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1 PUBLIC COUNSEL, by SARAH A. SHIFLEY,  
2 Assistant Attorney General, 800 5th Avenue, Suite 2000,  
3 Seattle, Washington 98104; telephone (206) 464-6595.

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5 COMMISSIONERS: Chairman Mark Sidran,  
6 Patrick Oshie, Philip B. Jones

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8 AVISTA REPRESENTATIVE: Kelly Norwood,  
9 Vice-president State and Federal Regulation

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1 P R O C E E D I N G S

2 MR. SIDRAN: Well, good evening. It's  
3 just past 6:00 o'clock, and I'd like to welcome you to a  
4 public hearing for the Washington Utilities and  
5 Transportation Commission. My name is Mark Sidran, I  
6 chair the Commission, and I'm joined by my colleagues,  
7 Commissioner Patrick Oshie, and Philip Jones, and by our  
8 Administrative Law Judge who is assigned to this case,  
9 Patricia Clark.

10 This is a public hearing related to a  
11 request by Avista Corporation for rate increases related  
12 to their gas and their electric service, and tonight is  
13 an opportunity for the public to comment on this proposed  
14 rate increase. Judge Clark is going to be conducting or  
15 hearing this evening, and in a moment she will explain to  
16 you our process, and how this evening's proceedings will  
17 be conducted. I just want to make some preliminary  
18 remarks.

19 First, we're pleased to be here in Spokane,  
20 and, in particular, this beautiful building, and this  
21 beautiful room. And we're pleased that some of you have  
22 taken time out from your own busy schedule on a beautiful  
23 evening to appear tonight and offer your thoughts. This  
24 is not the last opportunity to share comments with the  
25 Commission. The public will have an opportunity to do so

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1 in writing, either via e-mail, or traditional mail, up to  
2 a point in time that Judge Clark will describe to you in  
3 her comments. So, if you hear something tonight, or know  
4 someone else who wishes to offer a comment, after this  
5 evening, that is entirely possible. And, with that, I  
6 will turn this evening's hearing over to Judge Clark.

7 JUDGE CLARK: Thank you, Chairman Sidran.  
8 Thank you. Good evening. If you have a cell phone with  
9 you it would probably be a good time for you to turn that  
10 off so it's not disruptive to this evenings's hearing.  
11 For the record, we are conducting a public comment  
12 hearing in Spokane, Washington in the matter docketed:  
13 Washington Utilities and Transportation Commission versus  
14 Avista Utilities, given Docket Nos. UE-080416 and  
15 UG-080417.

16 I have an agenda for this evening's  
17 proceedings, which I'll share with you in just a minute.  
18 I just want to let everyone know that we are here to get  
19 comments on two case that have been consolidated for  
20 hearing. We have both Avista's request for electric  
21 service rate increase, and Avista's request for a gas  
22 service rate increase. You may present comments to the  
23 Commission on either one of those cases, or both. The  
24 agenda for this evening's hearing is, I'll explain to you  
25 the standard under which the Commission considers cases

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1 like this, I will identify the other participants or  
2 parties in this proceeding, I'll give you a brief outline  
3 of Avista's requests for rate relief, and then we will  
4 proceed to the public comment portion of this evening's  
5 hearing, which is your opportunity to speak.

6           The Washington legislature establishes the  
7 standards by which the Commission considers requests for  
8 rate relief. And these standards are applicable to both  
9 the request for electric and natural gas service rate  
10 increases. The Commission must determine that rates are  
11 just, fair, reasonable, and sufficient. In order to make  
12 those determinations the Commission will evaluate a  
13 significant amount of accounting and financial data.  
14 They will take testimony from expert witnesses. They  
15 will accept documentary evidence. And once they've  
16 considered all of that information, including the  
17 testimony presented in public comment hearings, and  
18 through written comments, the Commission will determine  
19 how much money Avista will be allowed to recover in its  
20 rates.

21           The Commission wants to ensure that rates  
22 are fair to customers, but it also wants to ensure that  
23 Avista has an opportunity to recover it's operating  
24 expenses, and have a reasonable opportunity to earn a  
25 profit. The Commission's process is a quasi judicial

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1 process. It's very similar to a civil court proceeding,  
2 if any of you have observed those, or seen those on  
3 television.

4 ATTENDEE: Could I request you turn the  
5 volume up a little bit?

6 JUDGE CLARK: Well, I don't think I can  
7 turn the volume up, but I can move the microphone closer.  
8 I'm sorry. I apologize.

9 The Commissioners, who are in front of you  
10 this evening, are acting as judges, they are the  
11 decisionmakers in this case. I assist them by simply  
12 conducting public hearings, such as this one, and  
13 conducting the evidentiary hearing. In cases before the  
14 Commission the parties present prefile testimony and  
15 exhibits of their witnesses. Those witnesses then  
16 present that testimony at an evidentiary hearing, which  
17 will be held in Olympia, currently scheduled for December  
18 1st through 3rd. Those witnesses are subject to  
19 cross-examination by the other parties in this case, and  
20 by the Commissioners.

21 The comments that you present this evening  
22 are considered testimony. And you will need to give  
23 those comments under oath. I will administer one oath to  
24 the group before we take your testimony this evening.  
25 There is a court reporter present, he's seated

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1 immediately to the left of the Commissioners, and he will  
2 be taking down all of the comments this evening in order  
3 to prepare a transcript for the Commissioners.

4 I also want to identify the other parties to  
5 this proceeding. Some of those parties are present with  
6 us this evening, and others are not. In addition to  
7 Avista, we have the Commission's Regulatory Staff, which  
8 acts separately from the Commissioners, the Public  
9 Counsel Section of the Office of the Attorney General,  
10 the Industrial Customers of Northwest Utilities, the  
11 Northwest Industrial Gas Users, and The Energy Project.  
12 There are counsel for three of those parties present this  
13 evening, and they are seated to my immediate right. And  
14 I'd like to ask them at this time to introduce themselves  
15 to you, and enter an appearance on the record. Since you  
16 have difficulty hearing me, I'm going to pass the  
17 microphone over to that table in order for the audience  
18 to be able to hear these introductions.

19 MR. MEYER: Thank you. My name is David  
20 Meyer, and I'll just stand so you can see for the people  
21 behind the lectern. And I represent Avista. And I'd  
22 like to introduce Mr. Kelly Norwood. Kelly, would you  
23 stand, please. Kelly is an officer with the company, and  
24 he's in charge of State and Federal Regulation. The  
25 reason I'm introducing him -- and there are several

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1 others that I won't introduce, but they are here from the  
2 company -- is that if you have questions at the  
3 conclusion of the hearing about particular service  
4 concerns, or just general questions, we'll be around to  
5 answer those at the end of the hearing. Thank you very  
6 much.

7 MR. TRAUTMAN: I am Gregory J. Trautman.  
8 I'm an Assistant Attorney General, and I represent the  
9 Commission's Staff in this case, and as the Judge said  
10 previously, the staff is a party to the case, but we  
11 operate independent of the Commissioners themselves.

12 MS. SHIFLEY: Good evening, Your Honor,  
13 and Commissioners. My name is Sarah Shifley, I'm an  
14 Assistant Attorney General with the Public Counsel  
15 Section of the Attorney General's Office, and our office  
16 represents residential and small business customers of  
17 regulated utilities.

