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P R O C E E D I N G S

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ADMINISTRATIVE LAW JUDGE TOREM: Good evening, welcome to the public comment hearing on the Avista public utilities proposed general rate increase. I'm Administrative Law Judge Adam Torem from the Washington Utilities and Transportation Commission, and with me is Commissioner Phillip Jones. I'm going to ask Mr. Jones to make a few introductory comments and then I'll explain the process for tonight and invite those of you who have asked to come here and give us your comments to make that in a couple of moments. Mr. Jones?

11

COMMISSIONER JONES: Thank you, Judge Torem. My name is Phillip B. Jones. I'm a commissioner at the UTC, and I would like to welcome everybody to this public comment hearing. It's a beautiful fall evening, many of you are busy and have other things to do. And I remember these beautiful Indian summer days. I grew up in Spokane and I always enjoyed this part of the year. So thanks for coming out.

18

Judge Torem will be presiding over the hearing tonight, which is an all party settlement of what we call a general rate increase. We have many proceedings before the commission, rule makings, different types of workshops, but the general rate case in which a utility files for a rate increase is one of the most important things we do.

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So my job here is to not offer my opinions or my advice, my job is to listen because this is a, what we call a

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1 litigated case. In those cases, the commissioners are held  
2 to various rules of ex parte communication. So my colleagues  
3 unfortunately cannot be here tonight due to other business  
4 and they are Jeff Goltz, who is the chair of the commission,  
5 and Pat Oshie, who is my fellow commissioner. There are  
6 three commissioners and I am one of those three  
7 commissioners. So I was given the duty to come to beautiful  
8 Spokane and conduct this hearing with Judge Torem. Thank  
9 you.

10 ADMINISTRATIVE LAW JUDGE TOREM: Thank you,  
11 Commissioner Jones. Let me identify the case by its docket  
12 numbers. This is UE-100467, for Avista's electric case, and  
13 UG-100468 for the natural gas rates. This evening we're  
14 convened at the council chambers at City Hall in Spokane,  
15 Washington. It's a little after 5:30 p.m., and as  
16 Commissioner Jones said, as the judge, I'll be presiding and  
17 facilitating over the public comment hearing, and  
18 Commissioner Jones is going to be listening to the comments.  
19 His colleagues, Chairman Goltz and Commissioner Oshie, will  
20 be reviewing the transcript.

21 As you can see, we do have a court reporter with us  
22 tonight who is going to take down each and every word, so  
23 when you get a chance to speak, probably speaking slower than  
24 I am and a little more metered so she can pick up everything.  
25 But Chairman Goltz and Commissioner Oshie will review your

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1 comments when we get the transcript back in about two weeks.

2           This public hearing is held as part of the  
3 Commission's formal hearing process, and as Commissioner  
4 Jones said, this is a litigated case where we are considering  
5 Avista's proposed provisions to its currently effective  
6 tariffs for electric and natural gas service. They filed  
7 this case back on March 23rd of this year, 2010, and the  
8 Commission suspended the effective date of the tariffs and  
9 set up an evidentiary hearing for the first full week of  
10 November. That hearing is where the Commission will decide  
11 what rates will go into effect later this year or next year.

12           Originally Avista was requesting a \$55.3 million  
13 dollar raise or 13.8 percent increase in electric rates, and  
14 an eight and a half million dollar or 5.4 percent increase in  
15 natural gas rates. If you're an Avista customer, you should  
16 have received this in a printed bill insert last month in  
17 September. As that was going to press and getting stuffed in  
18 your envelopes with your bills for September, in late August,  
19 Avista and all of the other parties to this case reached an  
20 agreement on an appreciably smaller rate increase. That new  
21 information came out too late to get into the printed bill  
22 insert, but I think many of you realize there is a  
23 settlement. There have been some news releases covered in  
24 television and papers here in the local area, and I think  
25 Avista has sent out emails to some of you and so has the

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1 Commission.

2 But here are the numbers on the settlement. The  
3 newer lower proposed rate increases are for 29 and a half  
4 million dollars or a 7.4 percent increase for electric, and  
5 4.55 million dollars or 2.9 percent increase in natural gas.  
6 If you do the math, I think you'll find it's slightly over  
7 half of the original request. So those are the numbers that  
8 are currently being proposed before the Commission.

9 Now, our hearing process for the UTC is one where we  
10 take technical testimony from the parties who formally appear  
11 before us, and we also take public testimony and evidence  
12 from members of the public like yourselves. The purpose  
13 tonight is to provide the Commissioners with information that  
14 they can use in evaluating Avista's rate increase request,  
15 and to make an ultimate decision about whether the proposed  
16 settlement rates are in the public interest and provide rates  
17 that are under the statute fair, just, and reasonable to  
18 customers, but also sufficient to meet the company's  
19 operational needs.

20 Your comments this evening are going to be given  
21 under oath. They'll be recorded and your comments become  
22 part of the formal record in this case. There are several  
23 attorneys here who are representing different parties to the  
24 case, I'm going to ask them to stand and identify themselves  
25 at this time. As you follow along, you'll notice there going

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1 to be two different Assistant Attorneys General introducing  
2 themselves, but they each have a separate client and a  
3 separate purpose for being here.

4 So let me start with representatives that are here  
5 from Avista. Mr. Meyer?

6 MR. MEYER: Thank you, Your Honor, Commissioner  
7 Jones. Appearing for Avista, David Meyer. And if I might,  
8 I'd just like to introduce one other officer of the company,  
9 Kelly Norwood (phonetic), who is vice-president in charge of  
10 rates and regulations. We have several others in attendance  
11 from the company. We will be here during a recess if there  
12 is one, or certainly at the end of tonight's session to  
13 answer any specific questions you might have that aren't  
14 answered here. We, too, are interested in your comments, you  
15 are our customers and we always are anxious to hear from you.  
16 So thank you.

17 ADMINISTRATIVE LAW JUDGE TOREM: Thank you, Mr.  
18 Meyer. From the public council office?

19 MS. SHIFELY: Good evening, thank you all for coming.  
20 My name is Sarah Shifely, I'm an assistant attorney general  
21 with the public council section of the Washington State  
22 Attorney General's Office. We represent the residential and  
23 small business customers of Avista and other investor-owned  
24 utilities in Washington State. And I don't know if you guys  
25 saw when you were coming in, a public counsel did prepare and

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1 provide some information about this case and also about our  
2 office and the work that we do which are out on the tables.  
3 So if you didn't grab one on your way in, please grab one on  
4 the way out. And I, too, will be available when the public  
5 testimony section of this hearing is over to answer your  
6 questions and certainly talk and meet with all of you.

7 ADMINISTRATIVE LAW JUDGE TOREM: Thank you, Ms.  
8 Shifely. So if you didn't hear, she does have written  
9 materials available on the table out in the lobby and she  
10 will also be available after the public comments are done  
11 tonight.

12 Representing Commission staff is Greg Trautman.

13 MR. TRAUTMAN: Thank you, Your Honor, and  
14 Commissioner Jones. I'm Greg Trautman, Assistant Attorney  
15 General. As Judge Torem indicated, I represent Commission  
16 staff. Staff is always a party to litigated rate cases and  
17 it's important to know the staff is an independent party  
18 entirely separate from the Commissioners in rate cases. And  
19 I also will be available after the public hearing to answer  
20 any questions. Thank you.

21 ADMINISTRATIVE LAW JUDGE TOREM: All three of these  
22 attorneys have worked together with some other attorneys from  
23 other intervenors in the case. There are some large  
24 corporate interests that purchase power in large blocks.  
25 There's northwest industrial customers of utilities and some

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1 industrial gas users. There is also another public interest  
2 group that was an intervenor in this case, The Energy  
3 Project. I don't believe any of them are here tonight, not  
4 seeing anyone raise their hand and I didn't expect them to be  
5 here. But there were a total of six parties to this case and  
6 they've all reached agreement on the proposal they're putting  
7 forth.

