

June 7, 2019

Mr. Mark L. Johnson
Executive Director & Secretary
Washington Utilities & Transportation Commission
1300 S. Evergreen Park Dr. S.W.
P.O. Box 47250
Olympia. Washington 98504-7250

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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Re: WUTC v. Avista Corp. d/b/a Avista Utilities
Docket UE-190334/UG-190335/UE-190222

Dear Mr. Johnson:

Attached is the request for interlocutory review by the Washington Utilities & Transportation Commission of the Petition to Intervene presented for the Northwest Citizens Power Coalition for the above referenced dockets in accordance with WAC 480-07-355 and 480-07-810.

Thank you for your assistance. If you have any questions, please contact me.

Sincerely,



Michael R. Bell
Treasurer
Northwest Citizens Power Coalition
202 East Shore Road
Nine Mile Falls, WA 99026
509-710-3892
mrbellcpa@gmail.com

Enclosure

cc: service list

CERTIFICATE OF SERVICE

I hereby certify that I have this day (June 7, 2019) served the attached request for interlocutory review of our Petition to Intervene upon the parties listed below via electronic mail.

Sincerely,



Michael R. Bell
Treasurer
Northwest Citizens Power Coalition

Avista Corporation
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Patrick Ehrbar
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CERTIFICATE OF SERVICE

I hereby certify that I have this day (June 7, 2019) served the attached request for interlocutory review of our Petition to Intervene upon the parties listed below via electronic mail.

Sincerely,



Michael R. Bell
Treasurer
Northwest Citizens Power Coalition

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CERTIFICATE OF SERVICE

I hereby certify that I have this day (June 7, 2019) served the attached request for interlocutory review of our Petition to Intervene upon the parties listed below via electronic mail.

Sincerely,



Michael R. Bell
Treasurer
Northwest Citizens Power Coalition

NE Energy Coalition
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Sierra Club
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Sierra Club Environmental Law Program
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BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION)	DOCKETS UE-190334, UG-190335, and UE-190222 (Consolidated)
Complaint,)	
v.)	REQUEST FOR INTERLOCUTORY REVIEW OF PETITION TO INTERVENE OF NORTHWEST CITIZENS POWER COALITION
AVISTA CORPORATION d/b/a AVISTA UTILITIES)	
Respondent)	

Pursuit to WAC 480-07-355 and 480-07-810, Northwest Citizens Power Coalition (“NWCPC”) hereby petitions the Washington Utilities and Transportation Commission (“WUTC”) for interlocutory review of the denial of NWCPC petition to intervene. The NWCPC petition to intervene was denied by order of Andrew J. O’Connell, administrative law judge on service date: May 30, 2019. NWCPC requests the WUTC reconsider the initial decision and determine that the petitioner has established a substantial interest in this proceeding and that their participation will be in the public interest.

The business address of NWCPC is:

Northwest Citizens Power Coalition
202 East Shore Road
Nine Mile Falls, WA 99026

NWCPC will be represented in this proceeding by Michael R. Bell, Treasurer of NWCPC. All documents related to this proceeding should be services to NWCPC address identified above.

NWCPC does not request paper service, unless required by WUTC rules or law.

NWCPC is an incorporated, non-profit association of rate payers (consumers) in the Pacific Northwest. We currently have 61 members with more being added each month.

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On April 30, 2019, Avista Corporation d/b/a Avista Utilities ("Avista") filed for its proposed electric and gas rate increases. The proposed rate changes would substantially and directly affect those NWCPC members who are customers of Avista and purchase electricity and gas from Avista. NWCPC therefore requested leave to intervene in these dockets to represent and take positions on behalf of its members who are affected by the proposed Avista rate increases.

NWCPC was formed as a result of the recent request by Avista and Hydro One Ltd. for permission to transfer ownership through a sale or merger. NWCPC was strongly opposed to the acquisition of Avista by Hydro One as the acquisition was not in the best interest of the Avista customers or the broader public interest. We appreciate the WUTC's thorough investigation into that request and the subsequent denial of that request. In the WUTC's final report, it was mentioned that "Having found that the proposed transaction does not make customers better off than they could be without it we conclude as a matter of law that the proposed transaction does not provide a net benefit to customers".

NWCPC is disappointed with those organizations granted petitions to intervene for the purpose of safeguarding the Avista customers and broader public interests who encouraged the WUTC to approve the transfer of ownership. We are disappointed in the WUTC staff position that also encouraged the WUTC to approve the transfer of ownership of Avista to Hydro One. We believe those organizations granted intervenor status and the WUTC staff should have done more to safeguard the Avista consumers and broader public interest. As a result, NWCPC has taken it upon ourselves to ensure the safeguarding the Avista customers and broader public interests.