18 JUDGE CLARK: Thank you very much. I'd  
19 like to give you a brief overview of the request for  
20 relief that were filed with the Commission. In its  
21 initial filing Avista said they needed to collect  
22 additional revenue from its customers. For its electric  
23 service Avista requested an additional 36.6 million, or  
24 about a 10.3 percent rate increase for electric service.  
25 And that would have resulted in about an overall across



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1 the board 10.3 percent rate increase. For its gas  
2 service Avista requested about 6.6 million, or  
3 approximately a 3.3 percent rate increase.

4 On September 16th, just two days ago,  
5 Avista, the Commission's staff, The Energy Project, and  
6 Northwest Industrial Gas Users filed a multi-party  
7 settlement resolving all issues and dispute between those  
8 parties. The Industrial Customers of the Northwest  
9 Utilities joined in portions of the settlement, but not  
10 all. Public Counsel did not agree to the terms and  
11 conditions of the settlement. According to the  
12 settlement filed with the Commission, new rates will take  
13 effect January 1st, 2009. According to the settlement  
14 terms, Avista now seeks to collect an additional \$32.5  
15 million from its electric service customers, or  
16 approximately a 9.1 percent rate increase. For its gas  
17 service Avista now seeks approximately \$4.8 million, or  
18 approximately a 2.4 percent rate increase.

19 Unlike the civil proceeding, where the  
20 parties file a settlement, the case goes away. That's  
21 not the case in proceedings before the Commission. The  
22 Commissioners must take some action on that settlement,  
23 and, according to the Commission's rules, they have the  
24 right to accept, reject, or modify the settlement.

25 I'd like to go over the process with this

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1 evening's hearing. We do have a number of individuals  
2 signed up to testify this evening, so I'm going to ask  
3 you to limit your comments to about three minutes.  
4 That's really quite a long time to be standing up and  
5 doing public speaking, if you haven't done that before.  
6 If you happen to run over three minutes, we'll politely  
7 interrupt you and ask you to conclude your comments so  
8 that other individuals will have the opportunity to  
9 present comments this evening. If a previous speaker's  
10 comments covered, essentially, what you wanted to say,  
11 it's fine to stand up and say you agree with the previous  
12 speaker's comments, if that is your preference.

13 I do want to remind you that this is a quasi  
14 judicial proceeding, and so please listen politely while  
15 others speak. It is not appropriate to applaud, or boo,  
16 or otherwise verbally react to any comments another  
17 individual might make. Please listen politely, and allow  
18 the court reporter to take down everyone's comments  
19 without disruption. You should try to not speak too  
20 quickly, so the court reporter can record everything you  
21 have to say.

22 If you have written comments, you may  
23 present those instead of presenting formal testimony.  
24 Please don't read written comments, if you have them. We  
25 all read significantly faster than we normally speak, and

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1 it's very difficult to take those comments down. If you  
2 have written comments you want to present this evening,  
3 if you would please give those to Ms. Shifley, the Public  
4 Counsel. At the conclusion of the evidentiary hearing,  
5 Public Counsel prepares an exhibit that is filed in the  
6 record in this docket for all the public comments  
7 received in these proceedings. As Chairman Sidran noted,  
8 you will have the opportunity to submit additional  
9 comments, if you wish. The Commission will be accepting  
10 written comments until approximately the first week of  
11 December, and you can submit those in writing or via  
12 e-mail.

13 I want to also advise you that this is not  
14 the time for you to ask either me or the court  
15 Commissioners questions. If you have questions you  
16 should present those to Avista, the Commission Staff, or  
17 Public Counsel. In addition to the individuals who were  
18 introduced to you this evening, to my right, we have a  
19 representative from the Commission's Consumer Protection  
20 section and staff with us. You probably met her when you  
21 signed in to testify this evening. Her name is Linda  
22 Johnson, and you can also ask questions of her. If these  
23 individuals cannot answer your questions, they can tell  
24 you how to go about getting an answer.

25 At this time I'd like everyone who either

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1 signed up to testify this evening, or even thinks they  
2 might want to testify this evening, to please rise at  
3 this time so I can administer the oath.

4                   And raise your right hand, please. Do you  
5 solemnly swear or affirm that the testimony you are about  
6 to give in this proceeding shall be the truth, the whole  
7 truth, and nothing but the truth?

8                   ATTENDEES: Yes.

9                   JUDGE CLARK: Please be seated. I'm  
10 going to call your names in the order in which you signed  
11 in. I'd like to apologize in advance if I mispronounce  
12 anyone's name. Please correct me if I butcher your name.  
13 It's not on purpose. I will ask you a few preliminary  
14 questions for the record, and when you testify I'd like  
15 you to come forward to the lectern, because there's a  
16 microphone there which will aid the Commissioners in  
17 hearing your comments, everyone else in the room hearing  
18 your comments, and the court reporter to prepare a  
19 transcript. Once you have concluded your comments, if  
20 you could just wait there for a minute to see if any of  
21 our Commissioners might have questions for you, or any of  
22 the Counsel might have questions for you.

23                   All right. I'm going to call the first name  
24 I have on the list. That name is Daniel Kerr. If you'd  
25 come forward to the lectern, please, sir. Could you

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1 state your full name for the record, please, and spell  
2 your last name.

3 MR. KERR: Daniel Kerr. K-e-r-r.

4 JUDGE CLARK: See, I did it already.

5 Mr. Kerr, where you reside?

6 MR. KERR: In Spokane.

7 JUDGE CLARK: In Spokane. And are you  
8 appearing on behalf of yourself, or on behalf of a group?

9 MR. KERR: Myself.

10 JUDGE CLARK: And are you an electric or  
11 gas customer of Avista, or both?

12 MR. KERR: Yes. Both.

13 JUDGE CLARK: Both. Thank you. And  
14 please give your comments.

15 MR. KERR: Well, to be completely honest,  
16 this is my first time at one of these hearings. So, I  
17 think my only comment is, if any rate increase is  
18 absolutely necessary, the smallest possible increase in  
19 these times would be greatly appreciated. And from there  
20 on, I'm just going to be here to learn.

21 JUDGE CLARK: All right. Thank you,  
22 Mr. Kerr. Does anyone on the bench have questions for  
23 Mr. Kerr? No. From Counsel? No. Thank you very much  
24 for your testimony this evening, sir.

25 The next individual I have signed up who has

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1 indicated they wish to testify is Richard Johnson.

2 MR. JOHNSON: I have a prepared statement  
3 I can hand out afterwards.

4 JUDGE CLARK: Okay.

5 MR. JOHNSON: My name is Richard Johnson.

6 JUDGE CLARK: Great. Thank you. Could  
7 you spell your last name Mr. Johnson.

8 MR. JOHNSON: J-o-h-n-s-o-n.

9 JUDGE CLARK: And where do you reside,  
10 Mr. Johnson?

11 MR. JOHNSON: I live here in Spokane  
12 Valley.

13 JUDGE CLARK: Thank you. And are you a  
14 electric service or natural gas service customer of  
15 Avista?

16 MR. JOHNSON: Both.

17 JUDGE CLARK: Both. And are you  
18 appearing on your own behalf, or are you presenting  
19 testimony for a group?

20 MR. JOHNSON: On my own behalf.

21 JUDGE CLARK: Thank you. You can  
22 proceed, please.

23 MR. JOHNSON: Good evening, Commissioner  
24 and Concerned Citizens. My name is Richard Johnson, I'm  
25 a retired senior citizen. I was Chairman of POWER,

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1 Peoples Organization Washington Energy Resource, for  
2 three and a half years in the early '80s. POWER got a  
3 grant of \$2 million from the Ronald Reagan Administration  
4 for the people of Washington state to have a voice in  
5 their energy cost and use. In my years as Chairman we  
6 took on Washington Water Power, now Avista, Bonneville  
7 Power, Seattle Power and Light, Puget Sound Power and  
8 Light.