8 Now, members of the public, this is your opportunity  
9 tonight to offer comments verbally regarding the proposed  
10 settlement and the rate increases that it would put into  
11 place. But we also know you do have questions. As  
12 Commissioner Jones pointed out, he can't answer those  
13 questions, and those ex parte rules apply to me as well. So  
14 I can happily direct you to one of the three attorneys or to  
15 their consumer affairs staff that are here tonight. They'll  
16 be available again after the public comments are done, and  
17 you can certainly, if you don't have the answer you want  
18 tonight, get their card or telephone number and follow up  
19 with them in the month ahead.

20 We're going to give everybody at least three minutes  
21 tonight. Hopefully if there's not too many people here, we  
22 can run it out to four or five minutes, but my experience is  
23 that most of you will find that two to three minutes is  
24 sufficiently lengthy to make your comments. If you have a  
25 written script that you're going to read from, and it's going

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1 to take longer than five minutes, feel free if you'd like to  
2 stick with that or just to summarize it and hand us a copy.  
3 We'll make the written comments part of the record. So I  
4 will hold up signs like this that tell you when you have two  
5 minutes left and I've got the standard yellow for 30 seconds  
6 and red for when you're running over. So look for those  
7 color-coded hints that we're running out of time.

8           If you do hear someone that's particularly articulate  
9 and said exactly what you would have said, I encourage you  
10 for brevity to say I agreed with Mr. Smith or Mrs. Jones,  
11 whatever they might have to say, you can voice your consent  
12 and then make specific comments from there. So I know this  
13 crowd because I've been here to Spokane several times and we  
14 do have some very good speakers that make their points well.  
15 If you want to say ditto or you want to say I agree, that's  
16 fine as well.

17           If you have written comments that come to mind after  
18 tonight, the hearing on the proposed settlement is Tuesday,  
19 November 2nd. It's on election day. If you can get your  
20 written comments postmarked by November 1st, and send them  
21 over ahead of the election before you mail your write-in  
22 ballots, get them over to the Commission postmarked by  
23 November 1st and they'll still become part of the record.  
24 But we'll take public comments from you, or if you have  
25 friends that want to send something in that couldn't make it

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1 tonight, let them know November 1st is the postmark date to  
2 cut off for public comment.

3 Mr. Meyer, did I accurately summarize the company's  
4 case for tonight, or did you want to add anything about the  
5 company's case?

6 MR. MEYER: No, Your Honor. You did very well, thank  
7 you.

8 ADMINISTRATIVE LAW JUDGE TOREM: Excellent. All  
9 right. So I think we're ready to take your comments. And  
10 I've got from sign-in sheets at least a dozen of you who have  
11 signed in and indicated yes, you want to give testimony  
12 tonight. So those of you who are intending to give testimony  
13 tonight, I am going to ask you to stand and raise your right  
14 hand and take an oath of witness. And then I'll call you up  
15 a couple at a time and we'll take your comments.

16 (Witnesses sworn.)

17 ADMINISTRATIVE LAW JUDGE TOREM: Thank you all. I'm  
18 going to call up the folks a few at a time. And there's a  
19 microphone to my left here in front of me. When you come up,  
20 I'm going to ask you to state and spell your name, both first  
21 and last, for the court reporter, indicate which part of  
22 Spokane or the Avista service territory you live in and  
23 confirm that you're representing a group or you're  
24 representing yourself and that you are an Avista customer.  
25 And if you're not, what your interest in the case might be.

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1 So let me call the first three folks, and if you'll just come  
2 up and know you're in line. Duane Statler, Steven Negretti,  
3 and Catherine Isabel, I think it is. So we'll start with Mr.  
4 Statler.

5 MS. ISABEL: I marked no.

6 ADMINISTRATIVE LAW JUDGE TOREM: I'm sorry, you did.  
7 So the third one will be Marion Moos. Mr. Statler, can you  
8 step up and spell and speak your name?

9 MR. STATLER: Sure. Duane Statler, D-u-a-n-e,  
10 S-t-a-t-l-e-r.

11 ADMINISTRATIVE LAW JUDGE TOREM: Where do you live,  
12 sir?

13 MR. STATLER: I live in the Spokane Valley, West  
14 Valley. I'm an Avista customer. And--

15 ADMINISTRATIVE LAW JUDGE TOREM: Are you representing  
16 a group tonight, by chance?

17 MR. STATLER: My family.

18 ADMINISTRATIVE LAW JUDGE TOREM: That's the most  
19 important group anyone can represent. Go ahead, sir.

20 MR. STATLER: Anyway, I filed numerous complaints  
21 with the Attorney General's office and the UTC about this,  
22 and the previous increases that have been proposed. So I  
23 will not hold to this, but I still have a lot to learn, so  
24 bear with me.

25 First thing, I'm holding a letter from the Attorney

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1 General's office, and I underlined one sentence in here.  
2 Under federal and state law, the commission is required to  
3 allow a regulated utility to recover its costs of doing  
4 business and an opportunity to earn a fair profit on its  
5 investment. A fair profit, which leads me to my spiel.

6 Avista reported and boasted a \$25 million profit for  
7 the second quarter of 2010. Obviously they're doing pretty  
8 good. Their CEO receives \$3 million a year in compensation,  
9 which is up \$400,000 a year from last year. They have a  
10 secretary, Karen Philips, who earns \$759,000 a year. This is  
11 \$250,000 a month of income for these people, and \$58,000 a  
12 month for a secretary. I just wonder, you know, why they  
13 don't worry about other people because they make so much,  
14 living in gated communities and life is good. So I'm here  
15 for my parents.

16 Avista's attitude with all this is to, you know,  
17 we're lucky to have electricity. And they're charging us for  
18 a natural resource that is ours, running through my back  
19 yard. Half the people that work at Avista down here have not  
20 been lifetime residents of Spokane. I am. I've had  
21 Washington Water Power. I know what I lost. So I just want  
22 to say a fair profit, and what they've already got is more  
23 than fair. We're about to grant them another 7.2 percent on  
24 top of that. And why? Why? Which leads me to my next  
25 point.

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1           The State of Idaho had Avista's increase, I believe  
2 it was 14 percent they requested, and they whittled it down  
3 to 1.5 percent or 1.6 or something of that general nature.  
4 Which even at that would be, represent a fair return.  
5 They're already guaranteeing a 10.2 or 10.3 return on their  
6 investment.

7           So anyway, I had one other point that I wanted to  
8 bring up. And running out of time. Which comes to the UTC.  
9 As I tried to read through your documents on the UTC website  
10 and links provided to me through the Attorney General's  
11 office, I notice there's a lot of confidential documents  
12 being transferred back and forth, via the Internet, through  
13 your attorneys, everything else. And the transparency within  
14 the UTC is just, you know, it appears corrupt. When I'm  
15 sitting up in my house in front of my computer, I'm looking  
16 at this and it appears corrupt to me.

17           The UTC is the only thing between myself, my family,  
18 and Avista's monopoly in Spokane. I don't have a choice who  
19 I can buy electricity from. My folks don't. The school that  
20 I work at doesn't. We're strapped with Avista, all of us. I  
21 have no choice. Most of the big monopolies in the past, our  
22 government has broken up.

23           Anyway, a lot of the other power providers in the  
24 Spokane area, they're giving back rebates and refunds at the  
25 end of the year. I asked two or three of them today if they

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1 had increases this year, and they said no. So maybe I'm, I  
2 don't have all my facts on those other companies. I can tell  
3 you right now, though, that I was standing in front of the  
4 Avista today and it's a beautiful strong, vibrant company.  
5 It's a great place. But the thing is, when is enough enough,  
6 and when are you guys going to step up and say hey, let's be  
7 real here. The economy is terrible, you know. Maybe 1.5  
8 percent this year. Come back again, ask us again next year  
9 when the economy is better.

10 Thank you for your time, thanks for coming back to  
11 Spokane, it's nice to see you again. I have a lot more, I'll  
12 drop it off for you. Thank you.

