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1 PUBLIC COUNSEL, by SIMON FFITCH, Assistant
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2 Washington 98104; telephone (360) 389-2055.

3 COMMISSIONERS: Chairman Mark Sidran, Patrick
Oshie, Philip B. Jones
4

5 Also present: DEPUTY ASSISTANT DIRECTOR FOR ENERGY: Michael
6 Parvinen

7 AVISTA REPRESENTATIVES: Scott Morris,
President and Chief Operating Officer, Kelly
8 Norwood, Vice-president State and Federal
Regulation
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1 P R O C E E D I N G S

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3 MR. SIDRAN: Good afternoon, welcome to the
4 Washington Utilities Transportation Commission Public Hearing
5 in relationship to the Avista Corporation proposed rate
6 increases, my name is Mark Sidran, I chair the Commission,
7 I'm joined by my colleagues, on my left, your right,
8 Commissioner Patrick Oshie, on my far right, and that is not
9 a political statement, but on my far right is Commissioner
10 Philip Jones, and in between us is our Administrative Law
11 Judge, Adam Torem, who will actually be conducting the
12 hearing. We delayed for just a bit to allow some of the
13 attorneys from the Attorney General's Office to join us, I'm
14 pleased to say that I actually made it on time despite a flat
15 tire on the way over here, but I want to apologize to the
16 Spokane City employee of the month in whose parking place
17 that I am currently illegally parked, but I figure it's after
18 5:00, and hopefully that employee, as diligent as he or she
19 may be is not currently in need of that parking place.

20 First, thank you very much for coming out to
21 this hearing, Judge Torem is going to explain our process
22 this evening, and he's going to be conducting the hearing,
23 but I just want to begin by letting you know that at this
24 part of our process in a rate case hearing -- and it is a
25 fairly extensive process, which Judge Torem will describe in

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1 more detail and give you more information about -- this part
2 of the process which is an opportunity for customers of
3 Avista and members of the public to convey their comments
4 directly to us, it's a very important part of the rate case
5 proceeding. And we know that it takes time and effort for
6 people to take time out of their busy life to come down and
7 comment in person, so thank you for doing that. We also
8 accept comments for those who cannot be here, or if you know
9 people who could not be here, we do accept comments in
10 writing, either electronically by e-mail, or by traditional
11 letter, and, again, Judge Torem will explain a bit of that to
12 you in more detail.

13 So we are pleased to be here in Spokane, and
14 look forward to hearing your comments this evening, and with
15 that, we'll turn it over to Judge Torem, who will, in
16 addition to explaining the proceedings, introduce some of the
17 other people who are here to participate tonight on behalf of
18 the company, and on behalf of the Public Counsel's Office,
19 and the Attorney General's Office, and the staff of the
20 Commission, so with that, Judge Torem.

21 JUDGE TOREM: Thank you, Chairman Sidran.
22 First, let me formally identify this case, this is the Avista
23 rate case in which the company is seeking a 51.1 million
24 dollar, or 15.8 percent increase to electric rates, and 4.5
25 million dollar, or 2.3 percent increase to its natural gas

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1 rates. This consolidated case has two different docket
2 numbers, they are UE-070804 and UG-070805. This afternoon we
3 are convened at the Council Chambers in the City Hall in
4 Spokane, Washington for a public hearing, it's Tuesday
5 evening, October the 2nd, 2007, and it's now a little bit
6 after 5:00 o'clock p.m.

7 As Chairman Sidran indicated, my role this
8 evening is to facilitate the public hearing. The
9 Commissioners' role will be to listen to your comments, and,
10 as you can see, we do have a court reporter, Mr. Ray Groth,
11 who is going to take down your comments, so I'll ask you to
12 moderate the speed of your speech, and I may interrupt if
13 you're going to fast for him to get everything down.

14 This public hearing is held as a part of the
15 Commission's formal hearing process, and in this case we're
16 considering the company's proposed revisions to two tariffs,
17 they are letters WNU-28, that's the electric rate tariff, and
18 WNU-29, the gas tariff, and these proposed changes were filed
19 by Avista with the Commission on April 26th, 2007. And as I
20 indicated earlier, the company is proposing these rate
21 increases, and they're requesting that they be effective as
22 of June 1st of 2007. And I know most of you know that date
23 already passed, but the Commission has already suspended
24 these tariff revisions, the changes in rate, and determined
25 it's necessary to conduct a hearing into whether or not the

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1 proposed rate increases from Avista are fair, just and
2 reasonable. Now the hearings themselves are going to begin
3 in Olympia on Monday, December the 10th, 2007, and continue
4 as long as necessary the balance of that week, so the week of
5 December 10th through December 14th.

6 As Chairman Sidran noted, it is a very long and
7 formal process, and it's one where we take both technical
8 testimony from expert witnesses provided by the parties to
9 the case who formally appear before the Commission, and we
10 also take your public testimony tonight and other evidence
11 from members of the public in any public comment sessions,
12 and this is the one scheduled for this case.

13 The purpose of tonight's hearing is to provide
14 the Commissioners with information that they can use when
15 they make a decision about whether Avista's proposed rate
16 increases are in the public interest, and if they've provided
17 rates that are fair, just, reasonable and sufficient. Your
18 comments tonight will be given under oath, and I'll ask those
19 of you who have signed in in a little bit to stand and take
20 an oath, and as I indicated earlier, the court reporter will
21 take those down and later transcribe them, so your comments
22 will actually become part of the formal record of this case
23 that is the basis for the Commission's decision, which will
24 be out probably in March of 2008.

25 Now I'm going to ask that counsel that are here

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1 tonight for Avista and other parties to make a formal
2 appearance at this time and introduce anybody else who they
3 may have brought with them. So they're going to state for
4 the record who they are and who they represent, and if you
5 follow along you might want to jot down the names. You'll
6 also hear that there are two different Assistant Attorney
7 Generals who will make their introductions tonight, each of
8 them, though, has a separate client and a separate purpose in
9 the matters before the Commission. So let me start with the
10 Avista Corporation and ask their counsel to come forward,
11 Mr. David Meyer.

12 MR. MEYER: Thank you, your Honor. Members
13 of the Commission, for the record, my name is David Meyer,
14 and I represent Avista, and if I might just take a minute to
15 introduce a few other members, and excuse my back as I turn.
16 Scott Morris is the President and Chief Operating Officer of
17 Avista, and, Scott, if you could please stand up. And Kelly
18 Norwood is the Vice-president in charge of rates and
19 regulation on both Federal and State level. In addition, we
20 have other people I'm not going to introduce others by name,
21 but we have a half a dozen others from Avista, some are out
22 there manning the table with some informational brochures.

23 The reason I wanted to introduce these people is
24 that because this format doesn't allow us to respond to
25 specific questions you might have, or that might occur to you

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1 perhaps during a break, or after this hearing, all of us will
2 be available to respond to any questions you might have, so
3 we will -- we will be here, and we'd encourage you to
4 approach us with any questions you might have. And, in
5 closing, thank you for being here, this is your opportunity,
6 as the Law Judge explained, to present your views to the
7 Commission that you are also our customers, and we are
8 interested in your views as well. So, thank you. Thank you.

9 JUDGE TOREM: Thank you, Mr. Meyer. Public
10 Counsel is Simon ffitch, I'm going to ask him to come up, and
11 he may have, a few moments after we get done with
12 introductions, some comments about the case itself, and I'll
13 ask him to come back for those.

14 MR. FFITCH: Thank you, your Honor, Simon
15 ffitch, Assistant Attorney General, with the Public Counsel
16 Office, on behalf of residential and small business
17 customers.

