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1 BEFORE THE WASHINGTON STATE
 2 UTILITIES AND TRANSPORTATION COMMISSION

4 WASHINGTON UTILITIES AND)
 TRANSPORTATION COMMISSION,)
 5 Complainant,) Docket Nos.
 6 v.) UE-160228 &
) UG-160229
 7) (Consolidated)
 AVISTA CORPORATION, d/b/a AVISTA)
 8 UTILITIES,)
 9 Respondent.)

12 PUBLIC COMMENT HEARINGS - VOL. III
 13 Pages 43 - 61
 14 UTC CHAIRMAN DAVID W. DANNER

16 6:00 p.m.
 17 September 20, 2016
 18 Spokane City Hall, Council Chambers
 808 West Spokane Falls Boulevard,
 19 Spokane, Washington 99201

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 25

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1 SPOKANE, WASHINGTON; SEPTEMBER 20, 2016;
 2 6:00 P.M.

4 CHAIRMAN DANNER: All right. Good evening.
 5 And thank you all for coming this evening.
 6 This is a public comment hearing of the
 7 Utilities and Transportation Commission in the matter of
 8 Avista general rate case. This is Docket UE-160228 and
 9 UG-160229.
 10 The purpose of a public rate case is for us
 11 to listen to the concerns of customers of Avista and
 12 other members of the community who may have perspectives
 13 they would like to share for the Commission to consider
 14 as it considers the request by Avista to increase its
 15 rates.
 16 On February 19th, 2016 Avista filed a
 17 request with the UTC, Utilities and Transportation
 18 Commission, to increase its electric and natural gas
 19 rates for both services.
 20 Avista proposes an 18-month rate plan. For
 21 the first 12 months, Avista asks for an increase of
 22 \$38.6 million, or 7.8 percent, in electricity rates and
 23 \$4.4 million, or 5 percent, in natural gas rates.
 24 The new rates would go into effect in
 25 January 2017.

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1 For the remaining six months, Avista asks
 2 for an additional increase of \$10.3 million, or 3.9
 3 percent, for electric rates and \$900,000, or 1.8
 4 percent, for natural gas rates.
 5 These increases would go into effect in
 6 January 2018.
 7 In addition, Avista asks for an increase in
 8 residential electric customer charge from \$8.50 to \$9.50
 9 and natural gas residential customer charges from \$9 to
 10 \$9.50.
 11 This is a public comment hearing. We will
 12 also have an adjudicative hearing, a full hearing, at
 13 the Commission headquarters in Olympia, Washington on
 14 October 12th, 2016. We expect that hearing to go on for
 15 several days.
 16 And we will issue an order sometime this
 17 winter, and hopefully the new rates or -- we will be
 18 finished in the end of the year, and the new rates will
 19 go into effect in January 2017 if the request is
 20 approved.
 21 We are going to watch a short video -- it's
 22 about five minutes long -- that describes the UTC
 23 processes. And I hope that you will find it
 24 informative. And then we will take comments from the
 25 public.

