puerto Ricans, they deal with the occasional

8 hurricanes the same way we deal with wind storms or ice

9 storms. I mean, they're dangerous and destructive, but

10 we batten down the hatches and get through it, but Maria

11 was a completely different beast.

12 There are places in Puerto Rico still -- 20 percent

13 of the island doesn't have clean water. So in 2017,

14 cholera is a serious public health threat in the

15 United -- in U.S. soil for U.S. citizens. That's

16 unbelievable. And that horror continued. That's -- 42

17 people died in raging wildfires in California. These are

18 signs of dire trouble ahead and it's long past time that

19 we change our course. We've understood the heat-trapping

20 properties of carbon dioxide gases before the Civil War,

21 but since 1970s, scientists have expressed concern that

22 human emissions of such greenhouse gases could destruct

23 the ecological balance of the planet. But it is in this

24 decade that we have incontrovertible proof about the

25 neurological anthropogenic climate change, and in this

0062

1 decade, we must reverse it.

2 We're speeding like Thelma and Louise at the edge of

3 the cliff, and that cliff and runaway climate change and

4 the positive feedback view of unstoppable warming that

5 will be fed by diluted -- pools that are diluted of

6 reflective ice and snow, by methane released from falling

7 permafrost and from deep disruption in global air and

8 water circulation. So if we don't hit the brakes hard

9 now, we will take away the privileges of security,

10 prosperity, health and stability from generations to

11 come.

12 When I saw the rate increase from Avista for next

13 year, I thought it was a typo. Surely they meant 2.6 and

14 not 12.6. To ask for a such a steep increase without

15 making a concrete commitment to reducing the lines on

16 fossil fuels is emblematic of the abhorous and hubris

17 that has already pushed our biosphere to the brink.

18 Now, personally, I've already traded the kitchen

19 remodel that I really want for 30 made-in-Washington

20 solar panels that I believe in. So I'm willing to pay

21 the price for a sustainable future, but I'm not willing

22 to pay for outdated harmful coal, fire and electricity,

23 and I shouldn't have to pay for an aging coal plant,

24 legacy asset that will need millions of dollars in

25 updates just to meet federal and state requirements.

0063

1 Washington State is to leave fossil fuels in the

2 ground and lead the way to a clean and prosperous future.

3 So please use your authority to insist that coal, fire

4 and power be eliminated from our power supply.

5 CHAIRMAN DANNER: Thank you very much.

6 Stephen Chanter, are you here?

7 MR. CHANTER: Good evening. I would like to thank

8 you for the opportunity to speak. I've been listening.

9 Avista wants $89.8 million in the next three years. Like

10 her, I was also surprised when I saw the flier. Then I

11 got -- sitting down and got to thinking about it. I said

12 to myself, well, wait a minute. Hold on. Avista is a

13 publicly traded stock on the stock exchange. As a

14 publicly traded stock, it is believed that its revenues

15 or capital from that stock is what's used to purchase

16 replacement and/or upgrades, equipment, thereby giving

17 the shareholders a larger sum of return in the form of

18 larger dividends in the future. That's, basically, how

19 stock works. This also tends to drive the stock up in

20 price as well.

21 Now, as of January 25th of this year, Avista stock

22 closed at $39.18. As of November 1st of this year,

23 Avista stock closed at $52.24. That means the stock

24 increased itself $13.06 in just nine months. That's a

25 3.33 percent increase just for the stock. Okay. I'm not

0064

1 even going to go to the dividends.

2 One thing I do have a problem with and maybe they

3 can clarify to me, I was recently reading in Idaho,

4 Avista asked for a 7.09 percent increase for 2018 and a

5 4.2 percent in 2019 with a 25 cent increase for the

6 monthly service, bringing the minimum service up to $6

7 for basic charge.

8 The Idaho Public Utilities Commission just settled

9 the first of this month with Avista. They didn't get it.