9                   During this time we helped roll back and cut  
10 many of their increases. We showed that conservation,  
11 plus use of alternative energy sources would keep costs  
12 down. One of our biggest projects was working with many  
13 other organizations in stopping WOOPS Nuclear Program,  
14 showing large scale corruption, costs override, products  
15 were overcharged, poor material and bad workmanship. The  
16 utilities were caught selling themselves out. Where was  
17 the Public Counsel and Commissioner? Why was it only  
18 through the outsiders that uncovered this abuse?

19                   We also said that Washington Water Power was  
20 a private company. Why should ratepayers be paying for  
21 improvements and research programs, et cetera? We  
22 thought that a private company, the investors should bear  
23 the cost, not the ratepayers. The private utility should  
24 be forced to become a public utility if the ratepayers  
25 are to bear all improvements, research, and expanding

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1 programs. I will give an example of how the Washington  
2 Water Power, now Avista, ratepayers have been raped by  
3 the utilities. Their research developed fuel cells,  
4 which were sold, and have developed other programs of  
5 research, as the Elaborate Meter Reader, for reading  
6 meters without leaving the vehicle, not having to walk  
7 and read each individual meter. Again, this development  
8 was sold, and we are paying for it. Ratepayers were not  
9 reimbursed when the programs were sold. Where is the  
10 money received from these programs?

11                   The ratepayers are not protected by the  
12 Attorney General Office, not Commissioners, and your  
13 staff, here, from unjust charges and corruption. I am  
14 not here to tell you that we, the low income citizens,  
15 cannot afford it, for I know you hear this all the time.  
16 I'm here to seek help for all the Washington ratepayers.  
17 I am asking for an oversight organization that has the  
18 power to hire attorneys and experts to contest rate  
19 increases, and costs, making sure they have the funds and  
20 power so not to be intimidated, or have their funds  
21 withheld if they step on some toes and show corruption.  
22 For I have seen, firsthand, by utilities, under the POWER  
23 grant, we hired attorneys and experts to contest their  
24 figures, rate increases, and costs, and because of this  
25 utilities threatened to withhold funds from other



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1 programs, and also threatened other organizations that  
2 they would withhold funds if they were involved against  
3 their rate increases.

4           To fund this organization, all Washington  
5 utilities pay 1 percent out of their operation cost  
6 toward this fund. I would be happy to help set up this  
7 organization statewide with members that are a broad  
8 representation of people in Washington.

9           I want to mention home heating oil. I can  
10 remember paying 17 cents a gallon, now it's at 3.99 a  
11 gallon, making home heating with oil out of most people's  
12 budget. We are hearing every day about wanting to use  
13 natural gas to fuel vehicles. Right now natural gas  
14 costs about 40 percent less than gasoline. This is where  
15 I ask, if utilities continue getting a 10 percent or more  
16 increase per year, and if vehicles are fueled by natural  
17 gas, all of us will soon see natural gas go beyond  
18 homeowners' ability to heat their homes.

19           Back in the '70s and '80s utility companies  
20 were pushing homeowners to use natural gas for heat to  
21 heat their homes, they had unlimited supply, and they  
22 still have unlimited supplies, but now they know they  
23 have us hooked on gas, so they want to gouge us.

24           Before I close, I want to repeat the  
25 accomplishment of that \$2 million grant for energy for

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1 People of Washington. We made it last four years. Hired  
2 attorneys, experts, travel expense for board members to  
3 attend meetings, and saved Washington state ratepayers  
4 untold billions of dollars. Closing WOOPS saved  
5 ratepayers hundreds of millions.

6 I would like to challenge the basic rate  
7 increase from \$5.00 to \$5.75. There are about 300,000  
8 ratepayers. When you take 300,000 ratepayers times \$5.00  
9 basic, it is approximately \$1,500,000 per month. If you  
10 have gas and electricity at \$5.75 basic rate, each is  
11 approximately \$3,450,000 per month, which is  
12 approximately \$41 million per year. This is a huge  
13 income without any work by the utilities. Let's call it  
14 what it is, a huge slush fund.

15 JUDGE CLARK: Let's see if there's any  
16 questions for Mr. Johnson. Any questions from the bench?  
17 No. Any questions from Counsel? No. All right. Thank  
18 you for your testimony, Mr. Johnson. And if you could  
19 give a copy of your written comments to Linda Johnson at  
20 the back of the hearing room, and we'll make it part of  
21 the record.

22 The next individual I have signed up to  
23 testify is Margaret Herzog.

24 MS. HERZOG: My name is Margaret Herzog.  
25 I live in Spokane. We are electric and gas users of

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1 Avista.

2 JUDGE CLARK: And are you representing  
3 any group? Or, are you testifying on your own behalf?

4 MS. HERZOG: I'm testifying on my own  
5 behalf, but I made it a point to talk to a number of  
6 people, and I'm certainly not speaking for them, I don't  
7 believe.

8 JUDGE CLARK: You did a great job without  
9 me even asking you the questions, but, if you could also  
10 spell your last name, I would appreciate it.

11 MS. HERZOG: H-e-r-z-o-g.

12 JUDGE CLARK: Thank you.

13 MS. HERZOG: You're welcome.

14 JUDGE CLARK: Please make your  
15 comments.

16 MS. HERZOG: I need to start out by way  
17 of an initial remark. Avista is a monopoly in Spokane,  
18 and the people of Spokane who use gas and electricity are  
19 committed to the services of Avista. I know that's  
20 self-evident, but it's going to be important as I go  
21 along. As advertised, and I think as the gentleman  
22 before, we as a family invested in a gas hot water  
23 heater, a gas cooking stove, a gas heating furnace, a  
24 heat pump, and we improved insulation in our attic, and,  
25 yet, from the year 2000 to 2008 our Avista bill has

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1 doubled, and we tried our darndest to be as economical as  
2 possible. I have large print on this paper, so don't be  
3 afraid of the paper shuffling.

4 I'm going to go through the points that I  
5 saw for WUTC of why Avista wanted this rate. It says,  
6 Point number 1: Upgrading aging infrastructure. I have  
7 talked to several business owners, and they say that it  
8 is common practice to have a regular fund for maintenance  
9 and operations. And, in my house, if the house needed  
10 repainting, or a new wiring, I can't go to Avista and ask  
11 for money. It's supposed to be in my budget. I'm  
12 supposed to take care of that. And it seems to me Avista  
13 should have that as part of their regular M and O  
14 business budget.

15 The second point. They want to renew  
16 licenses on five dams on the Spokane River. I can't  
17 believe that's an unexpected expense. As a family, I'm  
18 expected to budget for property tax. I'm expected to  
19 budget when that car license comes due. I can't go  
20 somewhere else and say, "Will you pay me for it?" That's  
21 part of my budgeting. And I feel, again, this should  
22 have been part of Avista's M and O.