18 JUDGE TOREM: And we also have an Assistant
19 Attorney General representing Commission staff, and I'll ask
20 Mr. Trautman to come up now and introduce himself, and
21 exactly who he represents.

22 MR. TRAUTMAN: Thank you, your Honor, I'm
23 Gregory J. Trautman, Assistant Attorney General, and I
24 represent the Commission's staff, which is a separate party
25 from the Commission in this case, and we will also be

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1 reviewing Avista's rate request and presented testimony on
2 the requested increase. Also here with Commission's staff is
3 Mike Parvinen, who is the Deputy Assistant Director for
4 Energy, and he and I will be available after the hearing to
5 answer any questions.

6 JUDGE TOREM: Excellent. There are 3 other
7 parties to this case known as Intervenor, and I'm not sure
8 if any of them are here tonight, there is ICNU, the Northwest
9 Industrial Gas Users, or NWIGU, and The Energy Projects. I
10 didn't expect them to be here, but I wanted to make sure.
11 Those Intervenor are also -- have specific interests in the
12 case, and will be calling expert witnesses in December, and
13 they'll be reviewing as necessary the public comments for
14 that part of the case.

15 MR. SIDRAN: And just to clarify, ICNU stands
16 for the Industrial Customers of Northwest Utilities.

17 JUDGE TOREM: Thank you, Chairman Sidran.
18 Now, this is your opportunity for members of the public to
19 offer comments to some of these proposed rate increases, and
20 gas rates, but we recognize you may also have questions,
21 tonight the Commission is not in a position to answer your
22 questions unless it has to do with the process itself, so the
23 purpose tonight is to get public comment. If you have
24 questions, let me recommend you direct them, depending on
25 what the question is, to the Commission's Consumer Services

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1 Commission, when you came in, if you wanted to speak, you
2 crossed by and sign up on a list with Ms. Linda Johnson,
3 she's outside the doors there at the table, and she'd be
4 glad to answer questions about the process. You can also
5 direct questions to Mr. ffitch for Public Counsel, and ask
6 Mr. Trautman for the Commission staff's role, or to any of
7 the folks from Mr. Avista that Mr. Meyer pointed out.

8 So my experience in taking public comment tells
9 me that each speaker needs to be limited to about 3 minutes,
10 we have, I think, 25 people signed up at this point, so if we
11 have time we'll get through things within an hour to an hour
12 and a half. Those of us who have spoken in public before
13 know that 3 minutes is actually quite a bit of time.

14 Now some of the speakers run over a little bit,
15 I may interrupt you and ask you to sum up, and it's not
16 necessary for folks to repeat what they may have already
17 heard, so if you come up and you've heard, say Mr. Smith or
18 Mr. Jones make a comment you agree with, or disagree with,
19 please just let us know that. If you want to add onto that,
20 and if you have something that you want to ask specifically,
21 feel free, but you don't need to repeat something that's
22 already been noted, or communicate and look at things and see
23 how many people might agree with a particular position.

24 Now some of you may also have written comments
25 that you may want to read into the record tonight, that's

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1 fine. If you'd like to also leave us a copy of your written
2 comments, you can bring them over and set them on the court
3 reporter's table, or hand them up otherwise directly to me,
4 as the case may be.

5 Now tonight you may have heard us say the
6 hearing itself is in December, and it's just the beginning of
7 October, we are going to accept written comments all the way
8 up until the week before the hearing until Friday, December
9 7th, and you can send those in in writing, as Chairman Sidran
10 indicated, either electronically, or using the Postal
11 Service, I'd ask that you try your best to avoid postmark
12 date, we won't reject comments that are postmarked December
13 7th and don't quite get to Olympia, but as a courtesy to
14 Mr. ffitch, who has to compile all the public comments and
15 submit them as an exhibit at the end of the evidentiary
16 hearing, we ask that you get them in on or before December
17 7th, if at all possible, so that we have a chance to get them
18 all together before the end of the record closing and the
19 evidentiary hearing.

20 At this time, before I ask for public comment,
21 let me ask if there are statements from Public Counsel's
22 Office, Mr. ffitch, he may be able to characterize a
23 little bit more about the case at this time, and perhaps
24 indicate why the hearing is being held tonight in October.
25 Mr. ffitch.

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1 MR. FFITCH: Thank you, your Honor. I'll try
2 to just make a couple of brief comments, it's a little
3 awkward here with my back to the audience, just, again, to
4 explain our role, I'm with a department of the Attorney
5 General's Office called Public Counsel, and our special
6 assignment, if you will, under state law is to represent the
7 customers of public utilities, including Avista, in cases
8 like this. So we analyze the case and make recommendations
9 from the perspective of the impact on residential and small
10 business customers, and we're in the middle of doing that
11 right now in this case.

12 We have prepared a handout, and I'm sorry I
13 wasn't able to have these on the table right at the beginning
14 when you were coming in, but we have prepared a handout
15 giving an overview of the case, how the process works, some
16 of the information the Judge has already outlined very nicely
17 for you, it's also in here, and we also have in this handout
18 identified some of the concerns that we have from our
19 preliminary analysis of the company's case. And you can pick
20 up a copy of that, and look at that, and I'd be very happy to
21 talk with folks afterwards at the conclusion of the hearing.

22 JUDGE TOREM: Thank you, Mr. ffitch.
23 Mr. Trautman, did you want an opportunity?

24 MR. TRAUTMAN: I'm all right.

25 JUDGE TOREM: Then we are ready to take

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1 your comments, and what I'd like to do is swear everyone in
2 that signed up either on the sheet that I have up here, or
3 perhaps has already signed up with a sheet that Ms. Johnson
4 has not brought up to me yet. So if you were going to
5 testify in this matter, I'm going to ask you in a moment to
6 stand and raise your right hand, and after I've finished
7 giving you the oath, please say "I do" if you affirm that you
8 take the oath. And when I call your name individually, then
9 you'll come to the podium, you'll already have been sworn in,
10 and I'll just confirm that. If for some reason you come to
11 the podium, and later -- well, I guess you wouldn't be here,
12 if -- so if people come in late I'll try to recognize those
13 folks, and, Ms. Johnson, anybody that comes in after this,
14 let me know, I need to individually swear them in. So when I
15 ask you some preliminary questions when you come, to identify
16 who are you, and then I'll let you begin your comments, and
17 you get a time of 3 minutes. Again, I'm going to ask to keep
18 your comments to those 3 minutes, speak slowly and distinctly
19 so that our court reporter can record your comments. So if
20 you will all please rise if you're going to make comments
21 tonight.

22 I solemnly swear or affirm the testimony I will
23 give will be the truth, the whole truth, and nothing but the
24 truth. Say "I do."

25 THE PEOPLE: I do.

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1 JUDGE TOREM: Thank you very much. Let me
2 start with Mr. Davis R. Edmonds.