10 They got a 5.6 increase for 2018 and a 2.3 for 2019, but

11 they did get their 25 cents increase for the monthly

12 service charge, which brings it up to $6 for a basic

13 charge. The reason I'm stating those numbers is because

14 of this:

15 Avista has asked for 12 percent for us in Washington

16 in 2018, 2.4 percent in 2019 and 2.5 in 2020, with a

17 dollar 50 increase for basic service up to $10 for the

18 state of Washington. My question is: Why is Washington

19 State being asked to pay 12 percent increase when Avista

20 only asked Idaho to pay 7.9 in their asking? Why was

21 Avista asking Washington payers to pay a higher basic

22 surcharge than Idaho? We currently pay $8.50. Idaho

23 pays $5.75.

24 Okay. Now, according to the Avista fliers,

25 residential customers using only 938 kilowatts per month,

0065

1 as you said, would increase $10.63 or 12.6 percent more

2 per month, increasing their bill to $95.14. Understand,

3 Avista is asking not for what we have but for

4 $89.8 million more from their customers. Also because of

5 Idaho -- and maybe they will explain it to me -- to me

6 it's the same company. Yes, it does cross state lines.

7 Well, I understand it crosses Montana and Oregon, too.

8 Avista's asking an increase difference for aging

9 infrastructure, but once again, it's the same company.

10 If I was to buy stock, I don't say I want stock in

11 Washington Avista or Idaho Avista. It's Avista. So

12 there shouldn't be such a disparity in rate increases.

13 It's one company. I'm sure the company buys its parts

14 for all the different states from the same companies they

15 do business with, I'm sure. And I'm sure they pay the

16 same basic rates to their employees seeing how we're only

17 40 miles from Idaho.

18 So I'm asking, why is Avista asking Washington, for

19 us to pay almost 30 percent more? Hopefully, you folks

20 sitting there come to an agreement with Avista on a much

21 lower rate. I'm hoping.

22 But then to make matters more confusing, in today's

23 paper, there's an article Avista is going to be purchased

24 by a Canadian company -- they mentioned it before --

25 Hydro One. Hydro One plans on buying Avista to the tune

0066

1 of $5.3 billion, and they expect to close it next August,

2 according to the paper. The Avista board of directors

3 will retain a fair amount of the local autonomy, and it

4 will be a wholly owned subsidiary.

5 Hydro One says that it will give a credit rate worth

6 $31 million over the next ten years. This was proposed

7 by Avista in order to make the deal go through, which

8 means residential customers will receive about $4.32

9 credit each year.

10 Now, in their flier, they said the increase was

11 10.63 -- $10.63. We're going to get a $4.32 credit to

12 subset the balance. Okay.

13 Just a little bit more, and I'll let you all go. I

14 was there at one of these meetings about four and a half

15 years ago when Avista wanted an increase. It seems like

16 they want one of those almost every year. Normally I

17 forego them, but like that young lady, when I opened my

18 bill and saw -- I thought it was a typo, too. No, it

19 wasn't.

20 Anyway, four and a half years ago I came, and I

21 think I met you and talked with you the last time. It

22 was then that they had given -- I mentioned that --

23 they had mentioned they had given $3,500 to two minor

24 political primary state candidates running in Idaho

25 through PAC committees. I was able to find out what was

0067

1 given in the gubernatorial races, senate races and

2 house -- or even presidential candidates of their choice

3 for the northwest. But if they can feel that they can

4 give money to PAC committees in such large amounts,

5 because this was a minor preliminary primary, then I feel

6 any political donations made by this company and passed

7 on, even knowingly or unknowingly to Avista customers due

8 to rate increases -- this should be an area the

9 Commission might want to look into to see what's going

10 on. I don't know. I don't have complete control of

11 their budget, even though I am a retired accountant.

12 But understand, Avista has a duty to perform, and

13 they do it very well, with the growing energy needs, they

14 do promote energy efficiency. I agree with that. I know

15 that they string new lines and subdivisions into new

16 homes and new businesses all the time, okay. However,

17 they get paid when they string into those subdivisions,

18 those houses and those businesses, when they do that.

19 Okay. So that's -- that's a wash.

20 I've gone -- me, personally, for example, I've gone

21 to great pains to make my home more efficient. In the

22 last three years of caring for my children, I've replaced

23 all the windows in my home with new efficiency ones,

24 added more insulation in the roof, 4 inches, replaced my

25 aging heating system and added a heat pump. But with

0068

1 rate increases, I haven't seen a reduction in my little

2 2,300 square foot home in my electric bill for my wife

3 and I. Go figure. I don't know why. Okay.