13 ADMINISTRATIVE LAW JUDGE TOREM: Mr. Negretti.

14 MR. NEGRETTI: My name is Steven Negretti, and I live  
15 on far northwest side of Spokane on Radcliff Road. What else  
16 do you need?

17 ADMINISTRATIVE LAW JUDGE TOREM: Just to confirm  
18 you're an Avista utility customer.

19 MR. NEGRETTI: I am, Avista utilities and natural  
20 gas. I represent myself, perhaps later on others, I don't  
21 know.

22 ADMINISTRATIVE LAW JUDGE TOREM: Go ahead, sir.

23 MR. NEGRETTI: I'll try to make this as brief as  
24 possible. I have addressed the earlier Commission about this  
25 before, and I think it will help shed light on what the

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1 gentlemen before me said. He brought up the word  
2 transparency, I brought up that word to the Commission  
3 several times.

4 My transparency issues are this: The fact that, for  
5 example, in schedule 101 for general case for general  
6 (inaudible) for natural gas, at the very bottom it says the  
7 monthly (inaudible) gas purchase cost 150, purchase cost  
8 adjustment 156, gas rate, on and on. Everybody taxes,  
9 they're used to taxes. But energy efficiency rider  
10 adjustment schedule 191. So you can look for the energy  
11 efficiency rider any place on the website or any place the  
12 rates are published. But here I'll put, try not to belabor  
13 this too much. The same thing happens in the electricity  
14 side. They add on, as they must, electricity taxes, City of  
15 Spokane taxes are really incredible, the way they calculate  
16 them is weird. Anyway, and they also talk about residential  
17 farm energy and all the rate schedules, including the energy  
18 efficiency and public purchases rate schedule 91. This is  
19 what they say. And this is how it's been done for years. I  
20 worked at Avista for 18 years, from 1983 to the year 2000. A  
21 gentleman, Jonathan Horn, and I started a commercial  
22 (inaudible) program--

23 ADMINISTRATIVE LAW JUDGE TOREM: Can you speak a  
24 little bit more deliberately, because some of the fine print,  
25 I'm sure, is not being picked up by the court reporter.

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1           MR. NEGRETTI: I'm sorry. It doesn't really matter.  
2 I worked there for a number of years. And this is  
3 appropriate, but it's not preferred, where they state for  
4 public purposes, and they charge schedule one customers  
5 .00317 per kilowatt hour. You go through the different rate  
6 schedules which apply to different types of industries, small  
7 commercial, kind of a middle commercial and very high end  
8 users, their rates are all different for reasons that I can't  
9 debate with the Commission, they go over all the time and I  
10 really wanted to make that. But what I'd like to see, just  
11 once or from the UTC or the website, from Avista, is not this  
12 thing about each, but the cumulative amount that Avista is  
13 paying for all these different organizations they are funding  
14 to do energy efficiency for them.

15           For brevity what I'll do is talk about one of them,  
16 the Northwest Energy Efficiency Alliance. First of all, I  
17 talked to three people, I took notes, they may not be totally  
18 accurate. This organization is funded by hundreds of  
19 utilities and they run about \$14 million a year. Avista, I  
20 was told by another person, both at the Northwest Energy  
21 Efficiency Alliance and at Avista, that Avista provides that  
22 organization \$1 million a year and it's to increase to  
23 approximately \$2 million a year. So what I did was, I looked  
24 these guys up and this name and its group was an ad hoc  
25 organization when we started the program in '92 to help us

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1 get out some compact fluorescent lights. Ad hoc. They  
2 didn't go away. They grew like self-basting meatballs.

3 And in any event, this is just one organization that  
4 Avista is involved in funding, that these people have their  
5 hand in the customer's pocket. I just want people to know  
6 how much money, for a whole year, not just on their bill, for  
7 the whole year for the whole company, I'd like to see those  
8 broken out, just so they can know that they're spending \$2  
9 million through a company here, or nonprofit.

10 And the funny thing is, I tried to track the money.  
11 It was all bundled and then it's sent to other organizations.  
12 Those organizations are then sending money to another  
13 organization. I got out as far as five until I found one who  
14 paid somebody to put in a light bulb. Because no one at  
15 Northwest Energy Efficiency Alliance knows what a  
16 (inaudible). I just want to see transparency in the rates.  
17 That rate we pay is not what we're paying for electricity and  
18 natural gas. Let's see the other stuff, too, by itself.

19 ADMINISTRATIVE LAW JUDGE TOREM: Thank you, Mr.  
20 Negretti. Marion Moos, to be followed by Marian Scheafor.  
21 Good evening, ma'am, can you state and spell your name for  
22 the court reporter?

23 MS. MOOS: I'm Marion Moos, I'm with the Aging and  
24 Long Term Care of Eastern Washington.

25 ADMINISTRATIVE LAW JUDGE TOREM: And your last name

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1 is M-o-o-s?

2 MS. MOOS: M-o-o-s. I live in the lower Canon Hill  
3 district of Spokane. That's on the south side. This is what  
4 I'm going to address, is this LIRAP, or the lower income rate  
5 assistant program, and then apportionments. At this  
6 particular time, the appointments for applications are  
7 presently booked. They don't open until January 1st. There  
8 are no applications presently being accepted. And so are the  
9 funds for Avista considering being extended or how will we  
10 have this dilemma before us. Is the company making an effort  
11 for inclusion at this time. And that concludes my--I could  
12 say that I am a stockholder.

13 ADMINISTRATIVE LAW JUDGE TOREM: Thank you, ma'am. I  
14 know that the LIRAP program is addressed in the proposed  
15 settlement. So if you speak to one of the folks from the  
16 company or one of the other attorneys, they can probably  
17 answer that question. Ms. Sheafor is going to be followed by  
18 Margaret Herzog and Mary Margaret Hoering. Good evening,  
19 ma'am.

20 MS. SHEAFOR: Hello, my name is Marian Sheafor,  
21 M-a-r-i-a-n, S-h-e-a-f-o-r. I come before you in my capacity  
22 as vice chair of the Planning and Management Council for  
23 Aging and Long Term Care of Eastern Washington. This agency  
24 is the designated area agency on aging for Spokane County and  
25 four surrounding counties, Ferry, Stevens, and Pend Oreille

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1 to the north, and Whitman to the south. And the council I'm  
2 representing is composed of 30 volunteers from these five  
3 counties.

4           Regarding the Avista general rate case and the  
5 proposed all-party settlement, the Commission is being asked  
6 to approve a 7.4 percent increase in electrical revenues and  
7 a 2.9 percent increase in natural gas revenues. The Planning  
8 and Management Council has considered the proposed settlement  
9 and unanimously agrees that these are too high. What is good  
10 for Avista will place undue financial burden on its  
11 residential customers. Those, especially those without jobs  
12 and those on fixed incomes.

13           The average residential electrical customer would see  
14 a monthly increase of \$5.62 on their bill and the average  
15 residential gas customer a monthly increase of \$2.20. We  
16 therefore request the Commission to not approve the rate  
17 increases in the proposed settlement and work to further  
18 lower those increases.

19           Why do we ask? First, the economic conditions  
20 present today in Washington State. Unemployment at 8.9  
21 percent, up slightly over 2009. No Social Security cost of  
22 living increase for 2010, and most predictable, not be given  
23 for 2011, either. Twenty-two percent of owner-occupied homes  
24 without mortgages, and usually these are owned by older  
25 populations, report a household income of less than \$25,000

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1 according to the U.S. census survey.

2 Second, newly announced across-the-board state budget  
3 cuts, a 6.3 percent for social service agencies and others  
4 starting November of this year, and more planned for the next  
5 biannual budget beginning July 1st.

6 Third, a history since 2007 of annual Commission  
7 approved general rate increases for Avista and electrical and  
8 natural gas revenues. 2007, 9.3 electric, 1.6 gas; 2008, 9.1  
9 increase electric and 2.4 gas; 2009, 2.8 percent increase and  
10 a quarter of a percent increase gas.