3 MR. EDMONDS: Should I turn this around, sir,
4 or just speak directly to you?

5 JUDGE TOREM: Yes, please. My name is Ray
6 Edmonds, I'm a retired engineer from Puget Sound Power and
7 Light.

8 JUDGE TOREM: And what city do you live in,
9 Mr. Edmonds?

10 MR. EDMONDS: I live in Spokane, but I'm
11 retired since 1993.

12 JUDGE TOREM: All right. And are you
13 representing yourself tonight, or a group?

14 MR. EDMONDS: Myself.

15 JUDGE TOREM: And are you a customer of
16 Avista?

17 MR. EDMONDS: A customer.

18 JUDGE TOREM: All right. Please, sir, go
19 ahead with your comments.

20 MR. EDMONDS: Okay. Avista states, after
21 their entry into the energy trading business, they were
22 almost bankrupt and they feel they're still in the recovery
23 mode. This may be why in the last 2 and a half years they
24 have continually asked UTC for rate increases. I suppose
25 they expect their customers to bail them out. If this latest

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1 rate increase is approved it will amount to an overall
2 increase of 53.42 percent in a 2-year period. Plus, Avista
3 wants to raise their basic charge of \$5.50 on electricity to
4 \$6 per month, and the basic charge of \$5.50 on natural gas to
5 \$6 per month seems quite a small amount. However, on a
6 yearly basis it will mean over \$2.2 million for Avista that
7 could help pay one of their executive's salary. Avista has a
8 net profit of 45 million in 2005, and a net profit of 73
9 million in 2006, and then recently sold Avista Energy for 175
10 million. If approved, this latest rate increase request will
11 give Avista 55 million dollars more each year. Contrary to
12 Avista flyers in their monthly billing, natural gas and coal
13 has not increased in cost in the past 3 years and the water
14 power dams are still intact.

15 Prior to Hurricane Katrina natural gas averaged
16 \$6.74 per share on the New York Stock Exchange. During
17 Katrina and approximately 2 weeks thereafter natural gas went
18 up to over \$15 per share. After that 2-week period, natural
19 gas fell to below \$8 per share and continued to fall to \$4.50
20 per share on September the 16th, 2006. Natural gas is
21 natural, no refining is required. Avista was fined 2.1
22 million by CFTC, the Commodities Future Trading Commission,
23 for alleged manipulation of electricity futures market with
24 Enron and PGE.

25 The Ninth Circuit Court of Appeals, due to new

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1 evidence in this alleged manipulation has remanded this back
2 to FERC for further investigation on September the 12th,
3 2007. This company could not be out of the woods yet. This
4 civic-minded (phonetic) benevolent company is charging every
5 natural gas customer an 0.79 percent monthly surcharge for
6 low income rate assistance. And they have the gall to ask us
7 for donations.

8 Also, they charge us an 0.96 percent monthly
9 surcharge for energy efficiency, whatever that means. Avista
10 says they need a rate increase to enhance their stockholder
11 equity. That's nice. Also, Avista soon says they need this
12 rate increase for economic/social well-being. Avista
13 customers have not caused their economic problems. In my
14 opinion, this constant rate increase and other charges being
15 levied on us as customers is not only ridiculous, but almost
16 criminal. I respectfully request that these latest rate
17 increases and other charges be denied, and the Washington
18 Utilities and Transportation Commission, along with
19 Washington State Attorney General's Office, and FERC, Federal
20 Energy Regulatory Commission, conduct a thorough and in depth
21 investigation into these ongoing and exorbitant rate
22 increases and charges. Thank you, sir.

23 JUDGE TOREM: Thank you, Mr. Edmonds. The
24 next person Marie Raschko. And I'll ask the speakers to step
25 just a little bit back from the mic so we don't quite have

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1 the amplification, it makes it a little bit harder for the
2 court reporter to hear everything clearly. Ms. Raschko, will
3 you please state your name and spell your last name for the
4 court reporter.

5 MS. RASCHKO: Yes. My name is Marie Raschko,
6 I live in Spokane Valley. First of all, I want to take the
7 opportunity this evening, your Honor, Commissioners, to thank
8 you for coming to Spokane. For those of us over in Eastern
9 Washington it's always important to be represented, and, in
10 fact, doesn't always occur. So, thank you.

11 JUDGE TOREM: Ms. Raschko, before you begin,
12 let me have you again state if you're a customer and who you
13 represent.

14 MS. RASCHKO: I am a customer in the Spokane
15 Valley, I'm here tonight to speak on behalf of the Planning
16 and Management Counsel of the Eastern Washington Area Agency
17 on Aging -- or Aging and Long Term Care of Eastern
18 Washington.

19 JUDGE TOREM: All right. Let's begin your
20 comments.

21 MS. RASCHKO: Aging and Long Term Care of
22 Eastern Washington is a designated area Agency on Aging, I'm
23 a volunteer for the organization, and serve as Chair of its
24 Advocacy Committee. The Council is composed of 32 volunteers
25 from Spokane County, Whitman County, the Tri County areas of

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1 Stevens, Pend Oreille, Ferry Counties. We are concerned with
2 the adverse impact the proposed electrical rate will have on
3 home heating, cooling, and lighting costs for residents of
4 Spokane County. Spokane County is the poorest of the 5 most
5 populated counties in Washington state. Stevens County to
6 the north of us has some of the highest numbers of Medicaid-
7 eligible individuals in the state, including a significant
8 number of seniors living below poverty. Rate increases of
9 the magnitude proposed by Avista for electricity, an average
10 of about 14.2 percent will have an adverse effect on frail,
11 vulnerable seniors and others who live on fixed incomes.

12 I think it's important to note that though there
13 may be funds available for those individuals to seek energy
14 assistance, many of our older adults generally refuse to
15 accept that assistance and will go without.

16 Seniors and others living in their own homes are
17 already making tough choices when Social Security increases
18 are below increases in other vital goods and services; for
19 example, the cost of gas for their automobiles and the cost
20 of the food. You may or may not know that Social Security
21 increases on the average of 2 to 3 percent annually, and this
22 is the sole source of income for many of our older adults.

23 Increased costs for electricity can result in a
24 decline in health and safety as low income individuals turn
25 down the heat in winter and become more susceptible to colds,

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1 flus and pneumonia. Some will make up for increased heating
2 costs by taking less medication, or buying less food that is
3 necessary. Since 2000 electric rate increases at Avista have
4 increased by 45 percent for the average residential customer.
5 At our Planning and Management Council held on September
6 29th, the Council unanimously voted to oppose the proposed
7 electrical rate of 14.2 percent. We encourage you, the
8 Commissioners, to not accept this level of a rate increase
9 for residential customers. Further, we request that the
10 Commission keep proposed increases for low income individuals
11 to no more than the rate of the inflation for goods and
12 services in the areas served by Avista in Eastern Washington.
13 Thank you.

14 JUDGE TOREM: Next comment is from Greg
15 Partch. Mr. Partch, would you state your name and spell your
16 last name for the court reporter.

17 MR. PARTCH: Yes, your Honor. Greg Partch,
18 P-a-r-t-c-h, I'm a Whitman County Commissioner, and I'm here
19 acting today as Chair of the Governing Board of Aging and
20 Long Term Care of Eastern Washington. Thank you, your Honor,
21 Mr. Chair, and Commissioners, thank you for allowing us to be
22 here, and thank you for coming over to our side of the state,
23 the dry side.

24 What I'd like to do, I'm going to submit some
25 paper over here, and I'm going to just make some comments as

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1 I go by. Again, my name is Greg Partch, I'm here tonight to
2 speak on behalf of the Governing Board of Aging and Long Term
3 Care of Eastern Washington. I serve as the Chair of the
4 Governing Board, I've been doing that for the last 4 years,
5 and am a Whitman County Commissioner. I'm also a user of
6 Avista. The Agency serves as the area agency on aging for
7 Spokane County, the City of Spokane, and the 4 surrounding
8 counties, Ferry, Stevens, Pend Oreille to the north, and
9 Whitman to the south.

10 A significant number of individuals served
11 through the Agency, and its subcontractors have chronic
12 illnesses and/or disabilities, are low-income, and are
13 eligible for Medicaid. The people that I'm talking to, here
14 for tonight, are those over 3,000 people that we represent,
15 it's a significant amount, and, as Ms. Corchran (phonetic)
16 said, we have a definite amount of people up there that are
17 low-income, have had these needs, and that's why we're
18 representing, so. They require assistance with activities of
19 daily living to remain at home, which is the preferred way to
20 keep our people in their houses rather than putting them in
21 high-cost nursing homes, or something like that, that is our
22 mission. Examples of these activities are bathing, meal
23 preparation, toileting, and essential shopping.