4 As far as people go, I wanted to give you this

5 personal bit. I'm a volunteer tax aid coordinator for

6 the city of Medical Lake. The tax aid is part of the

7 AARP program that works closely with the IRS to help

8 people file their personal income taxes for free, usually

9 dealing with lower and middle income families. I have

10 been offering my free services to give help to the public

11 for their personal income tax for 20 years. Most are

12 seniors. Most are on fixed incomes. Most make between

13 15 to 29,000 a year, period.

14 Society leaves an aging community that must make a

15 choice between paying their utilities bills, paying for

16 food and paying for medicine. Those are the three basics

17 they have to do. Everyone knows you've got to pay

18 utilities bills. You can't sit in the dark. So they

19 either don't buy food or don't buy medicine. Wow.

20 That's scary. With everything going up, a 12 percent

21 increase is just something that seniors cannot afford,

22 period.

23 The people need you. They need the Public Utilities

24 Commission, okay? You are our watchdog against greed and

25 poverty for the poor, okay. That is because there's

0069

1 individuals, or as a group even, we can't shop around and

2 purchase energy from someone else. We can't. Avista has

3 a captive audience, and they know it. Avista seems to be

4 a very well run observation to some extent. Stocks have

5 increased this year, dividends are up, and the sale of

6 the company, $5 billion, 300,000,000, who's going to get

7 that? Everything looks good for them, yet every time

8 they need money, it's the customers who always have to

9 suck it up and bear it because we don't get a choice.

10 So we look to you to help keep the rates down. So

11 for that, I thank you.

12 CHAIRMAN DANNER: Thank you very much, Mr. Chanter.

13 All right. Doug Howell.

14 MR. HOWELL: Thank you so much for being here

15 tonight. You all should be acknowledged for your

16 endurance. Hopefully, it won't go past 8:00 o'clock

17 tonight.

18 I was going to talk about expenditures, but I think

19 there was a point that was made earlier, and the

20 magnitude of that -- that -- that point was missed. When

21 Brad Sauer talked about these coal ash ponds and now, how

22 they are converting these monitoring wells to pump-back

23 wells, I'd like to give another interpretation of what

24 that means.

25 Most coal plants discharge their wastewater into a

0070

1 body of water, but Colstrip, because it's so dry out

2 there, it's unique. It's a desert, essentially, close to

3 11 inches of rain a year, so they don't have a body of

4 water that they can discharge their wastewaters, so they

5 have this closed loop system.

6 And what they do is to ensure it remains a closed

7 loop, when that toxic waste gets into the groundwater and

8 the plume grows, as you know, they put in a monitoring

9 well. When that monitoring well shows the pollution,

10 they convert that monitoring well back to a pump-back

11 well and they put that water back in the central pond.

12 They try to accelerate their aeration, their evaporation

13 of that toxic waste. So what's happened is that

14 monitoring well shows pollution, they turn it into a

15 pump-back well and then they move the monitoring well for

16 the wrap.

17 Now, as Mr. Sauer reported, they've done that almost

18 a thousand times, and they're still called as being in

19 compliance with closed loop. You know, I don't call that

20 compliance. I call that moving a goalpost. And that is

21 a massive liability for ratepayers and it's growing.

22 That isn't even what I wanted to talk about.

23 I would like to talk about expenditures. It's

24 becoming clear now that Colstrip 3 and 4 is going to

25 close. When we weren't prepared for the inevitability of

0071

1 1 and 2, we had to deal with now, okay, what you do with

2 accelerated debt. We're facing that issue with 3 and 4.

3 That's going to close much sooner than we anticipate and,

4 once again, we won't be prepared, but that's going to

5 show up for expenditures for you. And what I strongly

6 recommend that you look at closely from here forward is

7 any expense you get related to Colstrip, even if it's,

8 quote/unquote, maintenance.

9 What we found, what our attorneys have found in

10 participating in rate cases across the country, that

11 there's a bunch of stuff that's shoved into maintenance

12 that's not maintenance. In fact, in our lawsuit on the

13 new-source review, which we settled so we never got the

14 opportunity to prove we were right, we settled on that,

15 but that led to the closure of 1 and 2, expenses were

16 shoved in maintenance that we asserted were not.