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<p>1 Thank you. 2 I wanted to add before we start. I should 3 have introduced myself. I'm Dave Danner. I'm the chair 4 of the Commission. The UTC is a three-member 5 commission. My colleagues, Philip Jones and Ann 6 Rendahl, are not participating in the hearing tonight, 7 but they will be reading the transcripts of the hearing 8 as part of their consideration of this rate case as 9 well.</p>	<p>1 And when I think of Avista, I think this is 2 an amazing company for Spokane. I mean we have this 3 amazing company in our midst. The CEO is the highest 4 paid CEO in the history of Spokane. 5 And as far as a utility company, my brother 6 tells me I shouldn't beef about my 5- and \$600 loss per 7 year. I should just get on board and invest in Avista. 8 And he refers me to the business pages of the 9 Spokesman-Review, because the business page and the 10 front page of the Spokesman are quite different.</p>
<p>10 Thank you. 11 (The video was played.) 12 CHAIRMAN DANNER: All right. Thank you. 13 So we have two people signed up to testify 14 tonight or to provide comments tonight. 15 And so I'd like to start with Jerry Bishop. 16 Would you come forward. 17 MR. BISHOP: Yes. 18 CHAIRMAN DANNER: Thank you, Mr. Bishop. 19 So I need to swear you in. 20 (Mr. Bishop was sworn.) 21 CHAIRMAN DANNER: And are you an Avista 22 customer? 23 MR. BISHOP: Yes, I am. 24 CHAIRMAN DANNER: And what community do you 25 live in?</p>	<p>11 On the business page, you'll see that Avista 12 weathers the storm, be it ice storm, windstorm or a 13 recession storm. Avista weathers the storm. And their 14 rates go up and up and up in spite of those events. 15 Long- or short-term events, Avista's rates go up. And 16 so do the returns for investors. 17 And that's a great plug for Avista as a 18 business. And like my brother says, utilities aren't 19 sexy. But they're stable. Because you have a 20 collective audience, perhaps, or client base. But, you 21 know, like a monopoly. 22 And when it keeps -- when the rates can keep 23 going up and up and up, why wouldn't an investor go 24 there? It's safe. 25 And I asked him, so why doesn't the</p>
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<p>1 MR. BISHOP: I live in -- well, I live in 2 Spokane County. I have properties in Spokane County, 3 and I live there, too. 4 CHAIRMAN DANNER: All right. Thank you. 5 Proceed. 6 MR. BISHOP: Okay. 7 I -- well, I came here because I have -- I 8 have rental properties. And some of mine -- well, I 9 have one property that's more for low-income tenants. 10 And to most of us, \$10, \$20, \$30 extra on a bill isn't 11 going to hurt us much. But for say that one tenant, 12 it's going to hurt her quite a bit. And so she would 13 then lean on government assistance, like SNAP, so 14 taxpayer money, to pay her bills. And I think that that 15 concerns me a little bit, that the monies that Avista is 16 being paid is actually subsidized by taxpayers. 17 When I -- when I think of my own situation, 18 if I lived across the street from where I live, I would 19 pay 5- to \$600 less per year just by being an Inland 20 Power & Light customer. My neighbors, if they use the 21 same power as I do, would pay 5- to \$600 less per year. 22 And so I feel like gosh, that's not fair. 23 I'd like to just plug into Inland Power line. Because I 24 know the power lines all serve the same people. They're 25 not separated. So I think I find some inequity there.</p>	<p>1 Utility -- the UTC regulate that? Because I know the 2 Attorney General has given comment and said Avista 3 should actually lower its rates. Not raise them. 4 But the pattern seems to be Avista asks for 5 7 to 10 percent, and the UTC grants 3.5 to 5 percent. 6 It's almost like an unwritten deal. You ask for a 7 dollar, we'll give you 50 cents on the dollar. 8 And I kind of wonder why at some -- why 9 sometimes Avista wouldn't be told, you know, you haven't 10 really improved your infrastructure. 11 Because that guy that lives across the 12 street from Inland Power & Light, he lost power for the 13 same amount of time as those Inland Power & Light 14 customers, and yet he's paying more. And he's asking, 15 "Why am I paying more and getting the same service? 16 Shouldn't I get more for my money if I'm paying more? 17 That's how it usually works in America." 18 I would say that I didn't understand the 19 UTC's commission until I saw that video. I would like 20 to see the UTC put that video up as point and perhaps 21 have the Attorney General's office put up counterpoint. 22 Because in my view, that came across as very 23 pro-utility. And it didn't give the side of the poor, 24 the working poor, the elderly. And when their rates go 25 up, they eat less. And their stress level goes up. And</p>

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1 their quality of life goes down.
 2 And I'm pretty sure that if Avista can
 3 afford to pay someone as much as they pay their CEO --
 4 no disrespect intended -- and, you know, I appreciate
 5 our -- you know, our economic system -- but he -- he
 6 could do with less, and they could do with a little
 7 more, I think, help.
 8 Avista relies on the taxpayer to help the
 9 poor. And I know they do their fundraiser thing, but
 10 nobody really contributes to that. It's left to the
 11 taxpayer to help the poor.
 12 So I just want to conclude by saying I
 13 appreciate that Avista is a great company. And maybe I
 14 should take my brother's advice and invest in Avista.
 15 But I feel like, you know, I live on a river and the
 16 river flows through my property into Avista's coffers.
 17 That's our water that they're getting all this money
 18 from. So I'm paying for them in a few different ways:
 19 My water, my river, my bill, and then my taxes.
 20 And so I would like to see Avista maybe open
 21 up their lines to where any company -- I can buy power
 22 from any company. They all use the same power lines.
 23 And maybe if the UTC would consider well, I see your CEO
 24 and your investor returns have gone up, but what have
 25 you really done for the poor, the elderly, those who are

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1 in great need?
 2 Thank you for your time.
 3 CHAIRMAN DANNER: All right. Thank you very
 4 much, Mr. Bishop.
 5 This is not a -- the kind of hearing where
 6 you and I can get into a give and take. So a lot of the
 7 points you raise, though, if you do want to have
 8 discussions with anyone --
 9 MR. BISHOP: I would, actually.
 10 CHAIRMAN DANNER: -- we do have folks
 11 tonight from the Attorney General's office. Ms. Lisa
 12 Gafken is in the audience, and of course the company
 13 representatives are here as well.
 14 But I will take what you're saying that as
 15 far as you suggested there might be an unwritten deal, I
 16 want to strongly say there is not.
 17 Many of your concerns about the impact of
 18 higher rates on the poor and so forth are things that
 19 certainly those are things we consider.
 20 And your comments I think are very well
 21 stated, and I'll take them into consideration.
 22 MR. BISHOP: Thank you very much. Thank
 23 you.
 24 CHAIRMAN DANNER: All right. Bruce Lockert
 25 come forward.