23 The third thing. They want increased  
24 funding for energy assistance programs. Now, every time  
25 I pay an Avista bill, they're asking for a contribution

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1 from every bill payer toward energy assistance. Wouldn't  
2 the customer's bill be of greater assistance if they  
3 lowered that bill instead of asking customers to pitch in  
4 and pay because of the company's higher prices? I know  
5 that the CEO -- and I'm not complaining -- the CEO of  
6 Avista earns a very healthy salary, and his million-plus  
7 a year of salary incentives and options may not feel the  
8 pinch of those increases. My Social Security check of  
9 \$615.10 is bleeding, and I don't think I'm the only one  
10 suffering. And as one of my friends from the mall told  
11 me, her budget is in a food or fuel dilemma. And to see  
12 the prices going up, on what I consider basic M and O  
13 budgeting, is not warranted.

14 In the Annual Report they talk about an  
15 increased return on equity of 10.2 to 10.8 percent. Any  
16 reputable broker will tell you that taking out shares  
17 involves a risk. It doesn't matter whether it's a  
18 utility or not. And I don't think that we captive  
19 customers of this monopoly should have to pay investors  
20 rising dividends in a poor economic market. It isn't  
21 happening in any other financial sector. And I don't  
22 think we should bear that burden.

23 I was reading in Avista's Annual Report that  
24 the company has borrowed money that it needs to repay.  
25 We all have to borrow monies that we need to repay. If

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1 it's a burden, it's not the customer's burden. I think  
2 that we should not be constantly asked to bail out the  
3 company for things of this sort. So, to re-emphasize,  
4 the annual notes of the past year said that they have an  
5 increase in customer base. It seems to me, unless my  
6 logic is faulty, that should mean a better economic base  
7 for the company.

8 Point number two. Last year we had an  
9 excellent snow base, which should translate into generous  
10 hydroelectric production, and Avista is asking for a 9.2  
11 percent electricity rate increase. There's no logic to  
12 that, if you ask me. I realize that 9.2, as Judge Clark  
13 said, has been changed, but it was not significant.

14 I'd like to ask one more thing. That  
15 accountability is a factor that needs to be demanded of  
16 Avista. Avista got an increase in January, and it's  
17 asking for another increase now. I think they need to  
18 have someone who looks in to see that these requested  
19 increases are actually used as requested, and when those  
20 requests are met, can the billing be reduced. I don't  
21 ever remember a bill going down. Therefore, I ask the  
22 company to treat its budget as every hard-working family  
23 in a stress economy has to do. I ask Avista to be  
24 accountable for the wise use of its customers' money.  
25 And, obviously, I'm asking that the increase in gas and

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1 electrical rates be denied based on the points addressed  
2 in this presentation. I really thank you for listening.

3 JUDGE CLARK: Please, no applause. This  
4 is a quasi judicial proceeding, and I'd ask you to  
5 respect the process. Is there any questions from the  
6 bench? No. Counsel? No. Thank you for your testimony,  
7 Ms. Herzog.

8 The next individual who has indicated they  
9 wish to testify is Karen Eberts. Ms. Eberts, can you  
10 give us your full name and spell your last name, please?

11 MS. EBERTS: My name is Karen Eberts. I  
12 live in Spokane. It's E-b-e-r-t-s.

13 JUDGE CLARK: And, you live in Spokane.  
14 Are you a natural gas, or electric service customer, or  
15 both?

16 MS. EBERTS: We are both. My husband and  
17 I are Avista for gas and electric.

18 JUDGE CLARK: And are you testifying on  
19 your own behalf, or on behalf of a group?

20 MS. EBERTS: No. Just my husband and  
21 I.

22 JUDGE CLARK: All right. Thank you.  
23 Please proceed. And do try to speak up as loudly as you  
24 possibly can.

25 MS. EBERTS: I've been told that's a

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1 problem before. I notice I picked up all these flyers,  
2 and I think they're very nice, and well-presented. I'd  
3 like to comment that my husband and I in the past have  
4 put new siding on our house. We've put a new roof on.  
5 It's a 1969 home that's needed a lot of improvements. I  
6 asked my husband to go through our bills, which he did  
7 do, from 2006 through 2008, so I have documentation here.  
8 I also -- He said, while he was going through it, he  
9 found it to be very confusing. He said he wasn't able to  
10 tell exactly when some of the increases were. He thought  
11 there were actually some times where there were  
12 decreases.

13                   One of the questions that he had was he  
14 wanted to know why the Federal Columbia River Benefits  
15 supplied by the BPA, included in the utility bill, had  
16 been stated on the bill, but not shown. So, what does  
17 that mean.

18                   Another question he had was why is it, then,  
19 the average cost per therm decreases with more therms  
20 used? And while the average cost per kilowatt increases  
21 with more kilowatts used? For some reason that didn't  
22 make sense. But I have paperwork here that shows that is  
23 exactly what happened.

24                   Why is it Avista is asking for rate hikes  
25 from the State Utilities Commission -- I'm sorry, I read



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1 that wrong. Why is it that Avista, when they're asking  
2 for rate hikes from the State Utilities Commission,  
3 differentiates between gas and electricity, when they're  
4 actually both included on the same bill? To my way of  
5 thinking, it's the same company. Why do they  
6 differentiate this way.

7                   And, also, why does Avista have to have such  
8 a complicated billing system with all the consumption  
9 factors, and the average customer doesn't know what it  
10 relates to other than that's what we have to pay?

11                   I thought that the lady that spoke ahead of  
12 me was well-informed. I would agree with her 100  
13 percent. I am asking Avista not to increase our bills  
14 again. I am also retired. The last pay increase I got  
15 when I worked at Washington -- I worked for the State of  
16 Washington at Eastern State Hospital -- the last pay  
17 raise we got was 2.3 percent, and then they turned around  
18 and increased our insurance, so we actually got less in  
19 our paychecks. I think Avista needs to start looking at  
20 their own accountability. I would like to see that.

21                   I have some papers here that I took off the  
22 internet that concerned Avista. And it states that --  
23 this is from Avista -- "We believe a solid dividend and  
24 its growth toward a dividend payout ratio more in line  
25 with the industry average of 60 to 70 percent are

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1 important in continuing investment in our company." I  
2 wish I could get 60 to 70 percent in my Disability. I  
3 wish I could get 60 to 70 percent in what I get from the  
4 State. But, I don't. I think it's unfair. And, I  
5 agree, in these very difficult times, when it's difficult  
6 for everybody with limited incomes for average working  
7 people, you've got to stop gouging us. You've got to  
8 start listening to people. And I would ask that you do  
9 that, please. That's all I have to say.

10 JUDGE CLARK: Thank you. Are there any  
11 other questions? No. All right. I just want to remind  
12 you that we do have representatives from the Commission's  
13 Consumer Protection Section. There are representatives  
14 from Avista here this evening, as well as the  
15 Commission's Regulatory Staff, and Public Counsel. And I  
16 would suggest that you pose your questions to those  
17 individuals after the hearing, so that, hopefully, you  
18 can get somemore information.

19 MS. EBERTS: Thank you.

20 JUDGE CLARK: And, thank you. The next  
21 name I have indicating they'd like to testify, I believe,  
22 is Troy Dillby. I'm sorry, I probably destroyed your  
23 name, sir. If you'll come forward, please, to the  
24 microphone. State your full name, please, for the  
25 record, and spell your last name.

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1 MR. DILLBY: Troy, D-i-l-l-b-y.