17 So I strongly recommend that you give intense

18 scrutiny to any expenses that you see that are called

19 maintenance. And even at some point, maintenance itself

20 becomes a life-extending measure, and you need to watch

21 very carefully that we're not sinking in money that's

22 going to push that plant out beyond 2025, because, again,

23 that will be another area that rate payers take an

24 unnecessary hit.

25 There's another piece I want to talk about is

0072

1 that -- is what drives these decisions that gets you to

2 these prudency determinations. And Avista has been using

3 this model that they call the efficiency frontier. And

4 you've heard -- it's really in some ways -- one way to

5 describe it is a balance between least cost and least

6 risk. My concern with that model, I think it is

7 extremely short term in its economic view. If we were to

8 really look at capital expenditures over decades, then we

9 would come up with a much different result on what's

10 least cost and least risk. And if we were thinking long

11 term, renewables are going to be investments, like new

12 gas plants, almost all the time. So I would like you to

13 be really concerned about how you think of that time

14 frame on the efficiency frontier when you're comparing

15 these costs to these risks, and let me give you an

16 example.

17 There must have been some type of model like that

18 that was used when they authorized the expenditures in

19 the early '80s for the coal ash ponds, and here is some

20 of the thinking. Well, the energy firm said to the

21 Colstrip owners, let's do this clay-lined ash ponds

22 because it's cheap, and the likelihood of it leaking is

23 small, but if it does leak, let's set aside $2 million to

24 pay for the drinking water for the town of Colstrip in

25 case it gets corrupted. It got corrupted. It leaked.

0073

1 They were sued -- the civil penalty alone was 25 million,

2 and now the price tag is probably well over a billion

3 dollars to clean up that mess. At some point, when they

4 made that decision, they used something very much like a

5 efficiency frontier, least costs, least risk calculation.

6 So please don't get sucked into a shortsighted view

7 of how that model can work. At this point of time in the

8 age of climate change, if they say a gas plant lasts 35

9 years, that gets us most of the way to our goal of 2050.

10 I really encourage you to be thinking about all

11 investments in a much shorter time frame. We just can't

12 afford to do it any other way.

13 While we're talking about it, I just want to plant

14 one more seed. What we're looking at in the future of

15 all resources that you're going to have to do a prudency

16 determination on is likely going to be gas plants, and we

17 are jut beginning to learn of what the climate impacts

18 are of those gas plants. And what the literature tells

19 us, which we have now reviewed exhaustively of every

20 government, every academic and every industry report that

21 has been provided we have reviewed, and the average we

22 see is a 3 percent leakage rate of the upstream methane.

23 If you use a 100-year global warming potential or if you

24 use a 20-year global potential, the methane as you may

25 know is up to 87 times more powerful than carbon dioxide.

0074

1 If you have that national average of 3 percent of

2 leakage rate at the gas plants, you are already worse

3 than a coal plant even before you build that gas plant.

4 Coal is -- gas is becoming the new coal. Gas is our next

5 big climate fight, and I hope you are prepared.

6 CHAIRMAN DANNER: All right. Thank you very much.

7 Okay. David Camp.

8 MR. CAMP: Thank you again for having us here, for

9 coming and seeing us here, hearing us out.

10 As an Avista ratepayer, I'd like to echo the

11 comments made by Rebecca MacMullan, that if we're going

12 to see an increase in rates, there really must be a link

13 to a firm commitment to exit the Colstrip disaster. The

14 Colstrip plant was simply a bad investment. If we can

15 get out of that and facilitate that through the rate

16 increase, then fine.

17 The second part of that, though, is we need to

18 protect low-income rate payers, because in this area the

19 low-income rate payers are truly low income, and they

20 simply can't absorb a rate increase like the one that's

21 been proposed. So if we can get Avista to move out of

22 the Colstrip problem while also protecting low-income

23 ratepayers and being granted their rate increase, I think

24 it will work out for everyone. So I really have nothing

25 more to say. I think that encapsulates it.

0075

1 CHAIRMAN DANNER: Thank you very much.

2 Okay. Jean Kindem, are you here?

3 MS. KINDEM: Thank you very much for allowing us to

4 have an opportunity to voice our opinion. I am a

5 volunteer on the Planning and Management Council for the

6 Aging and Long-Term Care. One of our emphasis is to keep

7 people in their own homes rather than into nursing homes

8 or other assisted-living facilities.