11 Fourth, provisions of the proposed settlement that  
12 the Planning and Management volunteers feel are out of line,  
13 10.2 percent rate of return on equity? Agreement not to file  
14 a general rate increase again in Washington only after April  
15 1, 2011, which could mean another annual general rate case in  
16 2011 and higher management salaries.

17 Planning and Management Council members are very  
18 concerned about the adverse impact that electrical and  
19 natural gas rate increases will have on home heating and  
20 cooling, lighting costs for frail, low-income seniors and  
21 adults living with disability. Frail older adults I know  
22 have already turned down their thermostats in winter, but  
23 doing so means they're more at risk. Some make up for  
24 increased heating costs by taking less of their prescribed  
25 medications or by buying less food.

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1           Consequently, the Planning and Management Council  
2 members unanimously do support the proposed settlement  
3 provision that provides for the same percentage increases and  
4 funding for the low income rate assistance program as the  
5 proposed increases in electric and natural gas rates. We  
6 commend Avista and other parties for agreeing to that  
7 provision.

8           In closing, however, Planning and Management Council  
9 members believe the rate increases are too high. They do not  
10 reflect the economic realities of Spokane and its surrounding  
11 counties, and the rate increases should be lower, more like  
12 those approved in the 2009 general rate case, about \$2.22  
13 monthly average increase in electric bill and about 25 cents  
14 monthly increase in residential customers' gas bill.

15           I thank you for listening to these comments.

16           ADMINISTRATIVE LAW JUDGE TOREM: Thank you.

17           MS. SHEAFOR: And I have copies for you.

18           ADMINISTRATIVE LAW JUDGE TOREM: Thank you, Ms.  
19 Sheafor. If you leave those printed copies with the court  
20 reporter, I'll make sure they get made part of the record in  
21 this case. Ms. Herzog?

22           MS. HERZOG: I'm Margaret Herzog, I live in Spokane.  
23 I'm an Avista customer. It's M-a-r-g-a-r-e-t, H-e-r-z-o-g.  
24 The previous speaker eloquently described the data and the  
25 statistics of this area. It's unnecessary to repeat the

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1 unemployment figures, the deflated economy, the harsh  
2 realities of those on fixed incomes or the current agenda of  
3 every local, state and federal entity that wants higher  
4 taxes, more fees or rate increases.

5           While consumers are trying to make ends meet, Avista  
6 is asking again to reach into our pocketbooks for another  
7 increase in electrical and gas rates. In reviewing the data  
8 for this increase, there are several questions that come to  
9 mind. I'm not asking for answers, I'm asking these questions  
10 to be considered in decision.

11           First, the second quarter profits for Avista rose 69  
12 percent in 2010. Despite these profits, Avista is asking  
13 rate payers to improve company dams, transmission systems and  
14 network of neighborhood distribution lines. Question is,  
15 does this company maintain any line item in their budget for  
16 normal maintenance and operation.

17           Second, according to the flyer sent in the monthly  
18 bill, Avista, quote, reduced hydro generation. This seems  
19 counterintuitive to the request for an increase in rates as a  
20 result of, quote, a lack in long-term contracts from outside  
21 providers. Question, why are they reducing hydro generation  
22 and at the same time seeking outside electrical providers.  
23 The one thing we've got is water.

24           Three, every year the customer is shocked at the  
25 salary increase of Avista's CEO. Every rate payer

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1 contributes 22 cents per monthly bill to this salary, which  
2 may not seem like much, but please note the CEO stock award,  
3 quote, reflects his potential to earn over the next three  
4 years. Why isn't he simply paid for services rendered  
5 instead of for something he might do in the future.

6 Also in this regard is a statement that his pay is  
7 based on certain benchmarks, such as again, quote, the length  
8 of time needed to restore power after outages. It is really  
9 doubtful that the CEO restores power after outages, but  
10 rather some trusted, hard-working Avista employee, and  
11 shouldn't they be getting the reward and not the executive?

12 Fourth, there are a couple of issues under the label  
13 ERM, energy recovery mechanism, and LIRAP, which was spoken  
14 of earlier, which sounds like Avista is providing rebates for  
15 customer energy and efficiency and helping low-income  
16 customers because they're such a fine company. The fine  
17 print says differently. Every monthly gas bill includes a  
18 \$2.54 fee to recover the cost of the ERM program.

19 Therefore, when I put in windows in my home, energy  
20 efficient windows and got a rebate, I was being paid with  
21 some of my own money, not Avista's. The same holds true of  
22 the LIRAP program. This does not take into consideration  
23 either that the customer every month is asked to contribute  
24 extra monies voluntarily, other than that which is billed, to  
25 this program after they've already paid for LIRAP through

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1 their bill. Why should customers be asked to pay for  
2 programs that aggrandize Avista.

3 Five, customer rates will go up December 1st, quote,  
4 according to the proposed settlement. Avista would not ask  
5 for another rate increase until April 1, 2011. Within five  
6 months then Avista will be digging into the rate payer's  
7 pockets again. Do citizens of this area get wage increases  
8 every five months?

9 Six, the cost of the Lancaster plant should be  
10 recovered, this is a quote, in rates in 2011. Question,  
11 where is the Lancaster plant? What does it produce that  
12 affects Spokane rate payers? Why isn't the cost of this part  
13 of the general operations cost of the company?

14 Seventh point, according to the company profile in  
15 the New York Stock Exchange -- I have someone who is willing  
16 to give me an extra couple minutes -- Avista is a three-part  
17 company. It's Avista Utilities, it's Advantage I.Q., and to  
18 my surprise, it's Avista Investment and Operations, which  
19 includes, listen to this, sheet metal fabrication, telecom,  
20 renewable energy, medical industries, real estate investment,  
21 investments in venture capital funds, the most risky funds  
22 around, and low-income housing.

23 Regarding this last element of the company profile,  
24 how much of this, this is my question, is the customer  
25 funding. Do these investments and operations, so variant

0090

1 from the power generation and sales, how does this affect the  
2 rate increases? Obviously, the customer should not be asked  
3 to shoulder the burden of company expenditures that are  
4 outside the definition of Avista as, quote, according to  
5 NASDAQ, to the New York Stock Exchange, an energy company  
6 that engages in generation, transmission, and distribution of  
7 energy and energy-related businesses, end of quote.

8 I am asking the Washington Utilities and  
9 Transportation Commission to think seriously about every  
10 point of the request of Avista with their customers' economic  
11 situation in mind, as well as the company's definition in  
12 mind. Thank you for listening.

13 ADMINISTRATIVE LAW JUDGE TOREM: Thank you, Ms.  
14 Herzog. Mary Margaret--

15 MS. HOERING: I gave her my time.

16 ADMINISTRATIVE LAW JUDGE TOREM: Thank you, ma'am.  
17 The next speakers are, I think it's Nick Beamer. And then  
18 Amanda Marshall. And after Ms. Marshall will be Floriene  
19 Tillemans. Mr. Beamer?

20 MR. BEAMER: Good evening. My name is Nick Beamer,  
21 and I am an Avista customer. I am here this evening  
22 representing both myself and the agency for which I am the  
23 executive director, Aging and Long-Term Care of Eastern  
24 Washington. We have approximately 88,000 older adults that  
25 live in the five counties that we serve. Avista does not

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1 serve the entire territory, but includes portions of Stevens  
2 County, Whitman County, as well as Spokane. And maybe more  
3 that I'm not aware of right now.

4           The one thing I ask the Commission to go back and  
5 take a look at has to do with the recent budget reductions  
6 that have been announced by the government. I do not believe  
7 those conditions were part of your consideration when you  
8 looked at the proposed settlement. And the reason I say that  
9 is because we serve approximately 9,000 individuals that are  
10 low-income, living alone and very frail. Usually over age  
11 60, but not always. And each of them if they live in  
12 Avista's area are going to have to deal with the burden of  
13 extra costs for electricity and gas as you have heard.