2 JUDGE CLARK: Dillby.

3 MR. DILLBY: Yes.

4 JUDGE CLARK: Thank you. And where do  
5 you reside, Mr. Dillby?

6 MR. DILLBY: Spokane Valley.

7 JUDGE CLARK: And are you testifying on  
8 your own behalf, or on behalf of a group?

9 MR. DILLBY: Well, for a lot of people  
10 who can't make it, and on my behalf, too.

11 JUDGE CLARK: And are you an electric or  
12 a natural gas customer of Avista, or both?

13 MR. DILLBY: Electric.

14 JUDGE CLARK: Electric. Please present  
15 your comments, Mr. Dillby.

16 MR. DILLBY: I guess the first question I  
17 need to ask is, if you don't mind, how many times has  
18 Avista requested an increase in the last three, four  
19 years? Can you give me an answer to that?

20 JUDGE CLARK: Again, I don't want to  
21 interrupt you, and I'll remind everyone, that we do have  
22 individuals who are present and are here this evening,  
23 and they will be present after the hearing concludes, and  
24 they can, hopefully, try to answer your questions. It's  
25 really not appropriate for the Commissioners or the

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1 Administrative Law Judge to respond to your questions.

2 MR. DILLBY: So, that question can be  
3 answered after the proceedings?

4 JUDGE CLARK: Yes, sir.

5 MR. DILLBY: Okay. If you noticed, the  
6 price of gas is like over \$3.00 for the gas for your car,  
7 and you know pretty much what I'm getting at, is the  
8 people on Social Security can't afford the electric and  
9 gas --

10 JUDGE CLARK: Will you try to speak up  
11 just little bit, sir?

12 MR. DILLBY: Okay. The electric -- you  
13 know, the people who have houses pay a lot more because  
14 we don't have an apartment, but I think if we limit on  
15 how many times Avista can ask for a rate increase -- we  
16 live on a thousand dollars a month, you know, we've got a  
17 car payment, food, electricity, insurance for the car,  
18 which I cannot afford, so I have to drop that. But what  
19 I'm getting at is, I guess enough is enough. I mean,  
20 Avista has -- you know, they talk about they do help  
21 people with their bills, but I'm thinking where that  
22 money comes from is people who donated it. They got a  
23 little area there saying that you can donate 1, 2, 5, and  
24 \$10, so I'm thinking Avista is not forking up the money,  
25 I mean, it's from the ratepayers, and that's how they get

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1 the money to, you know, pay their -- you know, when  
2 people request help. You know, people from staff. If  
3 this rate increase is approved they're not going to help  
4 very many families. They're going to run out of funds to  
5 help. So, I think they need to consider that, too. I  
6 mean the social programs.

7                   So, you've got to deny it, because when  
8 winter hits, who knows if it's going to be a cold winter,  
9 a mild winter, who knows? Nobody knows that. But last  
10 year it was a heavy winter for Spokane. But who knows  
11 what this winter will bring. And that's all I've got to  
12 say.

13                   JUDGE CLARK: Thank you, Mr. Dillby.  
14 Anything further for Mr. Dillby? No.

15                   MR. DILLBY: Thank you.

16                   JUDGE CLARK: Thank you for your  
17 testimony, sir. The next individual I have is Maria -- I  
18 can't read the middle part, but I think the last part is  
19 Peck. And if you'll state your full name, and spell your  
20 last name for the record, and I'll try not to  
21 mispronounce this name.

22                   MS. HERNANDEZ-PECK: My name is Maria  
23 Hernandez-Peck. The last name is, H-e-r-n-a-n-d-e-z,  
24 dash, P, as in Peter, e-c-k.

25                   JUDGE CLARK: Thank you. And where do

0080

1 you reside, Ms. Hernandez-Peck?

2 MS. HERNANDEZ-PECK: I reside in Spokane,  
3 the Lower South Hill.

4 JUDGE CLARK: And are you an electric, or  
5 a natural gas customer of Avista, or both?

6 MS. HERNANDEZ-PECK: Electric.

7 JUDGE CLARK: Thank you. And are you  
8 testifying on your own behalf, or on behalf of a group?

9 MS. HERNANDEZ-PECK: I'm testifying on  
10 behalf of Aging and Long-term Care of Eastern Washington.  
11 These are local area agencies on aging.

12 JUDGE CLARK: All right. If you could  
13 please give your comments, Ms. Hernandez-Peck.

14 MS. HERNANDEZ-PECK: Thank you. As I  
15 say, I'm here tonight to speak on behalf of the Planning  
16 and Management Council of Aging and Long-term Care of  
17 Eastern Washington, which is the designated area agency  
18 on aging for this area. I am a volunteer member of the  
19 Council, and I am serving as the immediate past Chair.  
20 The Council is composed of 29 volunteers from Spokane  
21 County, and 4 surrounding counties - Ferry, Stevens, and  
22 Pend Oreille to the north, and Whitman to the south. I  
23 will try to speak slowly. I do have an accent. My  
24 native language is Spanish, so please bear with me.

25 Council members are very concerned about the

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1 adverse impact that electrical and natural gas rate  
2 increases will have on home heating, cooling, and  
3 lighting costs for low income residents of Spokane  
4 County. It is reported that we are the poorest of the 5  
5 most populated counties in Washington state. We know  
6 that rate increase stipulated in the proposed settlement  
7 average, an average of 9.2 percent for electricity, and  
8 2.4 percent for natural gas, will have an adverse effect  
9 on frail, vulnerable seniors, and others who live on  
10 fixed incomes.

11                   Seniors and others who are living in their  
12 own homes are already making tough choices when Social  
13 Security increases are below increases in other vital  
14 goods and services, such as the cost of gas for their  
15 automobiles, and the cost of food. Increased costs for  
16 electricity can result in a decline in health and safety,  
17 as low income seniors turn down the heat in winter and  
18 become more susceptible to colds, flus, and pneumonia.  
19 Some will make up for increased heating costs by taking  
20 less medication. We know a number of people who have  
21 medications, have also increased, they may take half a  
22 pill instead of a whole pill. By buying less food than  
23 they need. And our agency staff have been working in  
24 conjunction with other community agencies and Avista to  
25 address these issues.

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1                   I understand that this proposed settlement  
2 contains provisions to increase energy assistance by  
3 \$500,000 per year, and energy conservation funding by  
4 \$350,000 for low income individuals.

5                   Our Council will not meet until September  
6 26th, so we will not be able to give you an official  
7 position at this time. However, I also understand that  
8 the rate of increase in funding generated by this  
9 proposed settlement for energy assistance to low income  
10 individuals will be in excess of the proposed average  
11 electrical rate increase. We commend Avista for agreeing  
12 to a proposed settlement containing these provisions.  
13 Thank you very much.

14                   JUDGE CLARK: Thank you. Any questions?  
15 No. I'm sorry, the Chairman would appreciate it if you  
16 would repeat the last part of your statement.

17                   MS. HERNANDEZ-PECK: I understand that  
18 the rate of increase in funding low income individuals  
19 will be in excess of the proposed average electrical rate  
20 increase. We commend Avista for agreeing to a proposed  
21 settlement containing these provisions.

22                   JUDGE CLARK: Thank you. And I do want  
23 to remind you, you indicated that your Council will not  
24 meet until September 26th, and I want to remind you that  
25 the Commission will accept the written comments in these



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1 proceedings until the first week of December. So, should  
2 you choose to submit written comments after your Council  
3 has met, you may certainly have that opportunity.

4 MS. HERNANDEZ-PECK: Thank you very  
5 much.

6 JUDGE CLARK: Those are the only  
7 individuals I have on my list who indicate that they wish  
8 to present testimony this evening. I do have some other  
9 people who have question marks by their names, and I'm  
10 not sure if they wanted to testify this evening. If you  
11 would like to testify, would you please come forward at  
12 this time to the lectern. And if you could state your  
13 full name for the record, please, and spell your last  
14 name.