9 Thirteen percent of the American population in this

10 area lives below the poverty line, and we are looking

11 at -- if you have done any reading at all -- an age wave,

12 where a lot of us are going to live longer and we're

13 going to need services longer. And the cost of utilities

14 for some of the providers who are taking in these aging

15 people and allowing them to have somewhat of a life, it's

16 costing them a great deal of money when you increase the

17 cost of their utilities.

18 So what I would like to remind you is that, along

19 with the 13 percent that is below the poverty line, we

20 also have people who are handicapped, who have mental

21 health issues and who are living on just a bare minimum

22 amount of money. And we are very proud to be providers

23 of services to this population, and I would like to ask

24 the Utilities Commission to take into account that we are

25 in a different part of the state than the west side. Our

0076

1 poverty level is higher, and we need some assistance when

2 it comes to you, the utilities. Thank you for allowing

3 me to speak.

4 CHAIRMAN DANNER: Thank you very much for coming out

5 tonight.

6 Pauline Druffel, are you here?

7 MS. DRUFFEL: Yes.

8 CHAIRMAN DANNER: Please come forward. Thank you.

9 Ms. Druffel, you have not been sworn in. You arrived

10 after we did our group swearing in; is that correct?

11 MS. DRUFFEL: Yes.

12 CHAIRMAN DANNER: All right. Would you please raise

13 your hand.

14 Do you swear to tell the truth, the whole truth and

15 nothing but the truth?

16 MS. DRUFFEL: I do.

17 CHAIRMAN DANNER: All right. Thank you very much.

18 Proceed.

19 MS. DRUFFEL: Thank you. And thank you for coming

20 to Spokane to hear our perspective about Avista's

21 proposed rate increases. I was going to speak this

22 afternoon, but then there wasn't time. Well, I gave it

23 up, but because --

24 CHAIRMAN DANNER: You know, we are still accepting

25 written comments, so if you do want to comment in

0077

1 writing, just let me know.

2 MS. DRUFFEL: I do know. Yes.

3 I want to talk about my concerns related to Avista's

4 plan to continue to get electricity from the Colstrip

5 power plant in Montana for 20 more years. I don't see

6 that Avista is planning to pull out of their -- our

7 ownership of that plant, nor that they are directing

8 resources to clean up the damage done to the local people

9 because of the plant. I object to raised rates just to

10 continue doing the same disastrous harm to our planet.

11 I could imagine an ethical value of raising rates so

12 as to prepare to pull out of Colstrip and get electricity

13 from other sources, renewable sustainable resources, but

14 I think it is unethical to know that Colstrip's way of

15 producing electricity is harming the planet and to not

16 try to ameliorate that damage. Other owners of Colstrip

17 are talking about pulling out their investment of

18 Colstrip, but Avista is talking about continuing their

19 investment for 20 more years.

20 I fear that as ratepayers to Avista, we are going to

21 be the ones paying for the damage that has been done by

22 Colstrip, and we were just talking about the coal ash

23 ponds as one specific that I'm also aware of and see that

24 as major damage to the water supply in that area, and

25 also the air. Somebody talked earlier this afternoon

0078

1 about the asthma and the air pollution.

2 I want to say on another note, I'm aware that Avista

3 does buy some electricity from the Palouse wind farm

4 south of Spokane. I've signed up to use that, but Avista

5 treats it as an extra for which I end up paying more in

6 order to use what I consider to be a more ethical form of

7 producing electricity. I would like them to consider

8 this wind power as the national part of the mix along

9 with hydroelectric power. So that's my comments.

10 CHAIRMAN DANNER: Thank you very much. Appreciate

11 it.

12 Elizabeth Williams?

13 MS. WILLIAMS: Again, thank you for coming to

14 Spokane so we can give our views on this. I'm one who

15 recycles or composts everything I possibly can. As an

16 Avista ratepayer in the north end of Spokane County, it

17 upset me greatly to find out Avista Utilities fuels 20

18 percent of its power from Colstrip. I'm here to ask

19 Avista Utilities to divest in the Colstrip mine in

20 Montana. As a Avista Utilities customer, I do not want

21 the energy I use coming from dirty coal anymore.