14           The budget reductions that were referred to earlier,  
15 the 6.3 percent across the board, didn't follow that way in  
16 Spokane or in the other counties that we serve. For example,  
17 our senior citizens services act (phonetic) will be reduced  
18 by 30 percent starting the first of December. A 30 percent  
19 reduction is a tremendous reduction in the services we're  
20 able to provide. Those services are such things as adult day  
21 care, bathing assistance, case management, and information  
22 and assistance. Key services for a frail population. These  
23 are services that we provide to a population that's not  
24 eligible for Medicaid. They probably have one dollar more  
25 than the Medicaid eligibility income would allow. But

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1 they're certainly not individuals that can purchase their own  
2 long-term care insurance.

3           The other decrease that we're going to face starting  
4 the first of January is a ten percent reduction in the number  
5 of hours that we are able to give to individuals who are  
6 Medicaid eligible, but need assistance to stay in their own  
7 home. And this assistance can sometimes be as much as a  
8 certain number of hours per day that will help with  
9 activities of daily living that they can no longer perform by  
10 themselves, bathing, toileting, meal preparation, for  
11 example. A ten percent reduction of those hours will also be  
12 variable depending upon the acuity of the client, how many  
13 activities of daily living do they face where they have  
14 deficits. But a ten percent reduction does not help them  
15 survive in their homes as well as they are today. So they  
16 will face more costs and less support.

17           And I really ask the Commission to go back, take a  
18 look at those budget reductions because they're not just  
19 going to be for six months, it looks like the next biennium  
20 will include more reductions than this. And consider very  
21 much the clients in Spokane, Stevens, Ferry, Pend Oreille  
22 Counties and what they face. Thank you.

23           ADMINISTRATIVE LAW JUDGE TOREM: Thank you, Mr.  
24 Beamer. Ms. Marshall?

25           MS. MARSHALL: Hello, my name is Amanda Marshall,

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1 that's with two L's. And I live right by SCC. I am an  
2 Avista customer, which I can consider very unfortunate. I  
3 have lost much of my family in this area because they can't  
4 afford living here. I have family in Ione, Sandpoint, all  
5 areas, and if they're out from under Avista, it's reasonable  
6 living expenses. When Avista told us they were doing cost  
7 increases for their living expenses, I wonder what their  
8 expenses are, because they are my living expense.

9 I pay rent, water and Avista. I don't have Internet,  
10 I don't have none of that. We don't even have cable. My  
11 husband lost his job because two companies merged, he's on  
12 unemployment, trying to get into the military. We're an  
13 average family living an average life. I've been low income  
14 almost my entire life and we're trying to build a future. We  
15 were at a house for six years, our very first rental was six  
16 years, and we were there, our Avista got to the point where  
17 our bills were higher than our rent. Our bills were between  
18 \$240 to over \$300 a month.

19 We had, we were completely naive, we didn't know  
20 about any of the insulation stuff. We did whatever we could,  
21 we took all the packets and stuff, but we were naive. And we  
22 ended up by the time we left there after six years paying  
23 four, five and \$600 a month. We were, when we moved with a  
24 \$2,300 back pay.

25 We've been at the house where we are for the year, we

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1 completely shrunk our house, we were in a small three  
2 bedroom, now we're in a tiny three bedroom, we have our two  
3 children and our adopted son who we're trying to also help  
4 build a life for. We've done nothing but try to build our  
5 life up. And when I see another increase in the letter, that  
6 strikes terror in my heart and I know that terror is echoed  
7 throughout Spokane, all the low-income families who are still  
8 trapped in homes that are not safe and are not cost effective  
9 for them.

10           You know those budget plans? You have to have no  
11 back pay at all before you can get signed up for a budget  
12 plan. And if you mess up once, you got to pay like, my  
13 sister had to pay a \$800 bill just so she could get back to  
14 her budget planning. It's not set up to truly help us. I  
15 never, we're not trying to screw them over. After we moved,  
16 we paid our deposit, we paid half of it when we moved in, and  
17 she said just send the other check. We sent the other check  
18 around the time we got our first bill, it shows on the bill,  
19 \$110 deposit due. We pay it. Next month it's still on  
20 there. We're paying the \$110 on the top of our monthly  
21 amount at this point in time. We call them, just give it  
22 another month, we pay again. Give it another month, next  
23 month, this one went on for ten months. The first six times  
24 we were told that it was just a mistake in their system. The  
25 last four times we were told that that's not their policy.

0095

1           We went, in less than one year, we went from \$2,300  
2 remaining down to under \$700 is our back pay now. We have  
3 done, we paid triple bills and stuff trying to make it down.  
4 After ten months of them giving us the shut-off notice every  
5 single month for that \$110 that I paid, I got a bill, pay  
6 this \$110. I paid it in good faith, believing they were  
7 going to apply it to what they sent me the bill for. And  
8 every month they took it and applied it to my back pay. I  
9 had to call the Utility Commission department, finally, I had  
10 to call an attorney, I don't have Internet, I don't have  
11 Internet access. I had to call an attorney who had to look  
12 up online (inaudible) finally got ahold of utility commission  
13 and then they texted them and they say oh, we'll put it onto  
14 your back pay. That's all I asked for ten months. Ten  
15 months.

16           Customer service? The last lady I spoke to, I said  
17 so you're literally telling me that I am screwed, and she  
18 said yes, that is what the situation is. Those were verbatim  
19 our conversation. That was the last manager I spoke to  
20 before I called the commissioner's office. And then now  
21 right after that, now we got another notice saying that we're  
22 going to get an increase? I'm barely out from under the  
23 ownership of that last home. And I do feel like we're owned  
24 by Avista. I definitely agree with Blaine (sic). And I  
25 don't understand why somebody doesn't come in and help us

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1 because we can't help ourselves.

2 I'm coming to you as just an average person saying  
3 please help us from our slave masters because our choice is  
4 move or pay them or have no electricity. I have babies. I  
5 can't have no electricity. And I need to live here for my  
6 family right now. Anyway, thank you for your time.

7 ADMINISTRATIVE LAW JUDGE TOREM: Thank you, Ms.  
8 Marshall. Floriene Tillemans, to be followed by Jon Wagner,  
9 and if she wants to speak, Peggie Boothe.

10 MS. TILLEMANS: Good evening, thank you. And it's  
11 pronounced Floriene. And F-l-o-r-i-e-n-e, last name  
12 Tillemans, T-i-l-l-e-m-a-n-s. And I'm speaking for myself,  
13 but I will concede that there have been a couple of ladies up  
14 here that have really done a very good service for my age, my  
15 bracket, but I will say a few words, too.

16 In 2005, I came before the Commission then and spoke  
17 against an Avista rate increase. Well, they got their rate  
18 increase anyway. They get a rate increase every year. I'm  
19 on Social Security. I don't get a rate increase every year.  
20 I also was working, but I'm not working today, but I don't,  
21 still don't have a rate increase, even if I, when I was  
22 working. I, my annual income, along with my Social Security,  
23 didn't even equal their pay or that \$58,000 pay for the  
24 secretary. My, with my Social Security, it was \$25,000.  
25 Today it's not that. My Social Security amount is about

0097

1 \$11,000 a year. Now, let them try to live, let Avista  
2 employees, let their CEO's live on \$11,000.

3 I went back and made a small graph of my bill from,  
4 and I'm not just speaking for me, I'm speaking for a lot of  
5 seniors in the same boat as I am. I have a three-bedroom  
6 manufactured home out in the valley. Last night I did have a  
7 gentleman volunteer to come out and do an energy audit for  
8 me. He could not see where I was losing energy. I live by  
9 myself, I have the lights on in my dining room, which is one  
10 of those three or four, there's four globes in it, four  
11 lights in it. That's the lights I use in my house. My  
12 house--I don't use a light in my living room, occasionally  
13 I'll turn a lamp on, I have a TV in my dining room that I  
14 watch, that's where I sit. I can see in the kitchen, I don't  
15 need another light on in the kitchen, I wash clothes once a  
16 week, about four loads of clothes, I use a dryer once a week  
17 for those four loads of clothes. I keep my house at 72 in  
18 the daytime and at 62 in the evening.