15 MS. RASMUSSEN: Elaine Michelle  
16 Rasmussen, R-a-s-m-u-s-s-e-n.

17 JUDGE CLARK: And where do you reside?

18 MS. RASMUSSEN: In Spokane Valley.

19 JUDGE CLARK: And are you an electric, or  
20 a natural gas customer of Avista, or both?

21 MS. RASMUSSEN: Both.

22 JUDGE CLARK: Are you testifying on your  
23 own behalf, or on behalf of a group?

24 MS. RASMUSSEN: On behalf of my family.

25 JUDGE CLARK: All right. If you'd

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1 proceed, please.

2 MS. RASMUSSEN: I have shortened this  
3 considerably because I only have three minutes.

4 JUDGE CLARK: Excuse me. Did you take  
5 the oath when I administered it earlier?

6 MS. RASMUSSEN: Yes. I did.

7 JUDGE CLARK: All right. Thank you.

8 MS. RASMUSSEN: I've shortened this  
9 considerably because of previous testimony and because of  
10 the time restraints. January 1st of 2008 a rate  
11 increase went into effect --

12 JUDGE CLARK: If you could slow down just  
13 a little bit.

14 MS. RASMUSSEN: The Commission approved  
15 an agreement that reduced the proposed rate by Avista by  
16 40 percent of the value, and I want to take time and  
17 thank them very much for that.

18 However, I want to also bring out that the  
19 increase from last year, and the potential increase from  
20 this year, will potentially be a 16.7 percent increase in  
21 the rate. That's a considerable amount of increase for  
22 people who are on fixed income, let alone those who are  
23 in the middle class.

24 I particularly want to go ahead and address  
25 a couple of areas tonight. One of them starts with the

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1 Spokesman Review yesterday reported that, quote/unquote,  
2 "Avista officials say that the company isn't being  
3 greedy." I want to first take a look at the breakdown of  
4 the Executive Officers' Compensation Plan. The Spokesman  
5 Review reported for February of 2006 that 26 percent of  
6 its executive pay was included in the retail rates. The  
7 remainder comes from the stockholders' equity.

8 I'd like to read just one section out of the  
9 newspaper. It says, "Customers that" -- this is the  
10 Spokesman Review yesterday -- "'Customers get the  
11 impression that our company is very healthy and making  
12 lots of money,' said Kelly Norwood, an Avista vice  
13 president. 'When you step back and look at us from a  
14 bigger picture perspective, we're on the lower end of  
15 financial health for investor-owned utilities across the  
16 country.'"

17 Along with this plan, they're also  
18 requesting, and include a \$5 million higher rate of  
19 return for the shareholders. I want to go back to --  
20 Based on the compensation discussion analysis included in  
21 the company's proxy statement filed with the SEC on March  
22 30th, 2007, the senior management salaries were based on  
23 5 areas, and 3 of them are well-covered (phonetic). The  
24 base salary is self-explanatory. Short-term performance  
25 based cash incentive compensation, which is set as a

0086

1 percentage of the base salary. And a long-term equity  
2 incentive compensation, which is giving performance.

3 In 2006 alone the CEO received 103 percent  
4 of his base salary as a cash incentive compensation.  
5 Mr. Meyer received 46 percent, and the other executive  
6 officers received 68 percent of their base salary for the  
7 cash compensation. The performance shares, each one of  
8 them received 122 percent of the total number of  
9 performance shares. How does that break down? I could  
10 only find 2005's information out of the Spokesman Review,  
11 which stated, "Then CEO, Gary Ely, received a base salary  
12 of \$687,500, a cash incentive bonus for \$510,159, a  
13 performance shares bonus of \$1,375,584, for a total  
14 salary in 2005 of \$2,573,243. I'm sure it's much higher  
15 today.

16 The other -- The extent of that was the  
17 greed that's involved in the compensation plan, which is  
18 tied directly to their requests for more rate increases.  
19 I'm beginning to -- I'm not against reasonable raises and  
20 bonuses, but I'm beginning to smell some Wall Street here  
21 in Spokane.

22 Second, on February 1st of 2007 the  
23 Commission entered a final order approving the company's  
24 pilot program, which I do believe could be in the best  
25 interests of rate-paying customers, if regulated. The

0087

1 Commission concluded that, "In an appropriately-designed  
2 pilot program with adequate safeguards to protect  
3 ratepayers is in the best public interest. However, you  
4 agreed with Public Council, and The Energy Project that  
5 the proposal is not without potential flaws and risks to  
6 rate-paying customers."

7           The final order required Avista to develop,  
8 through a collaborative process, a draft evaluation plan  
9 to be filed with the Commission no later than December  
10 31st of 2007. Avista not only failed to comply with this  
11 obligation to develop and file the required plan, but  
12 also failed to promptly notify the Commission of its  
13 breach. Only when the Public Counsel brought the matter  
14 to light did Avista come forward with an explanation and  
15 apology for its delay, and, admittedly, did nothing for  
16 the entire year to perform a thorough evaluation.  
17 Failure to comply caused a penalty of \$100,000, and a  
18 fine of \$50,000, which I commend the Commission for  
19 ordering. I also want to note the December 2007 penalty  
20 of \$15,000, and the September 2007 penalty of \$5,000 for  
21 Avista violating Commission orders. You reminded them of  
22 their need to comply. I am beginning to see a pattern of  
23 disregard for authority.

24           Avista states it has agreed to bear the  
25 reasonable costs of the evaluation without recovery in

0088

1 rates. How do we know that? Again, you're asking for 37  
2 million for this year for capital improvements and other  
3 expenses. What does that mean?

4 In conclusion, Senator Obama and Senator  
5 McCain both say that the problem on Wall Street are the  
6 results of corporate greed, and stated that there's a  
7 need for a complete overhaul of governmental regulatory  
8 agencies. My question to you, as the Commission  
9 regulating Avista, when is enough enough? I don't care  
10 if the increases are within the utilities standards  
11 across the nation, this nation is going under due to  
12 greed and corporations' disregard for authority, and it's  
13 time to put an end to it. The cash (phonetic) rate this  
14 season is bringing change. Why not let it start here  
15 with the Washington Utilities and Transportation  
16 Commission. Let's show America there are still some good  
17 regulators out there. Thank you.

18 JUDGE CLARK: Thank you, Ms. Rasmussen.  
19 Any inquiry? No. Thank you.

20 There are two additional names of  
21 individuals who signed in to testify. I'll need to swear  
22 both of these individuals in, and if you'll come forward  
23 so I can administer the oath. The first is Janet  
24 Schneider. Will you raise your right hand, please. Do  
25 you solemnly swear or affirm that the testimony you are

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1 about to give in this proceeding will be the truth, the  
2 whole truth, and nothing but the truth?