22 Investment in clean energy is extremely important to me.

23 In the Census Business Patterns report in 2014,

24 there were 76,572 people employed nationwide in the coal

25 industry. Compare that 76,000 or so jobs to the Arby's

0079

1 fast-food company which employed approximately 80,000

2 persons. Phasing out the coal industry is not going to

3 have a huge impact on our nation's economy, especially

4 with the multiple possibilities for clean energy jobs.

5 Steven Inskeep on today's NPR Morning Edition

6 reported even China is consolidating mines and

7 aggressively cutting back production for environmental

8 reasons. We here in Spokane can do better. I would hope

9 you would protect those in poverty from rate increases,

10 as we've heard people speak tonight, and how important

11 that is, though, personally, I would rather not pay

12 Avista any more than I already do. I would rather have a

13 slight increase in my bill to fund clean energy than to

14 have Avista get 20 percent of its power from Colstrip and

15 have anything to do with environmental contamination that

16 the coal mine is causing.

17 Finally, with the approaching holiday season, we are

18 reminded that there's a reason that for over 800 years,

19 getting a lump of coal for Christmas has not been

20 considered a good thing.

21 CHAIRMAN DANNER: Thank you very much.

22 All right. Jace Bylenga, are you here? Come

23 forward.

24 MR. BYLENGA: Yes. Hello, Commissioners, and I was

25 out in the hall during the swearing-in, but I swear to

0080

1 tell the truth.

2 CHAIRMAN DANNER: Stand up. All right. Raise your

3 hand.

4 Do you swear to tell the truth, the whole truth and

5 nothing but the truth?

6 MR. BYLENGA: I do.

7 CHAIRMAN DANNER: All right. Proceed.

8 MR. BYLENGA: Thank you, Commissioners for coming up

9 to Spokane again. Really appreciate it. My name is

10 Jace Bylenga, and I would like to talk on behalf of some

11 kids I know across the street at Shaw Middle School.

12 I was an AmeriCorps Avista volunteer for a couple of

13 years and did some after-school programming with those

14 kids, and this is one of the poorest neighborhoods in the

15 state, and one other poorest neighborhoods that I've

16 worked in also is the west central community on the other

17 side of town. And as we were doing environmental

18 educational programming with these kids, a lot of the

19 reasons there was a need for that was there wasn't a lot

20 of extra time for extracurricular stuff that was, you

21 know, maybe talking about environmental issues.

22 And so just there being a deficit in the amount of

23 education to low-income populations, I think, is going to

24 potentially result in those folks maybe not knowing much

25 about climate change or what it means to burn coal and

0081

1 things like that. But, however, these folks want to be

2 responsible stewards of the planet, if they know the best

3 ways to do that. And I don't want them to shoulder with

4 the potential impacts from climate changes through

5 potential costs associated with cleaning up the mess in

6 Colstrip, Montana for the coal plant out there.

7 I understand that Avista has not publicly indicated

8 whether or not they set -- have begun setting aside money

9 for clean-up costs at the Colstrip plant, and, you know,

10 looking at the calculations from Puget Sound Energy, they

11 set aside some money, and so if you slice and dice that,

12 it looks like Avista would be on the hook for at least

13 $100 million in clean-up costs and about $6 million in

14 economic transition funds for the community of the

15 Colstrip. So they need to start saving that money and

16 being fiscally responsible in terms of getting ready for

17 these clean-up costs.

18 I would love to see it if -- if, you know, the

19 low-income communities wouldn't have to bear the burden

20 of those low-income costs, but I know we have to figure

21 out how to do it fairly. It would be great if the

22 shareholders wanted to take all of those costs, or maybe

23 we could -- you know, Avista could figure out how to, you

24 know, magically make the -- the cleanup cheaper. I don't

25 know. They've got -- the coal place is hard for people

0082

1 over there, they don't make a lot of money, so -- but

2 keeping this coal plant running continually is -- it's

3 just going to make more and more costs for future

4 generations, whether it be cleaning up the toxic

5 contamination at Culstrip or whether it's converted

6 climate change impacts from our health costs, wildfires

7 or, you know, the lithium effects. So thank you for your

8 time and appreciate it.

