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BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION)
 COMMISSION,)
 Complainant,)
 vs.) Dockets UE-110876
 AVISTA CORPORATION d/b/a AVISTA) and UG-110877
 UTILITIES,) (Consolidated)
 Respondent.) Pages 85-128

PUBLIC HEARING, VOLUME IV

Pages 85-128

ADMINISTRATIVE LAW JUDGE DENNIS MOSS

12:00 P.M.

NOVEMBER 8, 2011

Spokane Valley Council Chambers
11707 East Sprague Avenue
Spokane Valley, Washington

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A P P E A R A N C E S

ADMINISTRATIVE LAW JUDGE:

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* * * * *

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1 SPOKANE VALLEY, WASHINGTON; NOVEMBER 8, 2011

2 12:00 P.M.

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

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7 JUDGE MOSS: Good afternoon, everyone. I think
8 we're on the air here. My name is Dennis Moss. I'm an
9 administrative law judge with the Washington Utilities and
10 Transportation Commission.

11 We are gathered together this afternoon here in
12 the City Council Chambers in Spokane Valley, Washington for
13 purposes of having the public comment hearing, which we take
14 comments from members of the public, who typically are rate
15 payers of the utility, in the matter of Avista's request for
16 a general rate increase for both electric and gas service.

17 I'm going to turn the floor over to Chairman
18 Goltz, and he has a few words, and then I'll resume speaking
19 and tell you a little bit about what we're here about today.
20 Chairman Goltz.

21 CHAIRMAN GOLTZ: Thank you. I'm not sure if
22 pressing this or not pressing this makes any difference.

23 JUDGE MOSS: So up is on.

24 CHAIRMAN GOLTZ: Okay. Anyway, thanks. I want to
25 thank everyone for coming here, and I mean specifically

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1 members of the public that are here. I thank all the
2 parties and everyone as well.

3 Typically in -- in rate cases that is requested by
4 utilities to increase their rates charged to their
5 customers, we always have some public involvement hearings
6 in the area where the utility serves.

7 And in Avista's case, we've typically come to the
8 City of Spokane, and frequently come up to the Spokane
9 Valley location, and we will go tomorrow, we're going down
10 to Pullman as well.

11 The hearing itself in these rate cases can be
12 complex, and occasionally some people would call them
13 tedious. There's lots -- lots of testimony and evidence
14 about the expenses of the company, and whether those
15 expenses are appropriate to be passed on to the rate payers
16 or not.

17 So we tend to have lots of witnesses who may be
18 accountants, economists and other financial types that
19 really delve into the books and records of the company, and
20 then suggest areas where expenses may be too high, and then
21 we have debates about those, and eventually we decide.

22 So those hearings can be pretty intense, sometimes
23 quite lengthy. But we also have to get -- want to get
24 another perspective, and that is how these rate increases
25 may impact members of the public.

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1 And although we hear that in some general terms in
2 the actual evidentiary hearings in the rate case, there is
3 really no substitute for hearing that directly from the
4 customers.

5 And we always find, I always find, that the
6 feedback, the evidence, the testimony we receive at these
7 public involvement hearings, both oral testimony and also
8 written -- written letters and comments that are submitted
9 and then ultimately placed into the record, are very, very
10 helpful, and they give us a perspective that I think is
11 different than we get through the -- no offense to the
12 accountants in the room -- different from the perspective we
13 get from accountants, and I might say, every bit as
14 important.

15 So I've always found these very, very helpful and
16 look forward to today, look forward to this evening in
17 Spokane, and tomorrow in Pullman, and also to Public Counsel
18 submits for the record the compilation of all the written
19 comments, we find those very helpful as well.

20 And I'm sure as Judge Moss will say, there --
21 those of you here today have some other comments you wish to
22 make and think of something after we leave the room here, I
23 believe there will still be time to submit some written
24 comments for the record. And I believe those can be done
25 over our web site.

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1 So again, thank you very much for coming, and we
2 look forward to this -- to this noon time hearing.

3 JUDGE MOSS: So thank you, Chairman Goltz. As --
4 I have a few words for you. Some of you may not be familiar
5 with this process, how it works, what we do. I want to talk
6 a little bit about that.

7 I want to talk a little bit about the details of
8 the proposals that are before us, and then I'm going to
9 explain how we're going to take your comments today. And
10 then I'll begin inviting those of you who have signed up to
11 speak to do so.

12 And I'll start by saying that -- and Chairman
13 Goltz alluded to this several times in his opening remarks.
14 The way we decide these matters is what we call a
15 quasi-judicial proceeding.

16 So what you see here today, what you hear today,
17 for those of you who have ever witnessed a proceeding in a
18 courtroom, it will look somewhat familiar, because that is
19 the model that we follow.

20 We receive evidence that's sworn testimony. It's
21 given under oath. Your testimony, your comments today will
22 be given under oath. We develop a record that's, as
23 Chairman Goltz said, very detailed, thousands of pages of
24 testimony and exhibits typically in a case such as this.

25 And we -- we consider only what's in the record in

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1 making our decisions. There are a number of participants in
2 this process. The company, of course, is the applicant
3 here, if you will, the entity seeking the rate increase.

4 When they file for a rate increase, then our
5 staff, the Commission's regulatory staff, is what we call a
6 statutory party. They become a party to the case, and
7 that's separate from our role.

8 I'm sitting here with the three commissioners
9 today who will ultimately make the decision in this case.
10 I'm helping them by conducting processes such as this to
11 build the record upon which they will decide.

12 At the same time, though, we have a regulatory
13 staff represented here today by Don Trotter, who's a member
14 of the Attorney General's staff. Don, if you'd stand up.
15 And they participate in the case as a party, just like any
16 others.

17 In a moment I'm going to ask others to introduce
18 themselves, because I notice that we have representatives
19 here today from a number of other parties in the proceeding,
20 and they can introduce themselves and tell you who they
21 represent. They may represent industrial interest or
22 consumer interest or what have you.