24 An increase in residential rates for electricity
25 and natural gas has more of a negative impact on these

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1 people, these 3,000 people, than any of the other populations
2 around, these are the people that we are here to take care
3 of. There are mothers, fathers, sisters, brothers, all of
4 those including the disabled. We appreciate the commitment
5 made by Avista over the years to provide grants to its low
6 income customers for assistance with energy costs as well as
7 energy conservation efforts.

8 I'm going to divert from my prepared text here a
9 little bit. Avista, having worked very closely with Avista
10 in the past, and we really appreciate their work in their
11 Project Share that allows customers to mark off on their
12 monthly checks a certain amount, and they also contribute
13 that, and that goes out there, it's very important to have
14 the money, and they've been leaders in that, and we do
15 appreciate that, but, however, an increased rate of 14.2
16 percent, and 2.3 percent can't be absorbed for these
17 Medicaid-eligible populations that we serve. Especially,
18 keeping into account that this after the BPA rate increase,
19 obviously that wasn't something that we were prepared for,
20 something that Avista has no control over that rate
21 adjustment, but it still adds to that, that's a significant
22 amount of money.

23 But, therefore, we're asking that the Commission
24 include an increase in the amount of funds the company
25 provides for energy-assisting grants in its deliberations and

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1 final decisions on the Avista proposals. The actual amount
2 should offset the adverse impact of whatever rate increases
3 there are, if any, that the Commission eventually approves
4 for Avista.

5 We've really worked hard, I testified here a few
6 years back for the same reason, and Avista has come to us and
7 worked with us, and was involved in its population
8 assessment, we've both worked hand in glove to work hard on
9 making an assessment in trying to come up with an
10 alternative. We worked together on something called the
11 Inland Northwest Round-up, which is something that we hope is
12 community-based, and get out and maybe offset some of these
13 costs that would come right from the community.

14 We've also looked at tiered rates in the past,
15 the trouble is our government -- the state government doesn't
16 allow for tiered rates, so the only other way that we can ask
17 for them is to look at when the rates are increased that
18 they're offset to our low income people. The tiered rate,
19 you can't discriminate from different populations, but
20 obviously these populations are impacted the most. So, with
21 that said, I want to thank you again for coming, please
22 remember that we're 3,000 people who we represent when you
23 make your decision. Thank you very much.

24 JUDGE TOREM: Thank you, Commissioner
25 Partch. The next name is Larry Stuckart? All right, sir,

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1 you can state your name and pronounce it better than I can,
2 and spell it for the court reporter.

3 MR. STUCKART: It's Larry Stuckart,
4 S-t-u-c-k-a-r-t.

5 JUDGE TOREM: And where do you live, sir?

6 MR. STUCKART: I live at 4128 South Garfield
7 in Spokane, I am an Avista customer.

8 JUDGE TOREM: And are you here representing
9 yourself or a group tonight?

10 MR. STUCKART: I'm representing Spokane
11 Neighborhood Action Programs, we're the Community Action
12 Agency for Spokane City and County.

13 JUDGE TOREM: Please go ahead with your
14 comments.

15 MR. STUCKART: SNAP has provided help for
16 poor people to pay their heating and energy bills for over 30
17 years. In recent years several energy programs that we offer
18 have been funded by different combinations of the LIHEAP
19 block grant, tariffs on Avista customers, funds from an
20 account that the Commission was directed to provide by the
21 Governor and the legislature, donations from the customers of
22 Inland Power, Modern Electric, and Avista Energy, donations
23 from the Avista Corporation, some mandated by the Commission,
24 and other additional donations that were freely given by the
25 shareholders of Avista. We've also received funds from

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1 United Way and donations from the Sisters of Providence.

2 Our customers usually do not know where SNAP
3 obtained the resources that are used to assist their own
4 household. For instance, our regular Energy Assistance
5 Program has funding from the Avista tariff, which is called
6 LIRAP, and also from the federal LIHEAP block grant. Avista
7 customers could be receiving help from one fund or the other,
8 but there's no duplication allowed, so they couldn't receive
9 funding from both. The programs are identical for us to
10 administer, the only variation is who is eligible. Both
11 programs vary in the amount of the assistance provided by the
12 income of the household, and the yearly heating cost of
13 household. Operating these programs together lessens our
14 administrative costs, and lowers the number and severity of
15 errors we could make.

16 We have a potential population of eligible low
17 income families in Spokane, about 34,000 households. In the
18 2005-6 heating season we assisted 11,015 households. This
19 last season we assisted only 9,838 in the energy-assisted
20 program. This drop is due to the increase in our average
21 payment and the availability of fewer funds. We spent over
22 \$500,000 less in federal funds in last year's program than
23 the 2005-6 program. The average payment in the combined
24 programs were \$489 last year and \$467 the year before, so the
25 payments are up, the availability of the funds is down.

0041

1 Federal funding for the program appears to be
2 stable with no anticipated increase for this coming year,
3 which means fewer families assisted with any increase in the
4 rates. The Avista LIRAP funds, if they remain static, will
5 also be able to assist fewer families.

6 The bottom line is we helped 32 percent of the
7 eligible households in 2005-6, and that went down to 29
8 percent of the eligible households in the last heating
9 season. This is a higher percentage of penetration than the
10 other regions of the state due to the Avista LIRAP program,
11 but it's been at -- when a percentage goes down and we can
12 assist, it's cold here and people are in danger more than
13 other parts of the state. The percentage will continue to
14 fall without additional money into one of the programs.
15 Thank you.

16 JUDGE TOREM: Thank you, sir. The next
17 speaker is James Button, and following him will be Terry
18 Paetow. As I've asked the others, sir, if you'll state your
19 name and spell your last name for the court reporter.

20 MR. BUTTON: All right. My name is James
21 Button, B-u-t-t-o-n.

22 JUDGE TOREM: And, sir, where do you live?

23 MR. BUTTON: I live in Medical Lake.

24 JUDGE TOREM: And are you representing
25 yourself tonight, or a group?

0042

1 MR. BUTTON: I'm representing myself.

2 JUDGE TOREM: All right. And you're a
3 customer of Avista?

4 MR. BUTTON: Yes, I am.

5 JUDGE TOREM: All right. Please go ahead.

6 MR. BUTTON: Personally, I believe that the
7 requested increase for residential customers is unreasonable.
8 If an increase of this size is warranted it should be done in
9 smaller increments, spread over a period of years to allow
10 customers to adjust their budgets. Doing such an increase
11 all at once puts an unnecessary burden on the consumer,
12 especially those with fixed income.

13 Secondly, I question if this tariff increase or
14 any increase is warranted. Comments from Avista's corporate
15 officers on the company's web site, and financial statistics
16 from that same web site, are we to believe that the requested
17 tariff increase is not justified? The following quotes from
18 the company's web sites, quote, "Since December 2001 total
19 shareholder return for Avista's investors has increased
20 nearly 124 percent significantly outperforming peer utilities
21 in the region. Additionally, dividends has increased 5 times
22 in the past 3 years." End quote.

23 Another quote that you can find on their web
24 site, and I think is important, is, quote, "Renewable
25 resources accounts for 60 percent of our total electricity

0043

1 generation." End quote. The point of that quote is that
2 their costs are not skyrocketing like they want their rates
3 to. The financial statistics found on the web site are even
4 more revealing. From 2005 to 2006 return to shareholders
5 increased over 46 percent, in that same period corporate net
6 income increased over 61 percent. The 2005 to 2006 increase
7 in net income for electricity was over 10 percent. In 2006
8 Avista Corporation had net income in excess of 73 million
9 dollars, and they're asking for a 51-million-dollar increase
10 in rates. That's almost 70 percent of what their net income
11 was.