NWCPC has had an opportunity to review the information and opinion provided in the denied of the NWCPC petition to intervene order of Andrew J. O'Connell, administrative law judge. NWCPC offers the following additional comments for consideration:

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- The members of NWCPC live in the Avista service area. To our knowledge, the organizations granted intervenor status, the WUTC staff, the Public Counsel, and the expert witnesses used by Public Counsel do not reside in the Avista service area and have no knowledge of local issues that may be applicable to the rate setting process.
- The Alliance of Western Energy Consumers was granted intervenor status and yet they have identified only three Washington Avista commercial customers within their membership. NWCPC believe that Public Counsel is charged with safeguarding all Avista customers including those classified as commercial. In our opinion, commercial Avista customers should not receive a higher status in the Avista rate review process than residential customers.
- NWCPC is a non-partisan organization with republicans, democrats and independent members. This is important since our members are not influenced by approximately \$300,000 of Washington campaign contributions made by Avista in the 2018 calendar year.
- NWCPC has not aggressively promoted membership enrollment since the organization and an affiliated organization was meeting periodically with representatives of Avista. However, NWCPC membership is now at 132 of which the vast majority are Washington Avista customers. This is more than double the 61 members reported in its initial request for intervenor status. NWCPC anticipates that its membership will continue to grow rapidly now that Avista has determined that the participation of NWCPC in the rate setting process is objectionable.
- During the pre-hearing conference, our NWCPC representative provided information/correction/clarification to a rebuttal comment made by the WUTC counsel concerning the non-property related deferred tax liability payback period. The NWCPC representative stated that Avista reported in its audited financial statements that a 36-year payback period was reasonable for non-property deferred tax liability. The NWCPC representative suggested that 5-10 years was the usual and customary period for such a payback. The WUTC counsel stated that the payback period for non-property deferred tax liability was established by the Internal Revenue Service (IRS) and the WUTC had no choice but to follow those guidelines which supports a 36-year payback period.

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The NWCPC representative stated that only property related deferred tax liability payback periods are governed by the IRS regulations and NWCPC has no issues with adherence to the IRS regulations. However, the NWCPC representative was discussing the non-property related deferred tax liability payback period which is not governed by the IRS. The payback period for non-property tax liabilities are based on what is reasonable and customary within the industry and that the Federal Energy Regulatory Commission had recently suggested that 5 years was a reasonable payback period for a non-property related deferred tax liability. Considering that the related issue could affect Avista rates by tens of millions of dollars annually for the next five to ten years, input from an additional source that has demonstrated some technical knowledge of the subject should be encouraged and not discouraged.

- NWCPC would like to ask Avista questions and receive answers without a third-party intermediary that may or may not understand the question. Intervener status allows that direct interaction with Avista. With that said, NWCPC does not intend to be a burden on the process and intends to work cooperatively with Public Counsel.
- In the opinion of NWCPC, other interveners that are not technically knowledgeable of the rate setting process and have been deceived in the past. An example is the Sierra Club that endorsed the Hydro One sale because Avista agreed to reduce the useful life of the Colstrip power plant. The Sierra Club believed that this change would ensure closure of the Colstrip power plant at the end of its reduced useful life. However, Avista made no such commitment to close Colstrip and had reduced to the useful life primarily to increase allowable costs and obtain higher rates from its customers to recover its investment in Colstrip much sooner. It is NWCPC's opinion that Avista would have reduced the useful life of Colstrip without any encouragement by the Sierra Club or any other outside organization. The reasons for the Sierra Club endorsement of the Hydro One sale were in the opinion of NWCPC incorrect and naive. NWCPC has begun studying alternatives to investor owned utilities (IOUs). The State of Washington has several successfully operated rate payor owned utility cooperatives. NWCPC research suggests that many of these cooperatives in Washington have lower rates, better infrastructure and high customer

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satisfaction than IOUs. According to J.D. Powers 2018 surveys of customer satisfaction with large and mid-sized utilities, the top three were all cooperatives, the next was a public utility district (PUD) and the last of the top five was a municipal utility. None of the top fourteen large and mid-sized utilities were IOUs. In addition, four of the remaining top ten utilities were cooperatives. Avista ranked 91 out of 118.

- As the WUTC considers issues such as required return on equity (ROE) for shareholders and other factors, alternative opportunities should be part of the conversation. NWCPC has a unique understanding of cooperatives that does not exist at the WUTC staff level.
- NWCPC intends to be involved for the long-term. The Washington Clean Energy Law passed this past legislative session provides a good example. Avista has stated that it is currently not in compliance with the clean energy standards and has several years to get into compliance with the Clean Energy Law. In the coming years Avista may be subject to various penalties for non-compliance. Penalties are not an allowable cost for rate setting purposes. However, IOU/Avista friendly politicians inserted two provision in the Clean Energy Law that: 1) allows IOUs to pay an “alternative compliance payment” in leu of a penalty which may be passed on to customers as an allowable cost, and 2) customers do not have to be notified is an IOU makes “alternative compliance payment” and passes it on to customers. NWCPC intends to make sure customers are aware of any such activity.

As described above, NWCPC has a direct and substantial interest in the proceedings that will not be adequately represented by any other party. The members of the NWCPC will be affected by any decision that the WUTC makes in this proceeding. Thus, it is in the public interest to allow NWCPC to intervene in this proceeding.

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Wherefore, NWCPC respectfully petitions the WUTC for leave to intervene in this proceeding.

Dated June 7, 2019
Respectfully,

A handwritten signature in black ink, appearing to read "Michael R. Bell". The signature is written in a cursive style with a large, stylized "B".

Michael R. Bell
Treasurer
Northwest Citizens Power Coalition
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Nine Mile Falls, WA 99026
509-710-3892
mrbellcpa@gmail.com