23 Another significant player, however, I do want to
24 call out myself is the other statutory party in these
25 proceedings, and that's the Public Counsel. Sarah Shifley

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1 is here also from the Attorney General's Office, and she
2 represents the Office of the Public Counsel.

3 And the Public Counsel in turn represents the
4 interest of the residential and small business rate payers
5 principally in these cases. Staff's role, I should say, is
6 to represent the broader public interest. And then there
7 are various company representatives who participate as well.

8 So at this point, indeed, let me just go around
9 the room. And I see Mr. Roseman sitting there. Without my
10 glasses, you're probably the only one I can recognize from
11 this distance. If you would stand up and say who you
12 represent.

13 MR. ROSEMAN: My name is Ron Roseman, and I
14 represent the Energy Project. And the Energy Project is a
15 advocacy group for low-income customers of the utility.

16 JUDGE MOSS: Thank you, Mr. Roseman. Mr. Sanger,
17 I think I saw you come in.

18 MR. SANGER: Yes. Hi. My name is Irion Sanger.
19 I represent.

20 THE REPORTER: I'm sorry. I can't hear you.

21 MR. SANGER: My name is Irion Sanger. It's
22 I-r-i-o-n, S-a-n-g-e-r. I represent the Industrial
23 Customers of Northwest Utilities. We are an industrial
24 customer trade association who represents the industrial
25 consumer interests in these rate proceedings.

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1 JUDGE MOSS: Ms. Dixon, do I see you hiding back
2 there in the back? There you are.

3 MS. DIXON: Hi. I'm Danielle Dixon. I work for
4 the Northwest Energy Coalition, and we are a nonprofit
5 organization that advocates for clean and affordable energy
6 services.

7 JUDGE MOSS: Are there any others who wish to make
8 themselves known? I will just note for you, too, there are
9 a number of members from the Commission's regulatory staff
10 present here today.

11 I think they're all sitting there in the back of
12 the room. And they will be here and can answer questions
13 that you may have.

14 The others who have just gotten up and introduced
15 themselves can also answer your questions. And of course,
16 the company is here and represented by Mr. Meyer.

17 MR. MEYER: Yes. Thank you, Your Honor. I wanted
18 to make the same offer. We have a number of company
19 representatives here. So after the hearing, please, if you
20 have follow-on questions, we'll make ourselves available.
21 Thank you.

22 JUDGE MOSS: And in that connection, the
23 Commissioners and I are not here to answer questions today,
24 because of our role, in essence, as judges in the
25 proceeding. What we are here for is to hear what you have

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1 to say and to develop that part of the record.

2 Now, I want to tell you a little bit about where
3 we are today in the process. Avista originally filed this
4 request on May 16th this year, and they asked for increases
5 in rates on the electric side that would increase their
6 revenue by about 38.3 million dollars, and on the gas
7 service about 6.2 million dollars.

8 When the company files for an increase like that,
9 if the Commission does nothing, then those increases in
10 rates will go into effect automatically after 30 days, and
11 the company will be entitled to collect that revenue.

12 But as a matter of course, and in this case, the
13 Commission will do what's called suspending that rate
14 increase request and initiate a hearing process such as
15 this.

16 This start -- the process then starts when the
17 Commissioner's regulatory staff and public counsel and these
18 other parties begin to investigate the accounting basis and
19 the financial data upon which the company's filing depends.

20 And they conduct a process called discovery in
21 which they asks questions of the company and get a lot of
22 information over a period of time. The -- the idea is that
23 they'll develop information that will allow them to present
24 a different perspective on things perhaps than what the
25 company has presented that will give us a basis for making a

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1 decision down the road.

2 However, once the parties are far enough along in
3 their analyses that they feel comfortable with where they
4 are in the case, they will typically sit down and start
5 talking about narrowing the issues and seeing if there's
6 some possibility of agreeing to what the result of the case
7 ought to be.

8 And that is what has happened in this case. And
9 so the parties got together and negotiated and agreed to
10 results that would in this case reduce the amount of
11 additional revenue that Avista is allowed to recover
12 relative to its initial request.

13 Instead of the 38.3 million the company originally
14 requested for electric service, it has agreed to accept just
15 over half that amount, about 20 million dollars.

16 And what that means for residential customers,
17 which I suspect most of you who are here today are, means
18 about a four percent increase in rates instead of a nine
19 percent increase in rates.

20 As to the natural gas service, the company has
21 agreed to accept 3.75 million or about 60 percent of the 6.2
22 million it originally requested. And again, for residential
23 customers, this means a rate increase of 2.8 percent,
24 approximately, versus the original request for 5.1 percent
25 increase.

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1 Now, I don't want to give you more detail now at
2 the risk of having your eyes glaze over, but I will point
3 out that there is a sheet that was prepared by the parties
4 to the settlement in this case that gives a lot more detail
5 about both the natural gas and the electric cases as they
6 were filed and what the parties have agreed to in settling
7 the case.

8 I've also been handed a sheet that was prepared by
9 the Public Counsel's office which provides you additional
10 information about the case. In some cases it's repetitive
11 of the first sheet I mentioned.

12 That information's all available to you. It was
13 on the table out here when you all came in, and I think will
14 still be out here now when you leave, so if you wish to pick
15 that up.

16 So what the parties have done now is they've
17 presented their agreement to the Commission in the form of a
18 settlement proposal, and they ask the Commission to approve
19 and adopt that as its resolution of this case.

20 And so the purpose, as Chairman Goltz said, the
21 purpose of our hearing today and tomorrow here in Spokane is
22 twofold: One, and why we're here right now, is to take
23 comment from members of the public; and two, we will develop
24 an evidentiary record concerning the settlement itself in
25 proceedings this afternoon at 2:30, commencing at 2:30 in

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1 the Spokane City Council Chambers.

2 Now, just to describe how we're going to do this.
3 I have a list here with names on it and those who have
4 indicated the desire to speak. First thing I'm going to do
5 is ask all of you to stand and swear you in.