3 MS. SCHNEIDER: Yes.

4 JUDGE CLARK: Will you please state your  
5 full name for the record, and spell your last name.

6 MS. SCHNEIDER: My name is Janet  
7 Schneider, and that's S-c-h-n-e-i-d-e-r.

8 JUDGE CLARK: And where do you reside?

9 MS. SCHNEIDER: I reside in Spokane  
10 Valley.

11 JUDGE CLARK: Are you an electric, or a  
12 natural gas customer, or both?

13 MS. SCHNEIDER: We have electric,  
14 and forced air electric.

15 JUDGE CLARK: And are you testifying on  
16 your own behalf, or on behalf of a group?

17 MS. SCHNEIDER: Well, really, I'm on our  
18 family's behalf, but also our neighbors, basically.

19 JUDGE CLARK: You can make your  
20 comments.

21 MS. SCHNEIDER: We have a senior citizen  
22 with health problems right across the street from us. I  
23 have two single women that live on each side of our  
24 house, and my husband and I are middle to low income.  
25 What we've noticed with Avista is that we use a certain

0090

1 amount of kilowatt, and then it goes up higher, and then  
2 it goes up higher, and charges you more for those extra  
3 amount of kilowatts that you made. So, to me, we're  
4 getting a false sense of really what the rate is, because  
5 you're giving us the lower rates, maybe the summer rates,  
6 compared to really what the winter rate would be.

7               So, with the cost of the economy the way it  
8 is now, going up, and all Avista is paying, it really  
9 might make it difficult for some of us to pay our bills.  
10 And I know some of our neighbors might be choosing to eat  
11 or to heat their homes, and/or pay their medical bills,  
12 or not take, you know, their medications. So, that's  
13 what they're dealing with. And one of my neighbors is  
14 unable to come, who just had surgery for his eyes.

15               But that's what we think is really the deal  
16 with us. You know, there's a lot of profits being made  
17 that are wrongfully being made, and the lower and middle  
18 class is really taking the brunt on it. And we're really  
19 being -- we have had to cut, you know, areas of our life  
20 where we really didn't plan to have to cut. We used to  
21 be able put some money away each month into savings, and  
22 into an extra account, and we're no longer able to do  
23 that anymore with the cost of the rising economy, and the  
24 lack of the raises to go to meet that.

25               So, when I read that Avista wanted 5 million



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1 for their shareholders and stockholders, I wrote you a  
2 letter. You have my letter somewhere, that said, "Oh,  
3 please. They need more money? What about passing it on  
4 to the rest of us? We need a little extra money now,  
5 too." So, if you can keep that, you know, that rate as  
6 low as possible, that they need to keep their equipment  
7 and things up to date, and going, and not just padding  
8 their pocketbooks, and that type of thing, we would  
9 really appreciate that. Thank you.

10 JUDGE CLARK: Thank you, Ms. Schneider.  
11 Any questions? No. Thank you. Karen Cosgrove? Were  
12 you present when I administered the oath?

13 MS. COSGROVE: No.

14 JUDGE CLARK: All right. Could you raise  
15 your right hand, please. Do you solemnly swear or affirm  
16 that the testimony you will give in this proceeding will  
17 be the truth, the whole truth, and nothing but the truth?

18 MS. COSGROVE: Yes.

19 JUDGE CLARK: Thank you. Can you state  
20 your full name for the record, please, and spell your  
21 last name.

22 MS. COSGROVE: My name is Karen Cosgrove,  
23 C-o-s-g-r-o-v-e.

24 JUDGE CLARK: We can't hear you at all.

25 MS. COSGROVE: My name is Karen Cosgrove.

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1                   JUDGE CLARK:  If you could move that  
2 microphone right down by your mouth.  Again, the third  
3 time is the charm.

4                   MS. COSGROVE:  My name is Karen Cosgrove,  
5 and that's C-o-s-g-r-o-v-e.

6                   JUDGE CLARK:  We can't hear you on the  
7 end.  Kind of push the microphone toward you now.

8                   MS. COSGROVE:  That's C-o-s-g-r-o-v-e.  
9 We got here a little bit late, and I would certainly like  
10 to thank Ms. Rasmussen for a really well-thought out  
11 speech, and all of her research, because I thought it was  
12 really a tremendous idea.  Now, I did --

13                   JUDGE CLARK:  I need to interrupt you,  
14 and ask you just a few preliminary questions,  
15 Ms. Cosgrove.  Where do you reside?

16                   MS. COSGROVE:  I reside in Spokane  
17 Valley.

18                   JUDGE CLARK:  And are you an electric, or  
19 a natural gas customer, or both?

20                   MS. COSGROVE:  I'm electric, but we do  
21 have natural gas in our area.

22                   JUDGE CLARK:  And are you testifying on  
23 your own behalf, or on behalf of a group?

24                   MS. COSGROVE:  Both.  I live in a  
25 neighborhood where we're very low income, and a lot of

0093

1 folks are in pretty desperate shape. And these different  
2 rates that they came out with several times a year, and  
3 it's difficult (phonetic).

4 JUDGE CLARK: All right. You can proceed  
5 with your comments, and I'd ask you to please speak just  
6 as loudly as you possibly can.

7 MS. COSGROVE: Okay. I just wrote this  
8 letter, so I didn't get a chance to mail it, but I just  
9 want to read my comments. I find this situation of you,  
10 Avista Company, asking several times a year for large  
11 price hikes is unforgivable. Especially when so many  
12 Americans are strapped and in terrible financial  
13 situations, whether it be from poverty, low incomes,  
14 fixed incomes, or the stock market and bank failures that  
15 are occurring today. Or, just Mother Nature's  
16 destructiveness. These huge price hikes are putting all  
17 of us in a tremendous jeopardy situation, and many of us  
18 would dearly like to contribute funds to rebuilding  
19 charities to help so many other people get back on their  
20 feet and stabilize their lives, especially people in a  
21 terrible situation. But we find this to be impossible  
22 because of all the dramatic increases in the prices of  
23 goods like gas and just everyday living necessities.

24 So, this puts us in a very precarious  
25 situation, and we have to carefully consider any and all

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1 donations that come out of our pocketbooks, because our  
2 everyday mere existence is on very shaky ground, I  
3 believe, here in Spokane. I know a lot of people are  
4 worried about the financial market, the way it looks,  
5 that it may get worse, and even develop into a  
6 depression. So, I'm hoping that you will not fail our  
7 citizens now or ever in the future with these outrageous,  
8 and really inconsiderate price hikes. These hikes in  
9 general everyday basic necessities and living expenses  
10 are literally, dramatically lowering the quality of life,  
11 at least in my area they are.

12 I think this affects everyday living, and  
13 some people survive, literally, losing their homes, or  
14 whether or not they're going to be able to afford things,  
15 and such. I don't think these hikes take into  
16 consideration the small raises, if any, that people are  
17 living on, coming from like small fixed incomes, Social  
18 Security, retirement funds, you know, each year. In the  
19 small adjustments in income, if there is any, then has to  
20 be divvied up, or split up to cover so many different  
21 things such as doctor bills, and medicine, housing, not  
22 to mention the mere electric bill. And those of us who  
23 have taken a huge hit in the stock market, our 401(k)s,  
24 and retirement funds are really beginning to be  
25 desperate.

0095

1                   I think there is a panic right here in  
2   Spokane, and all over the United States. Everybody's  
3   talking about it no matter where you go. Well, in the  
4   meantime, you, Avista, want to tremendously increase the  
5   payout to the stockholders. Honestly, my opinion is you  
6   should be ashamed of yourself. I know I am.

7                   I'm also very concerned with your stupid,  
8   and I feel very poor decision to lower Lake Coeur  
9   d'Alene, mainly to impress the visual expectations of the  
10  condo owners out there, which, in turn, will risk the  
11  possibility of your company running low on electricity  
12  which is currently stockpiled up in excess. And that, in  
13  turn, will put you in a deficit situation once again, and  
14  you will need to go shopping, to go out and purchase more  
15  electricity from other sources, and more than likely at  
16  much higher prices.

