From:	Huey, Lorilyn (UTC)
To:	Roberts, Andrew (UTC)
Cc:	UTC DL Records Center
Subject:	FW: STOP THE SALE OF AVISTA TO HYDRO ONE
Date:	Thursday, March 15, 2018 4:35:44 PM
Attachments:	AVISTA sale to hydroOne -Boleneus.pdf

This is for you.

Warm Regards,

Lorilyn Huey
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Utilities and Tranportation Commission
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-----Original Message-----
From: zapox6@afo.net [mailto:zapox6@afo.net]
Sent: Thursday, March 15, 2018 2:26 PM
To: UTC DL Records Center <records@utc.wa.gov>
Subject: STOP THE SALE OF AVISTA TO HYDRO ONE

Use this one...Dave Boleneus's commentary attached. CZ

---------- Forwarded Message ----------- From:zapox6@afo.net To:records@utc.wa.gov Sent:Thu, 15 Mar 2018 15:23:29 -0600 Subject:STOP THE SALE OF AVISTA TO HYDRO ONE

To: The Washington State Transportation and Utilities Commission
From: Cindy Zapotocky

PLEASE STOP THE SALE OF AVISTA UTILITY TO HYDRO ONE

I agree with the Spokesman Review op ed editorial by former Spokane Prosecutor Don Brockett. (See below.) I also agree with, and am submitting into my testimony, the excellent commentary from geologist Dave Boleneus attached.

There are many other reasons to not support the sale of Avista to a shadowy "Canadian" company. Most concerning of all to me, is that, although we know the provincial government of Ontario claims to own 49% of Hydro One, WE RATEPAYERS DO NOT KNOW WHO OWNS THE OTHER 51% !! U.S. laws do not allow such suspicious secrecy. (Could it be a situation like the scandalous URANIUM ONE scandal being scrutinized by the U.S. Attorney General, whereby a Canadian company "fronted" for a secret partner to buy American-mined yellow cake uranium....FOR RUSSIA?????)

A vast extent of wind turbines stretches across the shorelines of our three U.S. Great Lakes that border Ontario and in the lakes as well. Ontario residents have expressed great hatred of these great bird chopping monsters because the Province has mandated the outlay of the turbines without regard of the public. Likely Hydro One will bring more turbines here. Ontario has
6,736 wind turbines that cover an area of 1,320,000 acres, more than 2,060 square miles. This is a very serious matter because, as local hydro geologist Dave Boleneus, has said, his research shows that wind turbines cannot

represent a primary power source. They are not consistent energy producers, and need huge areas of land and money to build and operate. The data collected by Bonneville Power Administration proves this.

Our state's irreplaceable dams are a treasure to our citizens. Hydropower is the safest and cleanest energy producer on the planet Earth. The massive reservoirs behind our dams are the most efficient storage systems of electricity in existence today, making this energy source efficient, dependible and inexpensive. Our sturdy and well managed dams are the envy of the world!! Why allow foreign countries to control and manage our system for us? This is suicide for our nation and state's protective sovereignty. Could not a co-op of the four states take over the management of our electric system?

I agree with Boleneus and Brockett and many other citizens. The sale of Avista to Hydro One is not in the best interests of U.S. citizens and state ratepayers like me. Say no please. This sale would affect four states, including Washington. Alternatives need to be found to this sale. Would a four-state coop be an option for our utilities?

Thank you, Cindy Zapotocky
1728 E Rockwood Blvd.
Spokane, Wa 99203
Phone: 509-534-5707

Note can be reached at:
David Boleneus
Geologist, LG LHG
tel. 509-468-9062

Don Brockett Spokesman Review editorial--February 5, 2018

"Before the Avista sale to Hydro One, a Canadian company, is approved, several questions should be answered for us, the ratepayers, and the Washington Utilities and Transportation Commission:

1) Since Canada is a foreign and socialist country, how will that affect the legislation brought to bear on that corporation, and will it have to be implemented throughout the company regardless of where its subdivisions are located? A progressive country may want to implement policies that are not consistent with those we believe are in our best interest. As just one example, will Avista meet the needs of environmentalists in Canada by imposing companywide requirements that will affect our energy needs and the cost of providing the energy?

2) According to the post-closing corporate structure documents, there will be a multi-corporate structure. The Canadian company will have a subdivision, a Delaware corporation, of which the Washington corporation will be a part.
The question arises: what laws will have to be followed by the corporation?
Do legal questions and actions brought by or against Avista need to be filed in Washington, Delaware or Canada?

3) Is it good business for the company (and us, the ratepayers) to move the decisions of the local subdivision to a foreign country? It probably doesn’t matter for the company, because it does not have to be competitive, but how will it affect us, its ratepayers? It appears there will still be a CEO and board of directors located here, although the reason is unknown, because the decisions will be made in Canada with the additional problem that the representatives of the local entity will be constantly arguing for an appropriate position with all the other sub-businesses of the parent company.
Will our interests be best served by such a structure?