6 Then I'm going to call your names one at a time,
7 and I'll ask you to come up here to this podium, and there's
8 a microphone there. And you can -- I'll ask you a few
9 preliminary questions, and then you'll be given an
10 opportunity to speak.

11 Well, is everybody standing now? I'll go ahead
12 and swear you in. I think I have ten people indicated on
13 here who wish to speak. If there are others who did not
14 sign up, but who wish to speak, please stand at this time,
15 and I'll swear you in.

16 Please raise your right hands. Do you solemnly
17 swear or affirm that the testimony you give in this
18 proceeding will be the truth, the whole truth and nothing
19 but the truth? Please say "I do."

20 THE WITNESSES: I do.

21 JUDGE MOSS: Thank you. Please be seated. When
22 you come up to the podium, I'm going to ask you just a few
23 preliminary questions. I'll ask you to state your name for
24 the record. I'll ask you what community you live in.

25 I don't need your address, just what community do

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1 you live in. If you're a customer, gas, electric, both, and
2 if you're appearing just for yourself or for representing
3 some organization or group.

4 We limit the comments to three minutes. You will
5 find, I think, that three minutes is actually quite a lot of
6 time standing up there speaking, and we have seldom had a
7 situation where a speaker felt cut off prematurely.

8 However, you can also file written comments with
9 us, if you have additional things to say after you've spoken
10 here today or if you think of things after you speak here
11 today that you want to convey to us.

12 You can send those comments to us until November
13 16th. And we accept those by mail, and the Commission at PO
14 Box 47250 in Olympia, Washington 98504. Or you can submit
15 your comments electrically on our web site which is
16 www.utc.wa.gov. And this information's available to you out
17 there.

18 And please note that your comments are about the
19 Avista rate case, and reference the docket numbers. And you
20 can talk to our staff if you have any questions about
21 that -- that process.

22 So with that said, and all of the witnesses who
23 wish to speak today or the members of public who wish to
24 speak sworn, I'm going to call the first one on my list.
25 And that's Larry Stuckart. Did I get that right? Stuckart?

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1 MR. STUCKART: Stuckart; right.

2 JUDGE MOSS: Thank you very much. Mr. Stuckart
3 may have done this before. I did not mention that you can
4 hand us papers, and we will make them part of the record as
5 well. He seems to be aware of that process. Let me ask you
6 to state your name for the record.

7 MR. STUCKART: My name is Larry Stuckart, and I
8 live in unincorporated Spokane County.

9 JUDGE MOSS: All right. And are you a customer of
10 Avista?

11 MR. STUCKART: Yes, I am a customer of both gas
12 and electricity.

13 JUDGE MOSS: And are you here today representing
14 just yourself or an organization?

15 MR. STUCKART: I am representing SNAP Spokane
16 Neighborhood Action Partners.

17 JUDGE MOSS: Okay. Thank you very much.

18 MR. STUCKART: SNAP administers the LIRAP program
19 and Project Share for Avista Utilities and the LIHEAP
20 program for the Washington State Department of Commerce.

21 As you know, the LIRAP program works in concert
22 with the federally funded LIHEAP program. Has been on a
23 funding roller coaster for several years.

24 Last heating season, 2010/11, we did not know what
25 the final federal budget for LIHEAP was until February, the

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1 end of February in 2011, and the funds only became available
2 in mid-March, and we extended the program at that time.

3 So this delayed release of an unanticipated amount
4 of funding caused us to worry about spending out. Unspent
5 LIHEAP money is always returned to the Federal Government at
6 the end of the year by the state.

7 Last year seeing the difficulties on the horizon
8 with this large amount of LIHEAP money coming, we early on
9 began discussions with Avista staff concerning carry-over of
10 LIRAP funds.

11 Avista generously approved the carry-over of LIRAP
12 funds. This carry-over has already come into play by
13 allowing us to start taking applications for the LIRAP
14 program on the 10th of October.

15 Between then and the 4th, which is Friday, we took
16 applications from one thousand eight hundred and four
17 households. That's on the sheet I gave you.

18 Of this number we have certified 1,016 households.
19 Certifying is us checking them a second time, and it takes
20 another week in the process to do this, so we are a little
21 bit behind.

22 But we have certified over a thousand and sixteen
23 households, and we have spent over \$500,000 on those
24 households. The average payment has been \$493 per
25 household, compared with \$427 for the same period last year,

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1 and 454 for the entire program last year.

2 So payments are based on the prior 12 months of
3 the year of the customer's -- they are based on the
4 customer's income and number of people in the household and
5 the type of household, type of home.

6 We expect average payments to continue to raise
7 throughout this year. Higher payments means fewer
8 households assisted. Smaller LIHEAP allocation means fewer
9 households assisted and resources being depleted sooner.

10 We started the program this year earlier than we
11 have in the past. We're helping clients at a faster pace
12 this year. As you can look at the figures on the sheet, you
13 see we have spent more, and actually starting weeks later,
14 several weeks later.

15 Flexibility and the use of the funds is extremely
16 beneficial to our program. The number of our potential
17 clients is increasing. This happened throughout last year
18 and appears to be continuing.

19 We have more than a few families applying, people
20 that are only vaguely aware -- these are new families.
21 They're only vaguely aware of the different services
22 available.

23 The recession in Spokane is specially brutal as
24 the weather gets colder and sets in -- when winter sets in,
25 things are bad. In the past several years, the majority of

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1 our non-senior clients have been the working poor.

2 Now many of the formerly poor, the people that
3 were working poor, but not quite poor, have joined the ranks
4 of the unemployed, so our numbers are increasing there. So
5 it's getting worse for the poor people, and the near poor
6 are becoming poor.

7 JUDGE MOSS: Mr. Stuckart, I'll ask you to sum up,
8 if you could.

9 MR. STUCKART: If you look at the statistics on
10 the pages I provided, you'll see that we started the program
11 three weeks earlier. We surpassed the number. We increased
12 staffing at the beginning of our program, and we've been
13 able to -- and we continue the high levels of staffing as
14 long as funding holds out.