19 Now, I'm going to tell you that I did this graph, and  
20 in 2008 I had from November 20, 2007, up through April of  
21 2008, that's five months, the average that I paid for  
22 electricity was \$186.11. Now, that's an awful lot of  
23 electricity as far as I'm concerned that I don't use. Now,  
24 the following year for those same six months, I paid \$205 on  
25 an average, and 81 cents. That's still an awful lot of

0098

1 electricity, if you ask me.

2           Now, this year so far, for those same, from October  
3 of last year through April 16th of this year, it averaged out  
4 \$164.30, this last spring it was a little warmer. I even got  
5 the temperatures, the amount of utilities--I mean,  
6 electricity, kilowatt hours that I used, I have it all  
7 averaged out. Now, the average went from 74 kilowatt hours  
8 and 31 temperature, to another 68 hours and 36 temperature.  
9 The temperatures haven't varied a lot in those last three  
10 years, and I'm just looking, I can't afford this.

11           I can't afford--like last year between 2008 and 2009,  
12 for one month of December, I had a \$250 bill. I don't have  
13 anyone else living with me. I don't have five rooms with  
14 lights on all night and all day. I don't wash clothes 16  
15 times a day. I don't know where that \$250 is, but I know I  
16 can't afford another \$250 one this year. Would they want to  
17 come in and pay my utilities bills for me? I'm paying  
18 theirs. They aren't. And it just--you know, there's a lot  
19 of us seniors that we just can't afford this.

20           I know they've talked for the seniors, but they can't  
21 afford it. They can't even afford this thousand-dollar suit  
22 that they wear. And I know their suits are anywhere from  
23 \$500 to \$1,000, because you can't buy a silk suit for less  
24 than that. And their ties have to be at least \$50, some of  
25 them are probably \$2,000. But we can't afford that. I just

0099

1 don't see where they are entitled to any kind of a raise,  
2 period. Not today and not tomorrow and not next year. They  
3 aren't entitled to it. Thank you.

4 ADMINISTRATIVE LAW JUDGE TOREM: Thank you, Ms.  
5 Tillemans. Jon Wagner? And Peggie Boothe, and then Karen  
6 Eberts, and I'm not clear if Beatrice Riley wants to speak as  
7 well.

8 MS. RILEY: No, I don't.

9 ADMINISTRATIVE LAW JUDGE TOREM: Mr. Wagner, can you  
10 state and spell your name for the court reporter.

11 MR. WAGNER: Yes, I'm Jon Wagner, J-o-n, W-a-g-n-e-r.  
12 I'm an Avista customer, I live out on the north side of  
13 Spokane. And what else?

14 ADMINISTRATIVE LAW JUDGE TOREM: Are you representing  
15 yourself or a group?

16 MR. WAGNER: My family, yes.

17 ADMINISTRATIVE LAW JUDGE TOREM: Go ahead, Mr.  
18 Wagner.

19 MR. WAGNER: I just want to go on record saying I'm  
20 in favor of profit. I love turning on the light switch and  
21 having the power be dependable. But the question, the point  
22 was made earlier about profit being reasonable, and I think  
23 in this day and age, the economy what it is, that Avista will  
24 do well to adjust what they call necessary profit.

25 The point that really I'm here to make is one about

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1 geothermal heating systems. I checked into those and the  
2 research, if one would go to the Federal Department of Energy  
3 website, to the EER, that is energy efficiency renewable  
4 energy portion of the federal website, the data there shows  
5 how efficient geothermal heat pump systems are.

6           When I was researching what heating system to use on  
7 a home I personally built in 2002 and three, it looked like  
8 that was a very desirable system to use. I called Avista to  
9 ask them what their rebate was on it because I live  
10 literally, my fence adjoins Inland Power's service area.  
11 Avista's junction box for my property is actually over the  
12 property line sitting on the neighbor's property. But I  
13 can't get Inland Power and Light because that fence is in the  
14 wrong place.

15           Avista's rate today when I talked to them is five and  
16 three quarters cents per kilowatt hour from the first  
17 kilowatt hour to as many as you use. They have, and have had  
18 since about 2002 anyway, a \$3,000 rebate for people who  
19 install a geothermal underground water loop heat source, heat  
20 pump system. They still have that. At the time I was  
21 researching it, Avista did not even recognize geothermal heat  
22 pump systems as an energy efficient heating system. They  
23 offered a \$300 rebate for a standard air-to-air heat pump  
24 system, which has terrible efficiency compared to the  
25 geothermal systems. And what I can find on their website,

0101

1 I'm not positive I'm in the right spot, but it looks like  
2 maybe they have a \$400 rebate now. Anyway, I'm going to  
3 research that further. I will also write an expanded letter  
4 to the Commission with additional points and documentation.

5 But when Avista advertises that every little bit  
6 counts, it seems quite disingenuous to me given the rate  
7 structure because since I do have a geothermal heat pump  
8 system, I have to use electricity. And I can't use gas.  
9 Their rate structure is built, they want you to use gas, not  
10 electricity, which means I can't use a geothermal system and  
11 get a better rate.

12 So I would submit that it would do well for Avista to  
13 look at their rate structure and get serious about energy  
14 efficiency and using renewable energy and make a rate for  
15 those who spend the considerable, it was an extra \$7,000 for  
16 my system to go geo rather than air-to-air. And what I got a  
17 reward for that was higher rates because I'm at the top of  
18 the rate tier structure from Avista now. If they're serious  
19 about energy efficiency and renewable energy, they should be  
20 promoting geothermal heat systems widely, and they are not.

21 That is the nuts and bolts of what I wanted to say.  
22 The letter that I write to you will have additional  
23 documentation.

24 ADMINISTRATIVE LAW JUDGE TOREM: Thank you, Mr.  
25 Wagner. Peggie Boothe?

0102

1 MS. BOOTHE: Good evening, my name is Peg Boothe,  
2 actually it's Margaret. M-a-r-g-a-r-e-t, B-o-o-t-h-e. I'm  
3 an Avista customer, I've lived in northeast Spokane all my  
4 life. I agree with him, I love to turn my lights on, I love  
5 being able to think about turning the thermostat on and have  
6 some warmth. I'm all for profit. That's the American way.  
7 And I applaud that. However, right now, with these times  
8 that we're all going through, it would be, seem reasonable to  
9 hold off for this incredible increase at this time.

10 I work for the state. I have to give up a day's pay  
11 every month now for the next six months, and possibly two, as  
12 my contribution to pay for the state's budget. It would  
13 behoove, I think not just Avista, but any large company  
14 that's taking our money, to take these things into  
15 consideration. I'm lucky, I've got a job. I get to go to  
16 work every day. But I never in my wildest dreams thought I  
17 would be working poor. I never thought I would.

18 I've worked all my life, I paid my bills, as many,  
19 many people here have. But right now in these times, it's  
20 just, it's shocking, it's shocking that people who are  
21 working and trying to make ends meet can't. And we're  
22 working poor. It would just, we can only turn our  
23 thermostats down so low. We can only sit in the dark for so  
24 long. We--everybody else is giving it our fair share right  
25 now, I do wish Avista could take that into consideration at

0103

1 this time.

2 Like I say, I'm all for profit. I don't expect  
3 anything for free, and I don't think anyone else does either.  
4 Because we do, it's a great, great country that we can come  
5 in and make money on it, and we can walk in our house and  
6 turn our lights on, turn our heat on and turn our stoves on.  
7 That's wonderful and I appreciate that. Always will. But I  
8 think right now it would behoove Avista and it would be a  
9 great promotion for them to not take this massive increase  
10 and pass this on to their customers. We would have, I would  
11 have a great deal more respect for them, as would I'm sure  
12 the elderly, like my mother is 93, she lives by herself, but  
13 it has to be for the whole community, all of us.

