

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

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

PUBLIC COMMENT HEARINGS - VOL. III

Pages 43 - 61

UTC CHAIRMAN DAVID W. DANNER

6:00 p.m.

September 20, 2016

Spokane City Hall, Council Chambers
808 West Spokane Falls Boulevard,
Spokane, Washington 99201

REPORTED BY: ROBIN E. REASON, RDR, CRR, CCR #3108

Buell Realtime Reporting, LLC.
1325 Fourth Avenue
Suite 1840
Seattle, Washington 98101
206.287.9066 | Seattle
360.534.9066 | Olympia
800.846.6989 | National

www.buellrealtime.com

A P P E A R A N C E S

CHAIRMAN, UTILITIES AND TRANSPORTATION COMMISSION:

DAVID W. DANNER
Washington Utilities and
Transportation Commission
1300 So. Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504
360.664.1208
ddanner@utc.wa.gov

FOR WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION:

LISA W. GAFKEN, ASSISTANT ATTORNEY GENERAL
PUBLIC COUNSEL DIVISION
800 5th Avenue, Suite 2000, TB-14
Seattle, Washington 98104
206.464-6595
lisa.gafken@atg.wa.gov

ANDREW J. O'CONNELL, ASSISTANT ATTORNEY GENERAL
UTC DIVISION
PO BOX 40128
Olympia, Washington 98504
360.664.1192
aoconnel@utc.wa.gov

FOR AVISTA CORPORATION:

DAVID J. MEYER, VICE PRESIDENT AND CHIEF
COUNSEL FOR REGULATORY AFFAIRS
1411 E. Mission Avenue
Spokane, Washington 99220
509.495.4316

PATRICK EHRBAR, SENIOR MANAGER, RATES & TARIFFS
1411 E. Mission Avenue
Spokane, Washington 99220
509.495.8620
patrick.ehrbar@avistacorp.com

Speakers: Jerry Bishop,
Bruce Lockert

1 SPOKANE, WASHINGTON; SEPTEMBER 20, 2016;

2 6:00 P.M.

3
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.

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.

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.

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?

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.

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.

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

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

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

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.

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

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

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

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

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

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?

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

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

STATE OF WASHINGTON)
) ss.
COUNTY OF SPOKANE)

I, ROBIN E. REASON, a Certified Shorthand Reporter in and for the State of Washington, do hereby certify that the foregoing transcript is true and accurate to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 29th day of September 2016.

ROBIN E. REASON, RDR, CRR, CCR #3108