15 Under the worst-case scenario with no funding
16 increase from the feds, we will be end -- ending the program
17 at the end of January and cutting down to simply just LIRAP
18 program. But Avista's program helps us to continue to help
19 more people.

20 JUDGE MOSS: Okay. Thank you very much. And if
21 you do want to submit prepared comments, as I mentioned,
22 that's something else you can do.

23 CHAIRMAN GOLTZ: Judge Moss, can I ask one
24 question? Mr. Stuckart, thank you for the data, but now as
25 I understand the stipulation, there is an increase in the

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1 LIRAP funding as a result of the stipulation over current
2 levels.

3 Is that your understanding as well?

4 MR. STUCKART: I believe so.

5 CHAIRMAN GOLTZ: Okay. And is that -- so are you
6 in favor of that --

7 MR. STUCKART: Yes, yes.

8 CHAIRMAN GOLTZ: -- that aspect of it?

9 MR. STUCKART: We definitely can use it. We have
10 no idea what's going to happen with LIHEAP funding even yet
11 this year. And we see, if one thing's sure, they're cutting
12 back everywhere at the federal level.

13 CHAIRMAN GOLTZ: Thank you.

14 JUDGE MOSS: All right. Our next speaker is Dawn
15 Voelker. Ms. Voelker, you can pull that mic down.

16 MS. VOELKER: Okay.

17 JUDGE MOSS: I ask you to please state your name
18 for the record, and spell your last name.

19 MS. VOELKER: My name is Dawn Voelker. V, as in
20 Victor, o-e-l-k-e-r. I live in the Spokane Valley. And
21 we're electric and gas --

22 JUDGE MOSS: All right.

23 MS. VOELKER: -- customers.

24 JUDGE MOSS: Are you representing yourself or a
25 group or others?

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1 MS. VOELKER: Just myself.

2 JUDGE MOSS: Okay. Great. Please go ahead.

3 MS. VOELKER: Thank you. I would ask energy to
4 please decline Avista's rate hike. One of Avista's business
5 principles is integrity, to do what is right.

6 Where is integrity of constantly raising our
7 natural gas and electricity rates, all the while they are
8 netting millions of dollars? How can the top executives who
9 are making hundreds of thousands of dollars and the CEO who
10 is making millions of dollars display to the consumer
11 integrity and ask us to pay more? Would they be willing to
12 take a cut in their salary for the sake of integrity?

13 Our state and country is in a recession. Cuts are
14 being made across the board. Yes, Avista is adding to its
15 programs to help those who need assistance, but what about
16 the middle income families who do not qualify?

17 We are the ones caught in the middle. We sit in
18 our house with jackets and blankets on, because we can't
19 afford to turn our heat up.

20 To come out of the recession, people need to have
21 extra money to spend on services and goods, but when all of
22 our extra income goes to pay for the rising cost of our
23 energy bill, consumers will not be paying for the extra
24 goods and services to help bring us out of the recession.

25 Avista uses our natural resources, water and air

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1 to help make a profit. Does not the air and water belong to
2 us all?

3 Avista will always use the excuse that they need
4 the increase to help pay for upgrades. Should not upgrades
5 come out of their profits?

6 Avista executives receive bonuses each year for
7 reaching goals. Even when bad decisions are made which
8 results in a loss, are bonuses still given out?

9 Should we receive a rate increase because their
10 net income was lower as a result of a bad decision? Where
11 is integrity in that?

12 Again, I please ask that you decline the rate hike
13 by Avista. Thank you.

14 JUDGE MOSS: Thank you. Any questions from the
15 Commissioners? Apparently not. Thank you, Ms. Voelker.
16 Our next speaker is Duane Statler.

17 MR. STATLER: Good afternoon.

18 JUDGE MOSS: Good afternoon. Please state your
19 name, and spell your last name for the record.

20 MR. STATLER: Name's Duane Statler.

21 S-t-a-t-l-e-r. I'm an Avista customer, both gas and
22 electricity. I represent my family. My employer, school
23 district, things are very tight for us. They're tight for
24 us at the school.

25 Where is this money coming from? This 4.3

0106

1 percent, this 8 percent. Last year I stood right here and
2 you said, "Well, we're going to need another small increase,
3 and then it's going to stop." Is it going to stop? Can you
4 look me in the eye and tell me it's going to stop?

5 I sit here with your own documentation, your
6 picture of the pie. My concern is the three-quarter piece
7 of the pie that basically leaves nothing left for myself, my
8 parents or the kids who go to our schools that we're trying
9 to heat with your energy.

10 I think with Avista, you guys take what you can.
11 As a business, I understand that, and I respect that. What
12 I don't respect are you people, the UTC, the Attorney
13 General's Office in general.

14 As I sit back today, I filed and got on and looked
15 at your wages this year. Mr. Goltz, a hundred and
16 twenty-six thousand dollars, seven hundred and forty-eight.
17 There's a hundred and sixty-five people in your department.

18 In this room alone with you, the Commissioners,
19 your staff, we're looking at almost three-quarters of a
20 million dollars in wages. Do you feel that you justify your
21 wages to make almost as much as our governor? I really have
22 to kind of wonder how you feel about that.

23 Did you get a raise this year? I didn't. I
24 haven't seen one for three years. I couldn't find that on
25 the information act, anyway. So I'm disappointed with you

0107

1 guys. I'm disappointed with you guys, because realistically
2 you don't bear the burden or see what I see, what my parents
3 see, what the 100 families, the thousand families that are
4 represented in the school district where I work see, the
5 kids coming in in ragged clothes so their parents can try to
6 pay their electric bills.

7 The Attorney General's Office, you're next on my
8 list. You show up, there's two of you from the same office
9 representing my interest and theirs? What kind of a
10 conflict is that? It's a conflict of interest.

11 How can you represent both myself and the UTC that
12 are being funded through wages and benefits through
13 collected by Avista utilities and paid by energy companies
14 and utility companies? How can you sit over there and
15 represent both of us? Whose interest do you truly have in
16 mind?