14 And we're all giving it, we state workers are giving  
15 up a day's pay every month. It would be a wonderful idea, a  
16 community project for Avista to not take this huge increase  
17 at this time. Take your profit, you deserve that profit, you  
18 work for it, we use it, we need to pay for it, but right now,  
19 let's all get together and stay with it. Thank you very  
20 much.

21 ADMINISTRATIVE LAW JUDGE TOREM: Thank you, Ms.  
22 Boothe. Karen, is it Eberts or Eberts?

23 MS. EBERTS: Eberts.

24 ADMINISTRATIVE LAW JUDGE TOREM: If you can state and  
25 spell your name for the court reporter.

0104

1 MS. EBERTS: Karen Eberts, E-b-e-r-t-s. I have been  
2 coming here for the last four years faithfully, and keeping  
3 my own personal records, which is usually from the  
4 Spokesman-Review, but I have some other documentation that  
5 I've kept over the years about Avista. I've come to the  
6 conclusion Avista doesn't give a damn. They don't care about  
7 the old people, they don't care about anything except making  
8 a profit. There's nothing wrong with that, that's the  
9 American way, that's what we're supposed to do.

10 I do have two questions and I don't know if anybody  
11 can answer them or not. I was a little confused by this  
12 letter that was sent out by the Washington Utilities and  
13 Transportation Commission. One was that they said that they  
14 had come to an agreement to take a lower increase of 7.4, and  
15 the 2.9. However, I don't understand, that seems like it's a  
16 done deal. It seems like we're spinning our wheels here  
17 today, that you guys don't care, I don't think Avista does,  
18 to be quite honest.

19 The other question I had, since that's already a done  
20 deal, the other question I had was this LIRAP, L-I-R-A-P  
21 fund, I don't pay the bills, my husband does. I don't want  
22 to have that headache. But I know when I did use to look at  
23 the bills, it used to have a little box that you could check  
24 to make a donation. This sounds like it's, that they're  
25 going to take the money whether we want to donate it or not.

0105

1 I resent that. I resent it a lot. If I want to give money,  
2 I will. And if I have money to give, I will.

3 I'm 61 years old, I live in a house that's older than  
4 I am. We've put insulation in it, we put new windows in it,  
5 we've done the little insulation things around the sockets to  
6 keep, to make it more energy efficient. We put new windows,  
7 new siding on, new roof on it. I can't do much more. We've  
8 lowered our temperatures and the cost continues to rise. And  
9 I love the people here in Spokane, you got a great--little  
10 old ladies that came up with their figures. That's  
11 wonderful. I'm glad they did the research. I wrote some  
12 notes to myself here, and I have more interest in research  
13 myself. Like I say, Avista does not care. I'm not sure that  
14 you guys do. I like the lady with the thousand-dollar suits.  
15 That's pretty good. I agree.

16 ADMINISTRATIVE LAW JUDGE TOREM: Next speaker is  
17 going to be Anne Whigham followed by Annita Davison.

18 MS. WHIGHAM: I think I said no.

19 ADMINISTRATIVE LAW JUDGE TOREM: All right, it wasn't  
20 clear on here. Annita Davison? It's marked yes. And then  
21 Jeffrey Carrol and Dave Schmitt are the last speakers I have.  
22 I'm going to ask our public involvement coordinator to see if  
23 anyone else has signed up. We have these three speakers  
24 left.

25 MS. DAVISON: I'm a nervous personality, it's a real

0106

1 thing, but I'll do the best I can. Annita, A-n-n-i-t-a,  
2 Davison, D-a-v-i-s-o-n. Some of the points that I wanted to  
3 make have already been covered, but so I'll try not to repeat  
4 too much.

5 In the same envelope, I believe, that my statement,  
6 there were a couple things from Avista. And it just seemed  
7 like they gave conflicting things here. They had talked in  
8 this flyer about the four areas where Avista did some good  
9 stuff or something, they--something about Lancaster Power  
10 that they took over, termination of some low power, reduced  
11 hydro, and increased fuel costs and all that. Well, then in  
12 the next column, it says the request to increase natural gas  
13 rates is primarily driven by inclusion of this plant, a  
14 couple plants there. And it's associated with the transfer  
15 of Jackson Prairie Storage, all that stuff. I don't know it,  
16 I don't deal with it, but what it does to me is increase my  
17 payment.

18 And to the ladies who looked at their usage and found  
19 the usage over the years hasn't changed that much, but that  
20 the cost had. When my husband was alive, he said here, we  
21 have to put out the lights, we have to do this and that. And  
22 I showed him the paperwork. The usage is the same. The  
23 rates went up along with the price. Has nothing to do with  
24 the usage. It has to do with the rates and the cost.

25 Now, this little paragraph, we all know this happens,

0107

1 it says changes in the cost of natural gas used by customers  
2 are not reflected in this filing. The changes in the cost of  
3 natural gas are directly passed through to customers in an  
4 annual purchased gas adjustment in the fall of each year.

5 All right. When does this increase take place? When does  
6 this adjustment take place? In the fall. Just before the  
7 winter with the high heating costs. Now, I don't know what  
8 kind of law would have to go into place for that to be  
9 changed, if it could be looked at. Why couldn't this happen  
10 in the springtime? We know that in the summer our Avista  
11 bill is usually lower. We maybe could handle it better then.  
12 I don't know.

13 When I looked at the middle part of this, it talks  
14 about through here, the present bill rate, talking about a  
15 basic charge. So they're saying \$6 a month. The next  
16 column, proposed net increase, they want four more dollars a  
17 month. So what does that add up to? \$10 a month.

18 ADMINISTRATIVE LAW JUDGE TOREM: I think when you  
19 came in, I had already mentioned that the numbers in that  
20 bill insert are overcome by the settlement which has been  
21 filed since this went to print. So these numbers themselves  
22 are no longer current.

23 MS. DAVISON: I didn't know that. And I was just  
24 going to ask you about that 40 percent increase. I'm going  
25 to turn to the audience just a moment. If you had received a

0108

1 40 percent increase in your wage this year, would you stand  
2 up, please? I work for the State of Washington, also. We  
3 have not had a raise in five years, and the city employees of  
4 Spokane have not had a raise in five years. So if there is  
5 anybody here who did have a 40 percent increase in their  
6 salary, I'd like to work for them. I don't have that.

7 All right. This is a three-sentence paragraph. I  
8 only have 30 seconds. It says right here, natural gas  
9 supplies are growing and natural gas production areas upon  
10 which the northwest depends are large and prolific,  
11 improvements and production technologies have increased the  
12 amount of recoverable natural gas across North America. 2009  
13 potential gas committee increased its estimate of U.S.  
14 natural gas reserves available for production almost 40  
15 percent, and the largest increase in the 44-year history of  
16 the organization in the currently estimated 91 years of  
17 supply at current consumption rates. Then why are we being  
18 charged for this, what's this idea of supply and demand.

19 All right, the last thing I want to ask is your  
20 organization, what kind of a track record do you guys have,  
21 what kind of power and authority do you have. I know we make  
22 our presentations to you and our suggestions or complaints or  
23 whatever, what do you guys do with them? This is just a  
24 question, I'm not trying to criticize you, I just want to  
25 know what you do.

0109

1 ADMINISTRATIVE LAW JUDGE TOREM: What we're doing  
2 tonight, ma'am, is taking those comments and listening to  
3 them. We consider your testimony as well as the expert  
4 testimony. I wish I could have more give and take with you,  
5 but that's not the kind of hearing this is. Thank you, Ms.  
6 Davison, for your testimony.