12 If we use similar percentages of increase as
13 those experienced from 2005 to 2006 for revenues and expenses
14 for Avista Corporation, we can project Avista's 2007 net
15 income to be in excess of a hundred million dollars, their
16 requested tariff increase would generate an additional 51
17 million dollars in revenue with little or no corresponding
18 increase in cost, and, therefore, would result in a net
19 income in excess of 150 million dollars. This would
20 represent an increase in excess of a hundred percent over
21 their 2006 net income. In the Commission's guidelines
22 (phonetic) the phrase "fair, just and reasonable" appears
23 several times, it was mentioned this evening, too. There is
24 no question in my mind that the tariff -- requested tariff
25 increase does not qualify as any of those three words, though

0044

1 I do have questions such as, why did they request such a
2 large increase? Why did they ask for an increase
3 representing nearly 70 percent of their prior year's net
4 income? I suggest to you that this might be a ploy to
5 deflect and redirect the discussion from one of, "Should
6 there be an increase?" to one of, "How much should we reduce
7 their request?" And I urge the Commission to not be
8 influenced by such a tactic, and to ask the question, "Is any
9 tariff increase warranted?"

10 In addition, it is important that the answer to
11 that question not be based upon the expectations of Wall
12 Street in the concept of ever growing corporate profits, but
13 upon the relatively flat growth of household income over the
14 last several years. I ask you, how many years do we have to
15 go back to realize the growth of 15 percent in household
16 income? And I won't even ask about a 60 percent increase in
17 household income, but that's what Avista enjoyed between 2005
18 to 2006.

19 In conclusion, I believe the size of the rate
20 increase is unreasonable and would place an undue burden on
21 consumers who have no choice in vendor. In addition, a 61
22 percent increase in net income for the prior year makes any
23 rate increase unjustified. Thank you for your time and
24 attention.

25 JUDGE TOREM: Thank you, sir. Terry Paetow?

0045

1 MS. PAETOW: My name is Terry Paetow,
2 P-a-e-t-o-w, I'm at 7415 West Griffin Road, Cheney,
3 Washington 99004. Yes, I am an Avista customer, and I'm not
4 going to throw out facts and information factors like that, I
5 want to state the facts that go to my house. I've got
6 setback thermometers, in my house and my husband's shop we've
7 got fluorescent lights, we've got compact fluorescents, we
8 use a swamp cooler, we don't have the luxury of having an air
9 conditioner. My TVs are now on power strips, so I have to
10 turn those power strips off to stop the phantom power. I
11 have done what I can do, I keep trying, mine is a '93
12 manufactured good sense home, so it was energy efficient in
13 that day, we have to additionally use wood to burn to
14 supplement our heating in the wintertime, we are on fixed
15 income.

16 My bill is going to rise about \$25 a month.
17 Avista, they don't do anything to try to budget, they just
18 come to you and say, "Give us somemore money." And in this
19 case they're asking for more money, this time to give the
20 shareholders more money, they're not even saying it's because
21 the energy costs have risen, this time it's just, "We need
22 more profit."

23 In Saturday's paper in the Business Section,
24 states, "Its rate proposal would generate about 55.6 million
25 in new revenue. The company has asked for an 11.3 percent

0046

1 return on shareholder profits, higher than the current 10.4
2 percent allowed. I can't afford them. It's time for Avista
3 to start looking in their own budget, do something. I worked
4 as a postal carrier for many years, and for a long time I
5 actually collected mail from the main office at Avista, all I
6 watched as I was in my nice warm LLV with a fan blowing and
7 no radio, was all the Avista drivers driving in big trucks,
8 air conditioners going, obviously, since the windows were
9 rolled up, they got all the creature comforts, all of them
10 are new-looking vehicles. Avista should look into something
11 like hybrid cars to use to go around and read the meters,
12 don't just keep gouging us because they were having all the
13 luxuries and expect us to foot the bill, we can't afford
14 them. Thank you.

15 JUDGE TOREM: Thank you for your comments,
16 ma'am. The next speaker is Nick --

17 MR. BEAMER: Beamer.

18 JUDGE TOREM: Beamer, okay. And if you'll
19 come up and state and spell your last name, sir.

20 MR. BEAMER: Good evening, my name is Nick
21 Beamer, that's spelled, B-e-a-m-e-r.

22 JUDGE TOREM: And, sir, who are you
23 representing tonight?

24 MR. BEAMER: Tonight I'm representing Aging
25 and Long Term Care of Eastern Washington.

0047

1 MR. TOREM: Please go ahead.

2 MR. BEAMER: Okay, thank you. As I've just
3 said, my name is Nick Beamer, and I'm here tonight to speak
4 on behalf of Aging and Long Term Care, as others have also
5 this evening. I am the Executive Director from that agency,
6 and we are the area Agency on Aging that serves 5 counties
7 that you've heard about already. We do serve individuals who
8 are 18 and older from some of our programs, and, indeed, it
9 is those individuals that we are most concerned about as well
10 as those who are 60 and older, and are vulnerable because of
11 either medical conditions, illnesses that they have, or
12 disabilities. I've been fortunate to work with Avista for
13 the past 5 years in partnership with them on the Vulnerable
14 Adults Committee, we have looked together at what is a
15 vulnerable adult, why are they so vulnerable, and what is it
16 Avista can do to help with those issues. We have looked at
17 not only what Avista could do, but what our community
18 strategists could do, and I appreciate the fact that Avista
19 has set aside funding from their revenues to assist in
20 Project Share as well as in the LIRAP program.

21 Unfortunately, what we keep finding is that the
22 rate increases are growing faster than revenues that are
23 available. And I would encourage the Commission, as you take
24 a look at this latest proposed rate increase, to do 3 things.
25 Look at this rate increase in the context of past rate

0048

1 increases over the last few years. It was mentioned earlier
2 that those rate increases were about 45 percent to
3 residential customers, I don't know any of our populations
4 that we serve that have anywhere near that kind of increase
5 necessary in their incomes.

6 Secondly, I would encourage that you take a look
7 at the absolute minimum level that Avista needs to maintain
8 its business in this area.

9 And, third, I would encourage the Commission to
10 stick to its guidelines that it has established with respect
11 to return on equity. I understand that this particular
12 increase is larger than what you have had in the past, and I
13 think that that is something that you really really need to
14 take a hard look at. Thank you. I appreciate the
15 opportunity to comment over here rather than have to go over
16 to Olympia.

17 JUDGE TOREM: Thank you, Mr. Beamer. Curtis
18 Fackler is the next to comment. Sir, if you'll state your
19 name and spell your name for the court reporter.

20 MR. FACKLER: Sure. Curtis Fackler, that's,
21 F-a-c-k-l-e-r.

22 JUDGE TOREM: All right, sir, and let me ask
23 you to speak slowly and tell me where do you live?

24 MR. FACKLER: I live here in Spokane.

25 JUDGE TOREM: And are you representing

0049

1 yourself tonight, or with a group?