9 CHAIRMAN DANNER: Thank you.

10 Brian Henning, are you still here? Come forward.

11 MR. HENNING: Good evening. My name is Dr. Brian

12 Henning. I'm a Avista rate payer, a resident of Spokane

13 and professor of philosophy in environmental studies at

14 Gonzaga University. I want to thank you for coming over

15 to the east side of the state and hearing the concerns of

16 Avista ratepayers. You really do have an impressive

17 fortitude today. Thank you for sticking it out.

18 I would just like to just briefly address whether

19 Avista is providing electricity at the lowest reasonable

20 cost and whether its request of rate increase should be

21 approved. Doing this, I would like to introduce the

22 admittedly wonky idea of negative extranalities. This

23 inelegant and euphemistic term is how economists describe

24 a cost associated with an activity or product that is not

25 reflected in the price.

0083

1 Classic example of negative extranalities is

2 cigarettes. The price of a package of cigarettes could

3 reflect the cost of growing, manufacturing, selling the

4 product and the intended profit, but the price often does

5 not. Included is health costs associated with smoking

6 the product. These health costs are real and significant

7 but they are borne not only by the smoker but by everyone

8 else as well in the form of higher insurance premiums,

9 lost work productivity and so on. These are what the

10 economists call negative extranalities or costs

11 associated with the product not reflected in the price.

12 The problem economists tell us is that negative

13 extranalities distort the marketplace. They move capital

14 towards products that only appear to be less expensive

15 but, in fact, are actually more expensive if all the

16 effects are included.

17 Let me give another very brief example: Let's say

18 that I'm a local restaurant owner, and that I generate

19 various forms of waste. I can't exactly dump that waste

20 in the curb or in the street. I have to pay a company to

21 haul it away, and this is reflected in the price as I

22 charge my customers. But this is, in fact, what

23 utilities and fossil fuel companies are doing.

24 Electricity for fossil fuels such as coal and natural gas

25 only appear to be less expensive because they get to dump

0084

1 the waste products of their business, such as carbon

2 dioxide and methane, into the atmosphere for free, at

3 least for a little while longer.

4 How does this relate to Avista's rate case? The

5 problem with Avista's rate case is based on the distorted

6 marketplace in which the negative extranalities

7 associated with this product are not sufficiently

8 reflected in the price paid for a kilowatt hour of

9 electricity or a therm of natural gas.

10 What are the negative extranalities associated with

11 Avista's fuel mix? Since approximately half of its fuel

12 mix comes from fossil fuels, the negative extranalities

13 include air and water pollution that cause mortality and

14 morbidity rates. The greenhouse gases that contribute to

15 climate change that destroy our forest, increasing

16 drought, damaging our crops, causing species extinction,

17 warming seas and ocean acidification that harms the

18 shellfish in our oceans causing rising seas and

19 inundating our coastlines, creating larger, more

20 destructive storms destroying entire cities.

21 All of these phenomena are associated with very

22 really identifiable, quantifiable costs. They are real

23 costs and they are borne by all of us. It's a grave

24 injustice to these costs that are disproportionately

25 borne by the poorest people in our community and in the

0085

1 world. And all of these costs are very real, and they're

2 borne by all of us.

3 The problem I submit is that these costs are not

4 reflected in the prices we pay in our utility. So when

5 we reflect on whether our utility is delivering

6 electricity at the lowest reasonable costs, the only

7 responsible answer is no. We must have the courage to

8 consider the full cost of generating electricity from

9 fossil fuels. I encourage you to take a more holistic

10 approach and examine all of the costs associated with

11 electricity generation. If we do this, you will find we

12 truly cannot afford electricity generated from fossil

13 fuels.

14 Thank you.

15 CHAIRMAN DANNER: Thank you very much, Doctor.

16 Okay. Bonnie Roberts, are you here? Ms. Roberts, I

17 need to swear you in as well.

18 MS. ROBERTS: I will assume the position.

19 CHAIRMAN DANNER: Do you swear to tell the truth,

20 the whole truth and nothing but the truth?