17 JUDGE MOSS: Mr. Statler, I'll have to ask you to
18 sum up.

19 MR. STATLER: I'm summing up, and I will sum up.
20 Thank you for coming over. I'm sorry if you feel singled
21 out by my testimony. When I seen your wages this morning, I
22 was astounded. I just don't feel that you're worth it.
23 Thank you.

24 JUDGE MOSS: And Mr. Statler, I would invite you
25 and others who may be interested in better understanding --

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1 I blame myself for not adequately explaining the role of the
2 Commission staff, counsel and the public counsel.

3 Their roles are different, and they don't
4 represent us. They appear before us as parties. So if you
5 want to talk to them after the proceeding, they can explain
6 more clearly what their respective roles are.

7 MR. STATLER: Well, when I filed a claim with the
8 Attorney General's Office against the Utilities and
9 Transportation Commission last year, I had a generic
10 response from the Attorney General's Office. They do
11 represent you as well they represent me.

12 JUDGE MOSS: And I mean in this proceeding.

13 MR. STATLER: Exactly.

14 JUDGE MOSS: Did you have a question? Yes.

15 COMMISSIONER JONES: Mr. Statler, just a question.
16 Are you with the West Valley School District, as I recall?

17 MR. STATLER: Yes, I am. I work -- I'm a
18 custodian at West Valley School District.

19 COMMISSIONER JONES: Do you know how much your --
20 do you use electric heat, of course, and gas heat as well?

21 MR. STATLER: We use gas mainly, and a little bit
22 of electric. And I'm not speaking as a -- as a
23 administrator from West Valley. I'm speaking for somebody
24 with hands-on experience with the kids and the families that
25 come through. And I see what happens day to day with these

0109

1 families, struggling. That's -- I don't have the numbers
2 for West Valley. I'm sure Avista does.

3 COMMISSIONER JONES: Well, I was going to ask you
4 for the numbers of rate increase and how much it went up
5 last year.

6 MR. STATLER: I could probably find out and get
7 back to you.

8 COMMISSIONER JONES: That might be helpful. Thank
9 you.

10 JUDGE MOSS: Thank you. All right. Our next
11 speaker is Jerry Sletvold.

12 MR. SLETVOLD: Afternoon. Afternoon, gentlemen.
13 Jerry Sletvold, S-l-e-t-v-o-l-d. Electric customer here in
14 the valley. And the question I don't believe you'll have
15 the answers for, but how many requests in the last ten years
16 have they requested or how many rate increases have they
17 requested? What percentage have they requested? What
18 percentage had been granted? Questions there.

19 And you mentioned 4. -- they were asking for.
20 Actually, it's 4.6 that they knocked it down from 9.1. That
21 I believe is already cut and dried issue.

22 But they promised that they will not ask for
23 another -- if they get this on January 1st, they will not
24 ask for another increase of three months till April 1st.
25 Now, how ridiculous is that?

0110

1 I mean, if you went to your boss every three
2 months, every year even and said, "Hey, I'm going to -- I'll
3 be back. I'll be back in three months and ask for another,"
4 how ridiculous is that?

5 These people, they come out in the paper after
6 their quarterly profits and they say, "We've got record
7 profits." The reason being, rate increases. They ask for
8 the stockholders. It's very simple. It goes on and on.

9 And people are wrapped up in this -- this their --
10 customers are wrapped up in blankets tonight, gentlemen. I
11 hope you think about that. Thank you.

12 JUDGE MOSS: Thank you very much. Our next
13 speaker is John Yeager or Jaeger. I'm not sure which. But
14 you're going to clarify it for me by stating your name for
15 the record.

16 MR. JAEGER: Yes. My name is John Jaeger,
17 J-a-e-g-e-r. I come from Tico, which is south of here. I
18 couldn't make it to Pullman tomorrow, so that's the reason
19 I'm here today.

20 I appreciate the opportunity to talk and give -- I
21 somewhat loosely represent my constituents in Tico. I'm
22 their mayor. So I am well aware of the -- some of the
23 concerns that my people have in Tico.

24 I guess we know we're in a recession. I don't
25 want to be redundant about things that are going to be said

0111

1 today, but I did read in the paper where our governor is
2 saying that levy equalization moneys for these schools are
3 going to be cut, possibly by 50 percent, sometimes even
4 worse than that.

5 That means that all these little communities will
6 be asking their patrons for more money to run their schools.
7 I know in Tico we have to ask our people to pay a little bit
8 more each year for water rates, \$5 a month. And has been
9 going on for two, three years. It will continue for another
10 year. And next we'll work on our sewer problems.

11 So every year our people are asked to pay more
12 money in rates. And -- and I guess as people are saying,
13 wages are being frozen throughout the state. People are
14 asked to pay more for their benefits.

15 So my question is to the Avista people -- I'm
16 going to assume something; okay. I'm going to assume that
17 they've asked their stockholders at least for a period of
18 time that there be no dividends until they can get through
19 this recession. I'm assuming that. I'd like to ask them
20 and have them respond to that.

21 I'd also like to ask them if their employees have
22 had their wages frozen and their benefits frozen as have
23 teachers, state patrolmen, all kinds of people in Eastern
24 Washington. I'd like to ask that question to them.

25 And then I'd also like to ask maybe for a period

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1 of time there be no bonuses until this crisis can be
2 addressed, you know. Again, we are in a recession, and
3 maybe this is a time when bonuses need to be questioned a
4 little bit more thoroughly.

5 I'm willing to sacrifice, and so are the people in
6 my community, as long as that sacrifice is felt throughout
7 the community, throughout the area. I'm not so sure it is.
8 I'm not so sure it has been; okay.

9 I guess maybe this is a closing comment that for
10 Avista, I would assume that they got their stockholders,
11 their employees and their customers. And they have to
12 prioritize their -- their concern for those three entities.

13 It appears like their stockholders might be number
14 one priority. And it might be then that their employees
15 might be their second priority, and quite possibly their
16 customers be their third priority.