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1 Mr. Lockert?
 2 MR. LOCKERT: Yes.
 3 It's almost like going to court. You don't
 4 speak into your microphone.
 5 CHAIRMAN DANNER: I'm sorry. I will be
 6 louder.
 7 MR. LOCKERT: Okay.
 8 CHAIRMAN DANNER: Would you please raise
 9 your right hand.
 10 MR. LOCKERT: What's that?
 11 CHAIRMAN DANNER: Will you raise your right
 12 hand, please, and I will swear you in.
 13 MR. LOCKERT: All I can see is your lips
 14 going.
 15 CHAIRMAN DANNER: All right. Can you hear
 16 me now?
 17 MR. LOCKERT: I can hear you now.
 18 CHAIRMAN DANNER: Okay. Would you raise
 19 your right hand.
 20 MR. LOCKERT: Well, anyway, you may not like
 21 that comment, but it's a true statement. They whisper.
 22 CHAIRMAN DANNER: So Mr. -- so, Mr. Lockert,
 23 I need you to raise your hand like this --
 24 MR. LOCKERT: Okay. Well, anyway --
 25 CHAIRMAN DANNER: No. So I need to swear

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1 you in.
 2 (Mr. Lockert was sworn.)
 3 CHAIRMAN DANNER: Okay. Thank you.
 4 Now you may begin.
 5 MR. LOCKERT: Okay. I'm a retired Air Force
 6 avionics maintenance superintendent, so I'm used to this
 7 sort of thing.
 8 Anyway, I saw the article on the Internet
 9 and went to the UTC about they had a hearing about
 10 prices increasing.
 11 I know Avista is basically a good
 12 corporation. 1974 when I got out of the service, for
 13 about a year I worked for them. And basically they do
 14 provide a service, just like your movie says, like
 15 updating technology as well as providing service. And
 16 they're connected to the national electric grid, which
 17 is a national resource. America would not work as it
 18 does now, it would fail, if it didn't have the
 19 electricity.
 20 So the price increase that I'm experiencing
 21 is from 1- -- well, it's an annual average from \$115 to
 22 \$141, which is not a big increase, because I also
 23 remember what Enron did, which is a whole lot more. And
 24 got less for what that was. But price increases is how
 25 Enron got investigated. But I'm not saying investigate

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<p>1 Avista, because the price increase is not that great. I 2 can still afford it. 3 But what I would say is this: Is that there 4 are some other people who are affected by these 5 increases and one of them is like my grocery store, 6 Safeways. Safeways, I pay more of a cost increase now 7 at Safeways than I do with Avista. My food costs a 8 whole lot more than their increase. 9 So what I would say offhand is this: Is 10 that across America there's a lot of price increases. 11 And from the Depression, when I bought my home in 2004, 12 the Fannie Mac Form 70 says it was worth \$165,000. Then 13 in 2011, I had another Fannie Mac Form 70, and it said 14 it was only worth \$55,000. 15 But now, the only price increase -- decrease 16 I got was from the Spokane County Assessor's office by 17 about \$12,000 for collecting taxes. In other words, 18 it's staying up. 19 But Obama says the recovery is getting 20 prices back up to bubble prices. But all the other 21 prices are going up the same way. And across the board 22 it's not exactly -- Avista's only a small player that 23 way. But across the board, nationwide, prices are going 24 up. 25 I don't mind the price increases as long</p>	<p>1 customers than many others. 2 I remember being in Seattle for a while 3 stationed at McChord. I remember what my electric bill 4 was back then. Present day electric bill in Spokane is 5 not anywhere near that. 6 There's also two nuclear reactors were shut 7 down during Dixy Lee Ray's time. Dixy Lee Ray was an 8 interesting woman. She taught calculus when I was in 9 high school by going up to the WSU Library. Then I met 10 her again. She was head of the National Nuclear 11 Regulatory Commission when I was on active duty. And my 12 base flunked radiation documentation and procedures. 13 And I just got back out of a radiation 14 school and she recognized my face. She had told me I 15 had six months to fix it. I liked her. 16 And then when she had the people who were 17 backing up those nuclear reactor -- those nuclear 18 electric reactors, they came to her court and they said, 19 "We're going to sue Washington State and put Washington 20 State out of business." 21 And she looked at them, she says, "You'll 22 never do business in Washington State ever again. My 23 troops move in in the morning." 24 I liked Dixy. 25 So the thing is, though, that there are</p>
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<p>1 as -- like for infrastructure, we read about this floods 2 down South. Maybe those cables should be buried in 3 concrete tubes so that they're not affected by nature. 4 We had an ice storm in Spokane even. Maybe 5 we should be burying cables too. So if you have 6 infrastructure changes, at least nature's not going to 7 destroy it or some drunk run into that pole with his 8 car. 9 But the thing is, those -- being part of the 10 national asset as electric grid, there needs to be a 11 type of infrastructure -- if it were to maintain it, 12 change it to what it can be approved or if they want to 13 change it altogether, do so. 14 I don't recommend having Avista have a 15 competitor like Ma Bell did, which was Comcast. Comcast 16 broke up Ma Bell. It then started using Ma Bell's 17 wires. So I don't -- I do not recommend Avista being 18 broken up at all, even though they have a protected 19 turf. Basically they provide a good service for all 20 these years. 21 So I do not recommend breaking them up at 22 all, because of what Comcast did. And now Comcast is in 23 court many times for monopoly actions. 24 So there's a difference in corporations. 25 I'd say that Avista is more looking out for its</p>	<p>1 certain things that need to have regulation and 2 enforcement. I'm not here as an enemy. I'm here 3 basically -- not exactly -- well, I'd say more friendly 4 to Avista than otherwise. 5 What I would say is that it would sure be 6 nice to have some cost increases that we keep 7 experiencing slow down. 8 So, like I say, is that there was also 9 another thing was in the Avista thing in April 2012 10 called an energy recovery mechanism. The electric bill 11 had an increase of \$41 million, but it had an energy 12 recovery mechanism of \$13.6 million, which means that 13 the refund was something like \$27.4 million. 14 Now, on No. 160228, it talks about a \$38 15 million -- \$38.6 million increase, which is less than 16 the 2012. And the -- what do you call it? -- energy 17 recovery mechanism that's mentioned, it doesn't state 18 how much that is. 19 I don't know if that has to be something 20 that's determination to go along or what, but it wasn't 21 stated on the Internet. That's what that would amount 22 to. 23 CHAIRMAN DANNER: We have people here from 24 the company can talk to you about that. 25 MR. LOCKERT: What's that?</p>