7 Next speaker is going to be Jeffrey Carrol followed  
8 by Dave Schmitt.

9 MR. CARROL: Good evening.

10 ADMINISTRATIVE LAW JUDGE TOREM: Can you state and  
11 spell your name for the record.

12 A. Jeffrey, J-e-f-f-r-e-y, Carrol, C-a-r-r-o-l. Most of the  
13 people that have spoken before I did have a lot of facts and  
14 figures that really document what's going on. The biggest  
15 issue is the fact that every year there are rate increases.  
16 Now we're getting them two and three at a time. Now, I am on  
17 a fixed income because I'm retired. Where am I going to pay  
18 this rate increase? We don't get a cost of living increase  
19 when you're a senior citizen, or if you're low income. You  
20 get whatever you're going to get. And if your bill  
21 supersedes what you got coming in, we got to find ways to  
22 hustle and pay it. I've been in Spokane almost 20 years, and  
23 it's like every year they want a rate increase, or every two  
24 years. But they have always got some profit margin to pay  
25 their, what's the right word, the people that, the

0110

1 stockholders. Stockholders always make money. When are the  
2 poor people going to make some money. Most of us worked our  
3 butts off for 40, 50 years, and we pay and we pay and we got  
4 nothing coming from it. Wages don't go up, cost of living  
5 doesn't go up, utilities go up. How in the heck are we poor  
6 folks going to pay for it. Thank you.

7 ADMINISTRATIVE LAW JUDGE TOREM: Thank you, Mr.  
8 Carrol. Mr. Schmitt?

9 MR. SCHMITT: There is a time-honored saying--

10 ADMINISTRATIVE LAW JUDGE TOREM: Can you state your  
11 and spell your name, first and last, for the record, tell us  
12 where you live?

13 MR. SCHMITT: David Schmitt, D-a-v-i-d,  
14 S-c-h-m-i-t-t, West 3825 Olympic, Spokane, 99205.

15 ADMINISTRATIVE LAW JUDGE TOREM: Let's get to the  
16 time-honored saying. Go ahead, sir.

17 MR. SCHMITT: If you aren't part of the solution,  
18 you're part of the problem. A lot of people come here  
19 complaining about things, I don't hear a whole lot of  
20 solutions proposed. That would involve a deeper commitment  
21 on people's part to make changes. Quite frankly, I'm stunned  
22 there aren't hundreds of people here tonight, but everybody  
23 is busy.

24 UNIDENTIFIED SPEAKER: They don't know.

25 MR. SCHMITT: Couple of things surfaced for me as

0111

1 issues during the discussion tonight, is we need, in my  
2 opinion, we need a clearer, more detailed explanation than we  
3 get in these brochures that are mailed out to us about costs,  
4 about plans, proposals, so that citizens can turn out and  
5 have an input into those. I've never seen any in my bills.

6 Programs or rebates are not only unfair, but they're  
7 hugely disproportionate. It only helps those who have  
8 already got the funds to make the improvements. Those who  
9 are poorer already typically live in houses most in, housing  
10 most in need of improvement, which is usually subpar. You've  
11 heard about some of the bills these people pay, \$250, \$350 a  
12 month during the winter, where other people pay \$100.

13 The money's going to those who made the improvements  
14 and would be able truly to, or probably make those  
15 improvements regardless of the rebates. So I would like to  
16 see a program where there is more bang for the bucks, where  
17 they're assessed before the fact where that money would be  
18 best spent to be most efficient in improving the pay-back on  
19 energy efficiency. I'm unaware of any assessment that  
20 determines that at the beginning of a project.

21 I would propose that they've set aside a certain  
22 amount of that money that's being paid out in rebates to be  
23 given directly as grants to incentivize people to make those  
24 improvements who might have the marginal amount, but not the  
25 full amount, before the fact.

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1           This problem as all problems are multifaceted. It's  
2 not all about Avista here. There are many aspects beyond  
3 their control, including government mandates with this new,  
4 quote, unquote, sustainable energy mandate that electricity  
5 be delivered at a higher cost to the consumer. This is a  
6 government problem. The large and growing disparity of  
7 resources and distribution of those resources in this society  
8 are extremely unreasonable and quite frankly reprehensible in  
9 any society seeking to maintain public civility. And it's  
10 going to degenerate over time if we don't make some changes.

11           Aged citizens who are literally being savaged every  
12 month to pay for the welfare of those who are already living  
13 a lifestyle that's reached the point where it's extravagant,  
14 in my opinion, in our society is essentially unjustified. My  
15 point is, I haven't heard anything tonight about cost  
16 controls. And part of that would be to address the areas  
17 where they could make some better effort. For instance, in  
18 getting concessions from their labor force. Union members,  
19 where are they tonight? They're out at a political rally  
20 stuffing the pockets full of politicians with their  
21 marginally excessive salaries that they're getting. So there  
22 are a lot of things in this society that need to be  
23 addressed, if we're going to maintain a civilized society  
24 going forward. Thank you.

25           ADMINISTRATIVE LAW JUDGE TOREM: Thank you, Mr.

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1 Schmitt. Let me see if there's anyone else in the room that  
2 wanted to speak that hasn't had a chance tonight. I don't  
3 see any.

4 Let me get ready to close the record tonight and  
5 thank each of you for coming and for bringing different  
6 perspectives, good perspectives that Commissioner Jones and I  
7 need to hear and need to relate to Chairman Goltz and  
8 Commissioner Oshie as well.

9 For those folks that couldn't make it tonight or  
10 those who want to reduce their response tonight to writing,  
11 we'll take those written comments until Monday, November 1st,  
12 and you can mail those to the Utilities and Transportation  
13 Commission or UTC at P.O. Box 47250, that's in Olympia, and  
14 the zip code is 98504. If you do have Internet access and  
15 that's easier for you, the website is [www.utc.wa.gov](http://www.utc.wa.gov).  
16 Regardless of which method you use to submit a written  
17 comment, it would really help our public involvement staff if  
18 you indicate your comments are regarding the Avista rate  
19 cases, and include one or both of these docket numbers,  
20 UE-100467 or UG-100468. Again, as long as it's postmarked by  
21 November 1st, we'll read each and every one of those comments  
22 and take them into consideration as we review the proposed  
23 settlement.

24 Let me ask if Commissioner Jones has any closing  
25 comments and we'll wrap up from there.

0114

1           COMMISSIONER JONES: Thank you, Judge Torem.

2           This has been a good evening. Because of the ex  
3 parte rules and the way this process works, we are not  
4 allowed to have a free dialogue tonight, but I'd just like to  
5 say a couple things. One is, we do take your comments  
6 seriously. As Judge Torem says, they become part of the  
7 record. These are very complicated proceedings, they're  
8 litigated so we read lots of things. We read lots of  
9 evidence, separate these various mechanisms. But be assured  
10 that we do read your comments and we do read facts and other  
11 aspects of the economic situation in this area around the  
12 state.

13           And the second point is that we do have the authority  
14 to take the settlement agreement and prove it, to modify it  
15 or to reject it. This settlement is an all-party settlement,  
16 meaning that every party that participated in the case agreed  
17 to it. So if you have questions about the nature of the  
18 settlement or what happened in the give and take of  
19 settlement negotiations, you should spend a little time  
20 afterwards and talk to these people out here because they are  
21 the people who participate in the settlement negotiations,  
22 produce an agreement and it comes to the three commissioners,  
23 assisted by Judge Torem and our policy staff, for final  
24 decision. So again, thanks for coming out tonight.

25           ADMINISTRATIVE LAW JUDGE TOREM: All right, thank you

0115

1 everybody for participating this evening. If you want  
2 further information, there are still some handouts on the  
3 tables out in the lobby. And as Commissioner Jones said,  
4 direct your questions to the representatives that accompany  
5 the Commission staff and to public counsel tonight before you  
6 leave. Thank you very much. It's now about 7:00 and we are  
7 adjourned.

8 (Hearing adjourned at 6:58 p.m.)

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C E R T I F I C A T E

I, STEPHANIE L. SAGE, a Certified Court Reporter, do hereby certify that I reported in machine shorthand the foregoing proceedings in the above-entitled cause; that the foregoing transcript was prepared under my personal supervision and constitutes a true record of the proceedings.

I further certify that I am not an attorney or counsel of any parties, nor a relative or employee of any attorney or counsel connected with the action, nor financially interested in the action.

DATED at Spokane, Washington, this 17th day of October, 2010.

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Stephanie L. Sage, CCR  
Official Court Reporter  
License No. 2561