17 And I'd like to just make one quick statement. I
18 think I still have a little bit of time left. I know that
19 they have a Project Share program with Avista. We also have
20 it in our community, but I need to have you people
21 understand something.

22 In my community people do not like to ask for
23 help. They think that's for other people, you know, other
24 people are worse off than they are, so they will close off
25 rooms and add clothing at night and sacrifice because they

0113

1 don't want to ask for help.

2 We have a Project Share. We will help them with
3 their utility bills.

4 JUDGE MOSS: Mr. Jaeger, I'm going to have to cut
5 you off. Your time is --

6 MR. JAEGER: They decline to do so. I appreciate
7 the opportunity to talk to you.

8 JUDGE MOSS: Thank you. And if you have
9 additional comments, please submit them in writing. Carolyn
10 Pickett.

11 MS. PICKETT: I just about didn't make it today,
12 but I'm going to get here one way or the other.

13 JUDGE MOSS: Well, Ms. Pickett, if you would be
14 more comfortable sitting, you can sit over here.

15 MS. PICKETT: No, that's okay. This is fine.

16 JUDGE MOSS: Very good.

17 MS. PICKETT: My name is Carolyn Pickett. I'm a
18 Spokane County resident. I'm an independent advocate for
19 persons with developmental disabilities, and I have several
20 points to make.

21 JUDGE MOSS: Please do.

22 MS. PICKETT: One is the rate increase is
23 ludicrous, unacceptable, unconscionable. And the second is
24 that the thing is one of the things they put in the
25 paperwork I originally got -- I sent a packet, and I think

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1 the Attorney General's Office was handed that information.
2 So they got all the facts of information I was concerned
3 about.

4 The light bulbs that they're handing out to people
5 are hazardous. And I know you don't want to hear anything
6 extra, but this is important, because handicap people are
7 being told that these things are good.

8 They are very hazardous. I've looked it up. I've
9 seen it happen. I've known people who have had it happen to
10 them. They do not work the way they're supposed to.
11 They're dangerous.

12 HR 91 by McNorris Rogers is trying to get the
13 reversal on that information in through the government at
14 the federal level.

15 The other thing that's important to note is that
16 the equipment that they're talking about upgrading, they're
17 not telling the public that their equipment isn't going to
18 handle these things that they're putting in now.

19 And so when they're getting a rate increase for
20 equipment you upgrade, they want to upgrade theirs, because
21 they know they can't handle the light bulbs, especially if
22 everyone gets them.

23 They're dangerous. They don't blow the fuses in
24 your house. They kill the ground wire to your electricity,
25 and then they'll off gas all these fumes from these

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1 different things that are in them, fluorine gas, phosphorous
2 and mercury.

3 Then all of a sudden they go pop. They sit there
4 and gas some more until the bottom of them will turn into
5 fire, because they're not made fire-prevention-wise.

6 Most people aren't getting this information,
7 because Avista puts in their ads in the paper and on Crim 2
8 that this is the way to go.

9 They're getting money, they're asking you for
10 money from people who can't even afford to pay their light
11 bills, and they're just \$12 shy of being able to apply to
12 SNAP. And you're telling us that we have to put in so much
13 money for that.

14 This is unconscionable treatment of the public.
15 And I -- I also am respectfully submitting my comments to
16 you in good faith that these things are not what the public
17 will agree to.

18 And you already have put out a paper to me that
19 told how many people you'd gotten comments from, two hundred
20 and eighty-nine. And then ten of them didn't -- ten of them
21 were in favor of it, and a few hundred were against it. And
22 I think two hundred and seventy-six was the amount that came
23 out of that.

24 When you start figuring out how many people you
25 got information from, and you look at how many customers

0116

1 were in the list down below, one -- what is it -- a hundred
2 and thirty-four thousand, and another so many thousand in
3 natural gas.

4 These people didn't come to you telling you how
5 they feel, and that's why I came here today is to make sure
6 you realize that you're not getting anywhere near the number
7 of people who are going to be impacted and don't want it to
8 come to you.

9 JUDGE MOSS: Thank you, Ms. Pickett. Ask you to
10 sum up.

11 MS. PICKETT: And I thank you very much for the
12 time. And I know that you have hard jobs to do, so do it
13 and turn off the Avista people. The CEO doesn't need a rate
14 increase. We don't need 5.3 million going to bulbs being
15 handed out to people that are going to burn their houses
16 down.

17 JUDGE MOSS: Thank you.

18 MS. PICKETT: Thank you.

19 JUDGE MOSS: The next speaker is Flo Tillemans.

20 MS. TILLEMANS: Hello. My name is Flo Tillemans.
21 It's T, as in Tom, i-l-l-e-m-a-n-s. And I'm speaking more
22 for myself, but also for senior citizens.

23 Now, I went back and I pulled up my Avista bills
24 from December 28th of 2006. I had one for December '07,
25 December of '08, December of '09, and 11 of '10 and 10 of

0117

1 this year.

2 Now, for each year Avista has gotten a raise.

3 Now, I'm on social security. I haven't had a raise since
4 2009. The social security hasn't given us one. Supposedly
5 we're supposed to have one this year, but that doesn't mean
6 we're going to. And the rates have been increasing each
7 year.

8 And let's see. In 2010 there were six different
9 rates on my bill. Now, I think that's absolutely asinine to
10 have six different rates. For the first three hundred and
11 six, then for eight hundred and thirty-six, then to a
12 thousand twenty-two, then the 1336, then to 1486, and then
13 over 1486. That's six different charges, six different
14 rates on one lousy bill.

15 Now, I have never asked for help before until this
16 year, but I did ask SNAP, and they are going to help me a
17 little bit, which I do appreciate.

18 But it says here in this comment that came out in
19 my bill, "In addition the company has requested the recovery
20 of 4 million of lost revenue due to its energy efficient
21 programs."

22 Why should we have to pay back when they're
23 pushing us to save energy? Why should we have to pay it --
24 turn around and pay it back again? That doesn't make sense.
25 I don't give a lollipop to a child and take it back away

0118

1 from him. Now, I think that's stupid.