2 MR. FACKLER: Yes, representing myself.

3 JUDGE TOREM: Are you an Avista customer?

4 MR. FACKLER: I'm an Avista client.

5 JUDGE TOREM: Go ahead, sir.

6 MR. FACKLER: And, again, I'm Curtis Fackler,
7 I have an MBA in Finance, I work for the Securities industry
8 as principal for a large broker/dealer for over 16 years.
9 One of the reasons I moved to Spokane was for low utility
10 rates, and in the past Avista has been a very good corporate
11 citizen, and I appreciate that, 2 years ago I testified that
12 Avista does not need the rate increase, and you approved the
13 increase over the recommendations of the Attorney General's
14 Office, please don't do that again. The last time the Avista
15 stock increased over 60 percent in less than a year after the
16 last increase, this led to the top executives earning large
17 bonuses.

18 This price of increase has a greater effect than
19 the 15.85 percent because the City of Spokane has a utility
20 tax. The largest user of electricity is the City, the
21 County, and the school districts, us taxpayers, and we also
22 pay those bills. On a smaller scale with not for profit
23 charities I have a hard time, the last time the rates were
24 increased the (inaudible) of Spokane County had to lay off a
25 worker to pay the increase in utility bills. Avista asked

0050

1 for an 11.3 percent rate of return, this is way out of line
2 for a utility. Avista says they need the rate of return
3 because they are in the energy business, they are a utility,
4 and that is the reason you have jurisdiction over the rates.
5 I want lower utility rates, your job is to protect the
6 consumer and not guarantee a rate of return. Avista has
7 contributed over \$225,000 in the last two and a half years
8 for political activities in the state of Washington, and
9 that's off the PC as of today. Was this a good use of rate
10 payers' money?

11 Also, what's going to happen with 175 million
12 from the sale of Avista Energy, and, again, they are getting
13 out of the energy business, but they are staying in the
14 utility business. Please agree with the AG's Office, deny
15 the rate increase, Seattle Light just cut their rates by 8
16 percent. I believe that Avista should step up and match
17 their rate decrease. Thank you very much.

18 JUDGE TOREM: Thank you, sir. The next
19 speaker is Dan Sexton. State your name and spell it for the
20 court reporter, please.

21 MR. SEXTON: Dan Sexton, S-e-x-t-o-n, I live
22 here in Spokane on the north side, and I'm representing
23 myself, friends and family that couldn't make it.

24 JUDGE TOREM: I take it you're an Avista
25 customer?

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1 MR. SEXTON: Yes, sir.

2 JUDGE TOREM: All right. Go ahead, sir.

3 MR. SEXTON: I'll start with this increase is
4 totally unnecessary. My utilities have increased 6 times in
5 the last 2 years, I can't afford to pay this. A lot of
6 customers here in town have slipped away, they're claiming
7 that they need to recoup some losses. Now, if I went out and
8 made an investment in the stock market and lost my butt,
9 would I come to you and expect you to recoup that to me? No.
10 I'd suck it up and learn my lesson and make better
11 investments. I understand that their CEO makes well over 2
12 million dollars, apparently he's not doing his job right,
13 they're losing money, so maybe they should take that money
14 out of his pocket and pay for some of those losses. Thank
15 you for your time.

16 JUDGE TOREM: Thank you, Mr. Sexton.
17 There's a number of you that have signed up and indicate you
18 don't want to comment, so I'm going to bypass those names.
19 There's a few question marks, though, and I'll ask if Andre
20 Philpot --

21 MR. PHILPOT: No.

22 JUDGE TOREM: Not going to comment. All
23 right. And, Debby Reynolds?

24 MS. REYNOLDS: No.

25 JUDGE TOREM: All right. Let me move on to

0052

1 the next one that's indicated they do want to comment with
2 some testimony. Wayne Anderson?

3 MR. ANDERSON: I'd like to pass.

4 JUDGE TOREM: Pass. All right. And, Wendy
5 Dunlap?

6 MS. DUNLAP: Yes. My name is Wendy Dunlap,
7 D-u-n-l-a-p, I'm representing a nonprofit agency here in
8 Spokane called Court (phonetic) Coalition, a Response for the
9 Disabled. I live in the Spokane County, and I am an Avista
10 customer. Do you need anymore information from me?

11 JUDGE TOREM: You got it all.

12 MS. DUNLAP: Okay, thank you. Here's some
13 information, let me give you some numbers. I work with a
14 population of all disabled, that includes diabetes to most
15 disabilities to HIV, here's the income you're living off of,
16 either making 339 a month, or 623 a month -- sorry -- 339 or
17 623, let's do the math. So your rent is on the low end on a
18 good day is 250, take 250 out of the those amounts, what have
19 you got left? Not very much. Now you have to feed yourself,
20 clothe yourself, wash yourself, so that costs money, and now
21 you have to pay electric. Electric has gone up from the
22 minimum 50 all the way to a hundred dollars for people. If
23 you're paying that much out of the 339, or 623 to keep heat
24 on, what are you going to give up? You're going to give up
25 medical treatment, so if you're HIV you're not going to get

0053

1 your meds, so now you can get AIDS, so there's that effect.
2 If you're disabled you're going to pay your electric and not
3 eat, so then they're going to get sicker. So every action
4 has a reaction.

5 I understand the world always revolves around
6 money, but for the people who don't have it, we don't have
7 anymore to give, so maybe the President and the
8 Vice-president and the attorneys could take a pay cut, or
9 maybe cut down on the meter readers. I don't know, but
10 somebody else has to take the hit besides the customers. Or
11 maybe they can even make it so Wal-Mart pays more, instead of
12 Dick and Jane and I down the street that only makes 339 or
13 623 a month. Okay, so if you don't do that then I'm going to
14 have to go to SNAP and get SNAP to help us. There's just not
15 enough money to go around, so please don't make us pay it,
16 because we can't, because our housing has already gone up, so
17 we're either going to freeze to death or kill ourselves
18 because we can't make the payments. So don't approve the
19 rate increase, please, for the people that don't make enough
20 money. Thank you.

21 JUDGE TOREM: Thank you, Ms. Dunlap. I've
22 got a few more names that have indicated they possibly want
23 to comment, first is Peggy Boothe. And while she makes her
24 way down, Chris O'Dell, did you want to comment?

25 MR. O'DELL. Yes.

0054

1 JUDGE TOREM: All right. You will be next.

2 Ms. Boothe, were you here when I gave the oath?

3 MS. BOOTHE: Yes.

4 JUDGE TOREM: All right. And if you'll state
5 your name and spell your last name.

6 MS. BOOTHE: My name is Peggy Boothe, that's,
7 B-o-o-t-h-e, I live in Spokane, and I am an Avista customer.
8 I'm very poor at speaking, so please forgive me. Very many
9 comments I just agree with, but my last raise was 2.3
10 percent, I have been working with a company for 21 years, my
11 mother is on a fixed income, these rates are absolutely
12 atrocious for those of us that are just regular people. We
13 give up a lot of money, keep my house at 65 in the winter,
14 the lights are low, I have the special light bulbs to keep my
15 lights off, keep the heat low, and I still can barely make it
16 with gas, food, and everything else that goes up. When the
17 electric rates go up, all these are going to go up, too,
18 again, so we're all going to have to buckle down, and I wish
19 I could make millions of dollars every year, I realize that
20 they do a lot, they deserve a lot of their wages, but there
21 is a certain amount that needs to be looked at, and I think
22 the regular Joe needs a break here, and we would really
23 really appreciate it if you'd take it into consideration.
24 That's all I have to say.