21 MS. ROBERTS: I do so swear.

22 CHAIRMAN DANNER: Thank you very much. Proceed.

23 MS. ROBERTS: I thank everybody tonight. I had a

24 quick Cliff Notes version of environmental, economic,

25 medical. It's all here. Thank for all the speakers and

0086

1 thank you for coming out. I guess you didn't have to,

2 but thank you for coming over to our side of the state to

3 do your job. Awesome. I know everybody loves Avista. I

4 got a bag with the food giveaway. It had the Avista logo

5 on it. Who doesn't love a free bag, right? They do

6 great work. We all love them.

7 $22,000 a year. I didn't even make that a year

8 working at the Spokane Housing Authority implementing --

9 giving vouchers to low-income homeless people. About

10 22,000 a day. Okay. I bet you can tell, I'm not one of

11 the 1 percent. I know it. Now I'm retired, I get social

12 security. Get 700 a month. I got a letter. My check is

13 going up $2. $250 a month to heat my house.

14 Now, I know SNAP. Thank you SNAP. Without SNAP, I

15 don't think I would be alive today. With that energy

16 assistance, LIHEAP, low-income housing energy assistance

17 program, LIHEAP are awesome, but we can't as a society

18 rely on customers and charity. We want Avista to step up

19 and do right. What do I have to do? I have a house,

20 low-income house that was built back in the '20s. No

21 insulation. You know, upstairs, I just hang rugs over

22 the door. I have blankets over my windows, and when it

23 gets really cold, I just close out my laundry room and

24 pray that my washer don't freeze. We need -- we love

25 Avista, right? They give help to people, they even

0087

1 put -- replenish their furnace, get it up to heating. I

2 don't have forced-air heat. All I have is an electric

3 baseboard heat. And when you don't own your home, they

4 just help the landlord. So the low-income renters,

5 seniors like me have nowhere to go. We don't get help.

6 I'm not going to get a brand-new furnace in a house

7 instead of baseboard heat. The only option I have is to

8 turn it up and turn it down.

9 What do renters do? We have these thinly made poor

10 houses, and I saw it firsthand when I worked at the

11 housing authority. I feel like I'm speaking to thousands

12 of seniors. I want to know if Avista raises their rate,

13 how many seniors are going to turn off their respirator,

14 turn off their oxygen machine? Are they going to take a

15 bath like I do in a cold bathroom because I can't afford

16 to heat the whole house. This is real, people, this is

17 real. And I think Avista is real nice to give me a bag

18 with a logo, but I want you to lower my rate.

19 Thank you.

20 CHAIRMAN DANNER: Thank you, Ms. Roberts.

21 That -- according to my sign-in sheet, that brings

22 us to the end of the evening. Is there anybody in the

23 room who has a comment to make and not signed up on the

24 sheet and would like to make a comment tonight?

25 Okay. Going, going, gone. All right. So I want to

0088

1 thank everybody for the opportunity to hear your comments

2 tonight. I really have appreciated everybody coming out.

3 I appreciate everybody preparing comments. I thought

4 that we heard a lot of useful information.

5 So if you have a desire to expand on your remarks or

6 to provide written testimony or for people you know that

7 wanted to come out tonight and couldn't come out tonight,

8 I would ask you to consider submitting comments in

9 writing, and you can do that by e-mail at

10 comments@utc.wa.gov. You can also mail them at the

11 Washington UTC at PO Box 47250, Olympia, Washington

12 98584. You can also call the UTC, if you like, by

13 calling 1(888) 333-WUTC.

14 So that's the end of the evening. Thank you again

15 for coming out, and we will be moving ahead with this

16 rate case. We will be looking over the testimony. We

17 will be having our hearings, and we will be coming out

18 with an order in due course. So thank you very much. We

19 are now adjourned.

20 (Proceedings concluded at 7:45 p.m.)

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0089

1 C E R T I F I C A T E

2

STATE OF WASHINGTON )

3 ) ss.

COUNTY OF SPOKANE )

4

5

I, RACHAEL L. HALL, do hereby certify that

6

pursuant to the Rules of Civil Procedure, that I

7

transcribed the oral proceedings in the foregoing matter;

8

and that the foregoing transcript pages constitute a

9

full, true and correct record of such oral proceedings

10

and of the whole thereof.

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12 Witness my hand this 21st day of November, 2017

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RACHAEL LOUISE HALL

20 CSR, CRR NO. 3265

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