2 Now, I also show two different pies, one 2010 and
3 one 2011. And in 2010 the production and transmission
4 expense was 61 percent or 33.7 million.

5 In 2011 the production and transmission expense
6 shows 18 percent or 6.9 million. And the increased implant
7 or net plant investment for 2011 shows 64 percent. For the
8 2010, it showed 27 percent.

9 Now, I don't know. Somebody's sure trying to pull
10 the wool over a lot of people's eyes. And I think it's
11 about time that they, the con men were stopped, because
12 that's what they're doing is they're conning everybody.

13 JUDGE MOSS: Ms. Tillemans, I'm going to have to
14 ask you to sum up, please.

15 MS. TILLEMANS: Well, I just feel that you people
16 are in the same cahoots with the Avista. They're paying you
17 to help them get their pay raises. And they're going to go
18 out of here with their million dollar pay raise that they've
19 requested whether we have anything to say or not.

20 But I'm sorry, it's -- I wish that the people can
21 get up in arms and walk down the street and shut off all of
22 their electricity. But most of us would die if we didn't
23 have a coal furnace or something like that in our house.

24 JUDGE MOSS: Thank you, Mrs. Tillemans. Our next
25 speaker is Anne Whigham.

0119

1 MS. WHIGHAM: Hi.

2 JUDGE MOSS: Hi there.

3 MS. WHIGHAM: My name is Anne, with an E, Whigham,
4 W-h-i-g-h-a-m. I live in Spokane, the city of Spokane. I
5 work at Aging and Long-term Care of Eastern Washington, but
6 I'm really here for myself.

7 I want to share a couple of things with you. One,
8 I'm on a fixed income, and I've been working for a long,
9 long time, but I haven't gotten a raise in over two years.
10 And yet what I'm seeing is an accumulative increase in
11 everything. And this is just one more increase.

12 If you go to the store, your food costs have gone
13 up. Your gas has gone up. Healthcare costs keep going up,
14 unbelievably.

15 Then you look at utilities, not only Avista, but
16 you look at trash, you look at the water rates. All of
17 those are going up, and yet for the majority of us, we're on
18 a fixed income. And we're having to make adjustments to our
19 own income and how we spend our money.

20 I work in an industry with social services, and I
21 know how seriously we're going to be impacted. Our clients,
22 the people that I work with are going to be seriously
23 impacted with the proposed budget cuts.

24 All of us are having to make adjustments, and I
25 feel like Avista needs to be doing exactly the same thing.

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1 I'm asking you not to okay their rate increase.

2 One of the things I want to share with you that is
3 a gem, and I will leave this book for you. It is the
4 Economic Security Index for Eastern Washington -- for all of
5 Washington.

6 And this looks at what does it cost and what kind
7 of income do people need in order to survive. In Washington
8 State, eight percent of the population is living below the
9 federal poverty level.

10 And over 20 percent, more than one out of five
11 people, are trying to exist on their only source of income
12 is their social security. That's not a lot of money. And
13 as Flo pointed out, they haven't had an increase in a long
14 time.

15 I want to share with you in Spokane what's needed
16 to survive. An income for an elderly person age 65 or older
17 in really good health, so they don't have a lot of hospital
18 bills, they don't have a lot of medical bills, they need a
19 minimum as a single person -- I'm a widow. I'm a renter. I
20 need a minimum of \$18,000 a year just to survive.

21 That's not going to restaurants. That's not going
22 golfing. That's not going to the theater. That's just what
23 I need in order to survive.

24 And all of this information you'll see I have
25 provided, and it's by county, and this was done based on

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1 2010 figures and was just done in 2011.

2 If I were still married -- my husband died about
3 six years ago. If we were living together with our house,
4 with our mortgage, we would need a minimum of \$24,000 in
5 order to retire.

6 Most people, the majority of people on social
7 security are not making that income. We're all having to
8 adjust. We're all have having to figure out how we do this.

9 This is one more rate increase, one more cost that
10 is not justified to me. I realize it's justified to Avista,
11 but we're in serious trouble. This is the great recession.

12 JUDGE MOSS: Thank you.

13 MS. WHIGHAM: Thank you.

14 JUDGE MOSS: Our next speaker is Greg Perrenoud.
15 And I apologize if I mispronounced your name, but you're
16 going to straighten us out on that.

17 MR. PERRENOUD: Greg Perrenoud, P-e-r-r-e-n-o-u-d.
18 I guess I'm here to back all these other people that have
19 requested the decline in the Avista rate increase for all
20 the same reasons I guess.

21 That I am from Otis Orchards where we probably
22 been dealing with Avista problems for five years with some
23 of their promises that they have not kept, different things
24 like that. They are very deceptive.

25 The rate increases, they want them. They ask for

0122

1 five, get two and a half every time. I don't know. I guess
2 you can go on and on. But I just request that it is
3 declined.

4 JUDGE MOSS: All right. Thank you very much.

5 MR. PERRENOUD: Thank you.

6 JUDGE MOSS: Luke O'Bannan. Mr. O'Bannan.

7 MR. O'BANNAN: My name is Luke O'Bannan, O,
8 apostrophe, capital B-a-n-n-a-n. And I live in Spokane
9 city. And well, let me introduce myself. I'm just a common
10 citizen, not affiliated with any interest group.

11 Got a little thing in the mail said there's a
12 public hearing today. So I asked my work if I could lose an
13 hour of overtime and come be here.

14 So basically it's your duty to regulate Avista
15 because it has government legalized monopoly on our
16 utilities; right? So you guys are the guys who protect us,
17 because we don't have any choice.

18 I can move out of the city of Spokane, but all my
19 family's here. And moving is expensive, and I don't have a
20 lot of money. So I have to use electricity and natural gas.
21 I tried burning wood. It didn't work. It's a lot of work.
22 So -- and you don't stay very warm at night when you're
23 trying to sleep.