25 JUDGE TOREM: Thank you, Ms. Boothe. Chris

0055

1 Odel? Mr. Odel, my notes say you were here when I gave the
2 oath.

3 MR. ODEL: Yes, I was.

4 JUDGE TOREM: Thank you. State and spell
5 your last name.

6 MR. ODEL: Chris Odel, O-d-e-l, no
7 apostrophe, small case, "d," one "l." A common mistake.

8 JUDGE TOREM: All right, so it's O-d-e-l.

9 MR. ODEL: Yeah.

10 JUDGE TOREM: And where do you live, sir?

11 MR. ODEL: I live at the north side of
12 Spokane in the North Hill neighborhood.

13 JUDGE TOREM: Are you representing yourself
14 today?

15 MR. ODEL: Myself, and whoever -- I guess
16 whoever sees things the way I do.

17 JUDGE TOREM: All right. And I take it
18 you're an Avista customer.

19 MR. ODEL: Yes, I am.

20 JUDGE TOREM: All right. Go ahead, sir.

21 MR. ODEL: One question, could you point out
22 the Avista representatives here today.

23 JUDGE TOREM: Let me ask them to identify
24 themselves.

25 MR. ODEL: These 3 guys, okay, just -- I

0056

1 won't be directing, or pointing, or any of those things,
2 but -- no facts, no figures, no hard evidence, that's all
3 been taken care of, I just want to say, you know what,
4 Spokane is a small town, it's always been a small town, even
5 when the railroads were here it was a small town, we don't
6 have any kind of pull in this state, you know, there are 2
7 counties on the west side of the state who make all the
8 decisions for us, this issue of Avista utilities wanting more
9 is kind of the same situation, I feel, we've allowed them to
10 increase rates too much for the average individual to pay.

11 I am all for people who work hard, companies who
12 work hard and make a living, and make a good profit at it, I
13 don't have any right to tell them the kind of profit they can
14 make, except I do have the right to say, "I'm tired," and I'm
15 tired of paying the rate increases, I'm working my tail off,
16 my wife is working hers off. We don't have children, and so
17 we enjoy a little more than most of our neighbors who have
18 children, but at the same time our income is not increasing
19 with the rates that they're requesting, not that that would
20 make their rates more justifiable, but I think I speak for a
21 lot, I think most of the Spokane residents who work, who
22 sweat and die in this town, when I say, enough, enough is
23 enough, you're working us to death just to keep warm, my wife
24 is complaining that we put a new furnace in the house, and
25 she's still cold, that shouldn't happen. It shouldn't

0057

1 happen. And I just think there are better -- better options
2 than increasing the rates. Thank you.

3 JUDGE TOREM: Thank you, Mr. Odel. Troy
4 Dilley?

5 MR. DILLEY: Thank you, Commissioner.

6 JUDGE TOREM: Mr. Dilley, you were here when
7 I gave the oath earlier?

8 MR. DILLEY: Yes, I was.

9 JUDGE TOREM: So if you'll state and spell
10 your last name for the court reporter.

11 MR. DILLEY: D-i-l-l-e-y.

12 JUDGE TOREM: And where do you live, sir?

13 MR. DILLEY: 2400 Wilbur Road, Apartment 150,
14 Spokane Valley, Washington.

15 JUDGE TOREM: And are you an Avista customer?

16 MR. DILLEY: Say that again.

17 JUDGE TOREM: You're an Avista customer?

18 MR. DILLEY: Yes, I am.

19 JUDGE TOREM: All right. Go ahead, sir.

20 MR. DILLEY: I did some homework with Modern
21 Electricity and Avista, okay, on their kilowatt hours for
22 Avista is .05478, for kilowatt hour with Modern Electricity
23 it's 0.0551, and anything over 3,000 kilowatts is .04422,
24 that's almost double than what Avista is. I wish we had
25 Modern because they're cheaper. People, employers are going

0058

1 to be laying off people if this rate increase goes, it's
2 going to cost them more, for grocery stores to keep their
3 coolers going, and whatever else, you know, people like me
4 and my wife who are on fixed income, grocery shopping, that's
5 expensive, it's \$3 for a gallon of milk now, including gas,
6 whatever else, and Avista just keeps on doing this every
7 year, every year -- it seems like every year, when is enough
8 enough? I mean all these people -- we make a thousand
9 dollars a month with both our Social Security, that's
10 supposed to pay for everything. You know, it's like we get a
11 little food assistance, but it's not very much, when we go
12 grocery shopping -- geez, even the prices of food, just to
13 put food on the table, it's gone skyrocketed. Now Avista
14 wants this.

15 We live maybe -- oh, a mile and a half away,
16 maybe 2 miles away from Modern, where their office is, but
17 Avista has the grid. I wish we were closer in their area,
18 because we would jump on with Modern in a heartbeat. Like I
19 said, the kilowatt hours is quite a difference. The same way
20 with Electric Coop, my sister has that, she says it's much
21 cheaper. So what's wrong, Avista? Thank you for your time.

22 JUDGE TOREM: Thank you, Mr. Dilley. Now
23 there are a few more people that have indicated they wanted
24 to comment that I don't believe have taken the oath, so I
25 will administer that one at a time. Let me ask if Lon

0059

1 Missala (phonetic) communicated he possibly wanted to
2 comment. Lon Missala? All right, I take it that's a pass,
3 and move on to Annita Davison.

4 MS. DAVISON: Come down now?

5 JUDGE TOREM: Come on, please.

6 MS. DAVISON: What do you want me to do?

7 JUDGE TOREM: If you'll raise your right
8 hand, ma'am. Do you, Annita Davison, solemnly swear or
9 affirm that all the comments you'll provide to the Commission
10 tonight will be the truth?

11 MS. DAVISON: Yes.

12 JUDGE TOREM: All right. And will you please
13 state and spell your name for the court reporter.

14 MS. DAVISON: Annita, A-n-n-i-t-a, Davison,
15 D-a-v-i-s-o-n.

16 JUDGE TOREM: And to your right there's a
17 microphone, if you'll just step a little bit over, then the
18 rest of the room can hear you.

19 MS. DAVISON: Can you hear me now?

20 JUDGE TOREM: We can. Where do you live,
21 ma'am?

22 MS. DAVISON: I live in Spokane, and I am an
23 Avista customer.

24 JUDGE TOREM: All right. Please go ahead
25 with your comments.

0060

1 MS. DAVISON: Okay. You're going to notice a
2 lot of nervousness, I have a problem with a physiological
3 thing I cannot control, so I'll just do the best I can. I've
4 been a state worker for 25, 26 years now, all the state
5 workers have 4 years where there was no increase in pay. All
6 of the city workers in Spokane were in the same predicament,
7 there were 4 years with no increase in pay. How much did
8 gasoline go up? How much did the food go up? You know the
9 figures. So we got our raise, well, that's great. But what
10 happens, especially in my predicament, where I am physically
11 unable to learn new things, and I'm of the age of 62, so I am
12 stuck where I am at, there's no employer who's going to --
13 you know, "Oh, come on board," so this is what happens. I
14 told the City Council this one time, here's your line of
15 people who earn money, they work, okay, here's the poor
16 people, that's their line, so I pay for that. Here's the
17 rich people over here, I pay for them, and I'm right here
18 just over that baseline, and I pay for everybody. And I wish
19 I worked for Avista, I wish I worked for Avista. My last 11
20 years and I've worked with Labor and Industries, and previous
21 to that I had 14 years in at Performance (inaudible)
22 Security. It was about 30 (inaudible) ago I was working
23 there, and this gal came in all excited to tell me whether
24 they take people, "Oh, Avista hired me, I got that job," and
25 the job was in the newspaper and had been listed at a certain

0061

1 price per hour, and it was a good wage. And then she said,
2 "But you know what, when I went into the interview they gave
3 me -- they handed it to me, and said, "Well, your
4 qualifications and whatnot, you should earn more for that
5 position." Well, then she reported to work the first week,
6 and they said, "Oh, my, this is too low, we need to increase
7 your wage." She hadn't even started work and she had 3 wage
8 increases. I'm sorry, I couldn't restrain myself when I
9 heard that, and I said, "Well, no wonder our Avista bills are
10 so high."