17                  I have what might be a little bit of a  
18  solution for this dilemma. I would like to see your  
19  company devise a way to access each individual's home  
20  needs and situations in order to determine a fair price  
21  per home so that they would have a decent standard of  
22  living available to each one, and not eat them out of  
23  their lives and home. I also think you must develop a  
24  way to exempt low income people, poverty-stricken folks,  
25  small fixed income, and unemployed folks to these price

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1 hikes. I also feel these particular folks should receive  
2 a deep cut in their electrical rate in order to maintain  
3 their survival. So, I feel that they should be exempt  
4 individuals from rate hikes, you know, in a very  
5 precarious situation.

6                   And, like I said, I also think that you  
7 should come up with some type of plan to cut their rate  
8 so that these people can at least keep their heads above  
9 water, because there are so many of us that are coming up  
10 for the last time. So, I'm just one of the American  
11 citizens that's worried sick about what I see here today,  
12 not only here, but in America in general. I'm just  
13 hoping that today we can start right here in Spokane with  
14 some kind of a program, such as this, mainly some  
15 standards that will help out everybody, not just us, but  
16 everybody, because there are so many folks in this boat.  
17 Thank you.

18                   JUDGE CLARK: Thank you for your  
19 testimony, Ms. Cosgrove. If you could wait just a  
20 minute, and see if we have any questions. No. Thank you  
21 for your testimony this evening.

22                   MS. COSGROVE: Can I drop off a copy of  
23 this?

24                   JUDGE CLARK: Yes. You can drop off a  
25 copy of that. Give it to Linda Johnson, who is the woman

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1 who aided you in signing the sign-in sheet in the back of  
2 the room.

3 MS. COSGROVE: Thank you.

4 JUDGE CLARK: Thank you. If there is  
5 anyone else who wishes to testify, if you could raise  
6 your hand, please. Were you here when I administered the  
7 oath, sir?

8 Yes.

9 JUDGE CLARK: Would you come forward,  
10 please. Could you state your full name for the record,  
11 please, and spell your last.

12 MR. GRECO: My name is Al Greco,  
13 G-r-e-c-o.

14 JUDGE CLARK: And where do you reside?

15 MR. GRECO: Spokane.

16 JUDGE CLARK: Are you an electric, or a  
17 natural gas customer, or both?

18 MR. GRECO: Both.

19 JUDGE CLARK: Are you testifying on your  
20 own behalf, or on behalf of a Group?

21 MR. GRECO: On my own behalf.

22 JUDGE CLARK: If you'd proceed, please.

23 MR. GRECO: There's been a number of  
24 questions that have been brought up, so I figured -- I  
25 did a little history, and I went back to 1999, and in

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1 1999 there were 206,000 ratepayers for electric. Today  
2 there's 230,364. For gas in 1999 there was 120,000.  
3 Today there's 146,673. The rates in 2002 were \$55.81 per  
4 thousand kilowatt hours. Today there's \$70.76 per  
5 thousand kilowatt hours. That's for electric. The gas  
6 was \$58.30 back in 1999. Today it's \$84.49 for 70  
7 therms.

8                   There's been some comment about the fact  
9 that gas has gone up, it's spiked up, and so forth, but  
10 there's been a 30 percent reduction on that. And last  
11 year in June it was \$7.39 for therm. As of today it's  
12 right around the same amount, because it's come back  
13 down. Yet, they want to increase our gas. They have 67  
14 percent of their 2009 gas already in storage, or bought.

15                   They also want to raise their rate of return  
16 to -- what is it -- 10.8. They get a 10.2 percent return  
17 today. There was back in 19 -- or 2002, there was 25  
18 percent surcharge put on our bills, which was supposed to  
19 run out in 2006. It's still there. I've never seen it  
20 come off. So they need to explain that to me.

21                   Also, there's a service charge which was put  
22 on of \$3.00. And I don't know when the \$3.00 was put on,  
23 but it was changed in 1999 from \$3.00 to \$5.00. In 2004  
24 it changed from \$5.00 to \$5.50. Today they want to raise  
25 that. And I have no idea what they use it for.



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1                   There was also a thing in April of 2008  
2 where BPA gave them a credit of \$20.00 for an individual  
3 ratepayer for Avista. Avista said, "Well, we'll give it  
4 back to our ratepayers in installments of \$2.90 per month  
5 from April to October. I have yet to see it on my bill.  
6 Their increased profits for this year, since the rate  
7 went into effect on January 1st, is 72 percent more than  
8 it was in 2007. They have made a profit of \$23,500,000  
9 in two quarters. That's profit. And they said that the  
10 reason they made this is because of the rate that went  
11 into effect in January.

12                   Also, there was something that I noticed in  
13 there, historically, is that there was a utility equity  
14 capitalization that was supposed to raise from 27 percent  
15 to 38 percent by 2008. That was mandated by this Board.  
16 And I don't know if that's been met or not. If it hasn't  
17 been, there was supposed to be some type of things that  
18 would have happened. I don't know what would even  
19 happen.

20                   Also, there was some comment about what the  
21 CEO makes, and so forth. The rank and files made 18  
22 percent over the last six years, whereas, the CEO has  
23 made 40 percent, and the lower echelon people below the  
24 CEO make 70 percent increases in their wages. And,  
25 granted, you folks have improved that, because you said,

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1 "Well, basically, due to the fact that the CEO is  
2 specialized in what he does," that means we, as  
3 ratepayers, are not going to have to pay for that, which  
4 I think is good. I don't think that we should have to  
5 give one dime. I think, if anything, we should get a  
6 reduction due to the fact that they have a 70 percent  
7 increase in profit in the first two quarters over this  
8 year already. Thank you.

9 JUDGE CLARK: Thank you. Let's see if  
10 there's any inquiry. No. All right. Thank you very  
11 much for your comments. Is there anyone else who wishes  
12 to testify this evening? All right. Then I'd like to  
13 remind everyone that we do have a number of individuals  
14 who are present this evening who are available to answer  
15 any questions that you might have, and remind you that we  
16 have representatives from Avista, Public Counsel, the  
17 Commission's Regulatory Staff, and a number of the  
18 Commission's Consumer Protection Section. Before we  
19 conclude this evening's hearing, do the Commissioners  
20 have any closing remarks for us?

21 MR. SIDRAN: Thank you. I just want to,  
22 again, express appreciation for the people who take time  
23 out of their lives to come here and share the opinions,  
24 and ask the questions that have been asked. It is  
25 helpful to us. We know, even when we're sitting in

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1 Olympia, that the decisions that we make affect real  
2 people in real ways, and it reinforces our understanding  
3 of that when we come out to the communities around the  
4 state, and have the opportunity to hear people, as we  
5 have tonight. I want to re-emphasize something that  
6 Judge Clark mentioned. A number of people tonight raised  
7 issues, or asked questions, and while, because of the  
8 nature of the process, we will not answer those, there  
9 are people here who can answer those. And if you want  
10 answers, you can ask those questions of some of the  
11 representatives that Judge Clark mentioned here tonight,  
12 and they can explain to you some of what you may wish to  
13 understand better. So, with that, I want to thank you  
14 again for taking the time to come out this evening. I  
15 don't know if my colleagues have anything they wish to  
16 add? Apparently not.

17 JUDGE CLARK: I would also like to thank  
18 you for your participation this evening. Is there  
19 anything further to be considered on this record?  
20 Nothing. We are adjourned.

21

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(7:15 p.m.)

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