24 So it's your -- it's your -- you have the power
25 and the obligation. And it's a big deal. And I don't -- I

0123

1 don't understand why when a non -- a non-regulated
2 corporation like a Bank of America or any other company, if
3 they were to do something like have a rate increase in the
4 middle of economic decline, if there was competition in the
5 market, people leave.

6 Bank of America, \$5 debit, bam, thousands of
7 people saying they're going to leave. People are really
8 sensitive. This is -- this is -- and it's just \$5 a month.
9 It's just \$5 a month; right? But that's enough for people
10 to say, "I -- I can't afford it. I need to leave. I need
11 to put my money somewhere else."

12 And I understand Avista's arguments are for
13 updating their -- their infrastructure. Well, what else are
14 we paying for? I mean, really. That's every penny that I
15 put into Avista should be going towards helping -- they
16 should have been updating their infrastructure all along,
17 really.

18 It shouldn't be getting -- being declined if you
19 have over a billion dollars in revenue to use to update your
20 infrastructure for 500,000 customers. You should have the
21 ability to be working on that constantly. You shouldn't --
22 you shouldn't suddenly need to.

23 And other companies are needing to go dip into
24 their capital assets in order to accommodate for these
25 temporary, you know, getting through the hard times periods.

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1 And so I don't see why we should be forced to foot
2 the bill for Avista to be able to go on as regular, as
3 standard procedure when nobody else is. Everybody else has
4 to cut expenses, has to dip into their assets, has to
5 decline on offering dividends.

6 I mean, you can't find stocks anymore that offer
7 dividends. Well, it's very hard to find them. And you
8 can't get good returns. It's just the way it is. It's a
9 fact of life.

10 And someone who's got a future who -- where I
11 don't have any choice, I'm going to probably be using Avista
12 for 30, 40 years of my life. And I'd like to see that
13 progression of my expenses slow down. I'd like to be able
14 to afford a home deposit this year, you know. So it's --
15 it's a big deal to us. So take it seriously. Thank you.

16 JUDGE MOSS: Thank you, Mr. O'Bannan. Rose Marie
17 Waldram.

18 MS. WALDRAM: Believe it or not, I am handicapped.
19 My name is Rose Marie Waldram, Mrs. Thomas M. Larson, and
20 I've lived in Green Acres for considerable number of years.

21 I lived for a time growing up in Spokane itself
22 back in the '40s. I would love to stand here, and I am
23 capable of standing here and talking for two hours to you on
24 various subjects all of which are interconnected and include
25 the CFL nonsense and the need for Avista to get more money

0125

1 to upgrade its grid and all the other falderal, but I won't
2 do that.

3 I will just tell you that I have been attending
4 the Board of Health meetings in Spokane Regional Health
5 District for the better part of the last 16 years. And
6 that's partly the reason why this region is not yet
7 fluoridated and never will be as long as people keep their
8 heads -- people like yourselves keep your heads screwed on
9 right and consider that there is more than what you can see
10 just in front of you.

11 A large frame of reference is vital in order to
12 stay viable and to correctly execute your fiduciary duty to
13 those who entrust you to do just that. So I know I'm losing
14 some of my time, but I want you to read what I have given
15 her to deliver to you.

16 And I want you to take express interest in the
17 last attachment, which superficially may seem to be
18 unrelated. But if you examine it carefully and you read
19 everything that is in this paperwork I give you, you will
20 come away a little bit wiser than you were than before I got
21 on the stand.

22 I was a child growing up here in Spokane, and I
23 remember when the new fluorescent tube lighting was being
24 promoted. Please pay attention to what I say about that in
25 my testimony, my citizen input, which is one of the papers

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1 that was given to the Board of Health.

2 There is more to this than meets the eye. And
3 unfortunately, I wasn't here to hear preceding testimony
4 from these good people, but you need to pay express
5 attention to what they're saying, and you need to consider
6 all the variables. Thank you.

7 JUDGE MOSS: Thank you. That exhausts the list
8 that I have of persons here today who wish to make a
9 comment, but I'll just ask if there's anyone else present
10 who wishes to make an oral comment to the Commission today
11 at this time.

12 Seeing no indication that there is such a person,
13 I'll turn the floor back over to you, Chairman Goltz, if you
14 have any closing remarks.

15 CHAIRMAN GOLTZ: Well, I just thank you again to
16 everyone who gave comments. And we will read the materials,
17 Ms. Waldram, and the other materials that were presented to
18 us.

19 And I might just echo what Mr. O'Bannan said. By
20 the way, Mr. O'Bannan, you gave a very good summary of our
21 job, so I appreciate that. I wish I actually had a video of
22 it.

23 But it is a big deal to everyone. It's a big deal
24 to us, and so we do take it seriously. I just want you to
25 rest assured, we do take it seriously. And we will be

0127

1 reminded of that again this afternoon in -- or this evening
2 in Spokane and tomorrow in Pullman, I'm positive.

3 So just thank you very much. We do take these
4 comments very seriously. You made some very good points,
5 some of which I hadn't heard before in a public hearing. So
6 it's been a very productive hour for us. So thank you
7 again.

8 JUDGE MOSS: Thank you. We'll be off the record
9 at this time, and we'll see the parties at least at 2:30 at
10 the Spokane City Council Chambers for our evidentiary
11 proceedings.

12 (The proceedings were concluded at 12:58 PM.)

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1 C E R T I F I C A T I O N

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3 STATE OF WASHINGTON

4 COUNTY OF KING

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6 I, Kathleen Hamilton, a Certified Shorthand
7 Reporter and Notary Public in and for the State of
8 Washington, do hereby certify that the foregoing transcript
9 of the public hearing on NOVEMBER 8, 2011, is true and
10 accurate to the best of my knowledge, skill and ability.

11 IN WITNESS WHEREOF, I have hereunto set my hand and
12 seal this 17TH day of NOVEMBER, 2011.

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KATHLEEN HAMILTON, RPR, CRR, CCR

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19 My commission expires:

20 APRIL 2014

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