11 Now I have a challenge for Avista, the people at
12 the top, okay. I would like to see a wage freeze on anyone
13 who works at Avista if they've been there for over 5 years.
14 I just want the freeze for 1 year. Just 1 year, if they've
15 worked there for 5 years or more, just not to take a wage
16 increase, and maybe he wouldn't finish paying for his yacht
17 this year, maybe next year he could finish that, or his Alps
18 vacation in the winter, but, that's my challenge, and I hope
19 that they all consider it and think about it because the rest
20 of us really can't afford the load.

21 JUDGE TOREM: Thank you Ms. Davison. There
22 are 2 other folks that have signed up, Terry and Michelle
23 Rasmussen, and it may be Michelle may be the one that wants
24 to comment. Ma'am, raise your right hand. Do you, Michelle
25 Rasmussen, solemnly swear or affirm that all the comments you

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1 provide to the Commission this evening will be the truth?

2 MS. RASMUSSEN: I do.

3 JUDGE TOREM: All right. Thank you. Can you
4 state and spell your last name for the court reporter.

5 MS. RASMUSSEN: It's Rasmussen,
6 R-a-s-m-u-s-s-e-n.

7 JUDGE TOREM: And where do you live?

8 MS. RASMUSSEN: 8221 East Liberty, Spokane
9 Valley.

10 JUDGE TOREM: And are you an Avista customer?

11 MS. RASMUSSEN: Yes, I am.

12 JUDGE TOREM: And I take it you're
13 representing yourself, ma'am?

14 MS. RASMUSSEN: I am.

15 JUDGE TOREM: All right. Go ahead, ma'am.

16 MS. RASMUSSEN: I picked up this paper that
17 was put out by Avista, apparently, out on the table, which
18 kind of summarizes specifically my feelings, and they pretty
19 much put it in their own words right here, but I can actually
20 reiterate it. Like the woman before me, I work -- I don't
21 have a state job, I work in the private sector, so wage
22 increases vary, and it's typically based on whether the
23 private sector, the company that you work for does well or
24 not. It may go 2 to 3 years before I get a wage increase,
25 so -- and as well as not working for a state, or working for

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1 a union, belonging to a union, I do not have a pension, I do
2 not have a retirement plan, and I do not have any benefits
3 that a larger corporation may offer. So, considering that,
4 it certainly limits the amount when you have rate increases,
5 when you have increases in gas, food, et cetera, as to what
6 my budget does.

7 I look at this sheet that Avista has put out,
8 and the customer support, which are all good, I want to state
9 first and foremost, because I'm very much for helping the
10 underprivileged, et cetera. The first one they state, a
11 Project Share, which it says a fuel and energy assistant
12 program to which Avista contributed 150,000, and the
13 customers and employees contributed -- customers, that's me.
14 The Low Income Rate Assistance Program is a customer-funded
15 program. That's me. The Cares Program, in which
16 specifically trained Avista customer service representatives
17 provide referrals to area agencies and churches for helping
18 with the housing utilities, et cetera. That's me. Senior
19 Energy Outreach, which assists seniors on fixed incomes
20 living with 175 percent on the federal poverty level. That's
21 me.

22 Every one of these includes me. Someone who is
23 in a private sector who is fighting to budget my monthly
24 budget to be able to live. It's hitting all of us,
25 obviously, but considering the fact that, again, you do have

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1 low income that do have the assistance programs, and the
2 upper who can probably afford the increases, the squeeze is
3 happening in the middle. And, again, I'm very much pro
4 helping people, but somewhere along the line a budget has to
5 hit Avista the same as it hits my household. I don't see
6 that happening one bit. I see it's not going to the base
7 salaries, I see it in the highest level salaries and
8 everything in between. I go down to the next level on their
9 sheet where it says "Energy Deficiency" and "Conservation."
10 Avista offers a number of rebates, and the incentive programs
11 help us to use their energy more wisely, thus, better
12 managing their energy costs. I checked into that program a
13 few years back, that means basically replacing your windows,
14 adding more insulation into your roof, for walls, et cetera,
15 putting more money into my house before the incentive is
16 there. How do you apply this portion? It's great if they
17 offer it, but if you're being squeezed up here and out in the
18 world with your income being squeezed, how do you even
19 qualify for incentive when you can't afford to do it?

20 I think everybody is pro trying to reduce
21 energy cost to some level to try to reduce their own cost of
22 living, but if you can't even begin to fit within the program
23 that they've offered, again, it doesn't benefit the middle
24 person. I just urge the Commission to take a strong look at
25 what it's doing, especially considering the exorbitant

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1 percentage that they're asking for, it's not merited, it's
2 not even -- it's not even justified. Look at the profits
3 that they posted last year, it's just not right. I urge you
4 to really consider it.

5 JUDGE TOREM: Thank you, Ms. Rasmussen. And
6 thank you to all of you who have made your comments this
7 evening so the Commission can hear the views of the people
8 that will be affected by the Avista proposed rate increase
9 when it's considered in December. Let me ask if there's
10 anyone else here in the room that wants to address the
11 Commission this evening that hasn't already had an
12 opportunity? All right. Seeing none, and let me thank you
13 again, and the people are ready to close the record,
14 Commissioner, is there anything else that you want to state
15 to the audience tonight?

16 MR. SIDRAN: This is Mark Sidran, I just want
17 to again express any appreciation to the people that took the
18 time to come down and share their comments, as you've heard
19 from Judge Torem, this is a long, involved, complicated
20 process, but I think I can say I speak for my colleagues when
21 I say that this particular part, and I mean, literally, the
22 part where real people come and share their testimony as you
23 did this evening, is one of the most important parts of the
24 process. There will be lots of testimony in this case from
25 accountants, and economists, and professionals of various

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1 kinds, and the lawyers, of course, will weigh in, and our
2 responsibility will be to sift through all of that, and we
3 always do our best to arrive at what we think is a fair
4 result. But in arriving at that result, it is always, I
5 think, important to be reminded, as we are always reminded at
6 public hearings like this, about the importance and, frankly,
7 the challenge of the task that is before us, which is to
8 weigh the effects of these decisions on the company and on
9 their customers, and so thank you for helping us be reminded
10 of the challenge that we face in arriving at the best result
11 we can in this case.

12 JUDGE TOREM: Well, as I said earlier, the
13 Commission will accept further written comments until Friday,
14 December the 7th, 2007, those comments can be mailed to the
15 Commission at P.O. Box 47250 in Olympia, and it's 98504 for
16 the zip code. If you do send something in in writing I ask
17 that if you make sure your comments are indicated that they
18 are about the Avista rate case, and, again, the docket
19 numbers are UE-070804, and the consolidated case is also
20 UG-070805.

21 Now, Linda Johnson, who some of you met on the
22 way in and signed up on these sign-in sheets, she's our
23 Public Involvement Coordinator for tonight, she can give you
24 further information if you're more comfortable making your
25 comments by phone, or via the Commission's web site.

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1 Again, thank you to everyone for participating
2 tonight, and I encourage those who are interested in further
3 information about the proceeding to sign up on our mailing
4 list, the Consumer Services Staff, I'll also remind you that
5 representatives from Avista, representatives from Public
6 Counsel, and the Commission's staff, and Assistant Attorney
7 General are here tonight, and they can answer some questions
8 after the close of the hearing, which we'll do now. It is
9 now 6:20 p.m., and the meeting is adjourned. Thank you.

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11 (Public Hearing is adjourned at 6:20 p.m.)

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