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<p>1 CHAIRMAN DANNER: People from the company 2 here can talk to you about the specifics of the -- 3 MR. LOCKERT: Okay. 4 CHAIRMAN DANNER: -- energy recovery 5 mechanism. 6 MR. LOCKERT: Other than that, I would say 7 is that of all the price increases I've had to pay, 8 Avista's been the most reasonable. And so -- but I do 9 know costs go up. But all costs that go up never come 10 back down. Nothing like a hot air balloon, huh? You 11 can't -- those come down. 12 So otherwise, on that -- basically, I'm not 13 complaining. But what I am saying is that there are 14 some things maybe would be more helpful to the community 15 if these things were better discussed more openly. 16 Maybe put them in the newspaper. More, the TV stations. 17 And basically explain where it's at. If they're buying 18 energy from other sources, you have the clinker, gas 19 emissions and the nuclear storage. If you're buying 20 from them, I would tend to say is I would trust Avista a 21 lot more. But the other players, I would trust a lot 22 less. But they're all hooked to the national electric 23 grid. 24 Now you got -- now you got a lot of looking 25 at to do. Not only Washington State, but the other</p>	<p>1 C E R T I F I C A T E 2 3 STATE OF WASHINGTON) 4 COUNTY OF SPOKANE) 5 6 7 I, ROBIN E. REASON, a Certified Shorthand 8 Reporter in and for the State of Washington, do hereby 9 certify that the foregoing transcript is true and 10 accurate to the best of my knowledge, skill and ability. 11 IN WITNESS WHEREOF, I have hereunto set my hand 12 and seal this 29th day of September 2016. 13 14 15 16 17 ROBIN E. REASON, RDR, CRR, CCR #3108 18 19 20 21 22 23 24 25</p>
<p>1 states. 2 And I know the Fed doesn't exactly do its 3 job right all the time. 4 So that's basically what -- where I was -- 5 basically put a statement. You probably don't have to 6 react on it. But basically probably thinking the same 7 thing in your lives, too. So that's about all I have to 8 say. 9 CHAIRMAN DANNER: All right. Thank you for 10 your comments. I really -- I appreciate your coming out 11 tonight very much. 12 MR. LOCKERT: Use the microphone. 13 CHAIRMAN DANNER: Thank you so much. 14 All right. If folks can hear me, is there 15 anyone else who wishes to comment tonight? 16 Okay. I'm not seeing or hearing anyone, so 17 we will then be adjourned for the evening. 18 Again, the public hearing in Olympia will be 19 on October 12th, and at that time we will be in an 20 adjudicatory mode and taking testimony from various 21 witnesses about the proposed rate increase. 22 All right. With that, we are adjourned. 23 Thank you very much. 24 (Hearing concluded at 6:34 p.m.) 25</p>	