4) What will be the deciding factor for the parent company in requesting increases in rates? Since this is a private corporation, it obviously needs to be profitable and needs to have a dividend satisfactory for its stockholders. The company, since it does not have to be competitive will not have to be concerned for the ratepayers. That concern is theoretically shouldered by an unelected commission (the WUTC) and we have no choice. What effect will that have on the management of the company since the profits will be earned in Canada? Where will the taxes be paid?

An example of how business has been conducted under the current structure is shown by a recent flier in which Avista noted that “for the seventh consecutive year, Avista has been named to the top 25 corporate philanthropists in the State of Washington.” The flier noted that it had distributed “more than $2.2 million to charitable organizations in communities where our customers live and work.” Will that work of charitable contributions continue as it has in the past?

On the Avista website there is a document detailing the contributions.
Some of them are for:

Various food banks located in various places; matching gifts for money contributed by employees, e.g., to an ALS Association chapter in Kent, Washington; the Colonial Williamsburg Foundation in Williamsburg, Virginia, apparently an historical place showcasing the past; Move for Hunger Inc. in Neptune, N.J.; Northwest Harvest in Seattle; Gonzaga University’s construction of the Hemmingson Center, $50,000; etc. (To see a list of contributions go to the Avista website, The Avista Foundation, Schedule of Grants Issued in the Community.)

Avista and the WUTC contend that the shareholders pay for the charitable contributions, not the ratepayers. That argument will not stand scrutiny unless the shareholders actually vote to give some of their dividends to those charitable causes and receive less in dividends as a result.

Why has the WUTC allowed the contributions to be made instead of using those funds to lower the rates we pay for our energy? Why hasn’t the attorney general, who is elected to look out for the interests of the citizens of the state, confronted this issue and allowed a noncompetitive company to raise energy rates in order to continue its charitable interests?

Economics 101 teaches that in business money must come in before it can go out. So, obviously the company must raise rates (the cost of the sale of its
products) in order to have enough to pay business expenses, salaries, etc., before deciding on dividends. When some of the money is used to contribute to the charitable foundation (now the holder of $8.9 million) for distribution to its chosen charities and invested to have more money available, why is it not used to lower the rates instead of being given to charitable causes of its choosing? By contributing to charity the company pays less in taxes, thereby having us pay what it would otherwise pay for the support of government – which also takes our money and hands it out to the charitable causes of its choice. When the company needs more money to sustain its “business,” including charitable giving, it must raise its rates because the money has to come in before it can go out.

Is it time for a public utility district with elected officials looking out for our interests in obtaining these necessary commodities? The sale should not be approved by the WUTC."

Don Brockett is a former Spokane County prosecutor (1969-1994).

Should AVISTA CORP. become HYDRO ONE?

Hydro One, a provider of electric power in Ontario, Canada wants to acquire Avista Corp., the former Washington Water Power Company, headquartered in Spokane, in a CN$6.7 billion July 2017 deal and approved by shareholders last month. The deal affects the way electricity is provided to Avista's customers that stretch across a 30,000 square mile area. Following is what we have learned that affects Avista's 377,000 customers in five states of Washington, Oregon, Idaho, Montana and Alaska.

- Utility commissions in these five states must approve the merger with *HydroOne*, a review process that will begin in February 2018. A yet-to-be-named Canadian holding company will take ownership of Avista but it's unclear how this shields Avista customers from human hardships and job-killing[1] experiences by Ontarians caused by Ontario's **Green Energy Act, 2009**[2].
- *Hydro One's* electric costs rocketed to North America's highest cost electricity in 2015 at 29.9 cents/kilowatt-hour (low density urban), a direct result of green energy laws. *Hydro One* already promised increases to 66.2 cents in 2018 and 83.9 cents in 2019, a level <u>12 times larger</u> than Avista's 2016 small business rate of 7.1 cents per kilowatt-hour and <u>35 times larger</u> than Chelan and Douglas County PUDs 2.36 cents/kwhr rate[3].
- Ontario's seniors cannot afford *HydroOne's* electricity. One in 20 businesses closed, including grocers. Ruralites now rely on backyard generators and families must weigh paying electric bills against feeding children[4]. 59,000 households were cut off that could'nt pay bills.
- *HydroOne's* service is poor. It charges ratepayers more for deteriorating service yet ignored 10,000 complaints about high costs. Outages are 30% longer, 24% more frequent. Their transmission system is in considerable disrepair, the least reliable of Canada's distribution companies[5][6]. Ontario's Auditor General slams its electricity sector as dysfunctional and customers over-paid $37 billion for electricity.
- 73% of charges are for *global adjustment and delivery fees* while just 27% is for electricity used. Ontario electricity powers energy poverty[7]. Economists and company CEO's say rates are causing 'serious harm'.
- *HydroOne* is a two-year old quasi-private/public company, a monopoly, exempt from public oversight, FOIA requests, customer complaints and its Sunshine list. The Province's HydroOne ownership is 70%.
- Avista customers may share responsibility in Ontario's *Green Energy Act* and *HydroOne's* carbon emissions mandates that become increasingly cost-prohibitive on 2020, 2035 & 2050 timelines. This *Act* and the *Canada-wide* $50 per ton tax on carbon do not represent Avista customer's best interest. The *Act* will increase customer costs another 1230% by **Cap and Trade** (C&T) mandates beginning now. Consumers also share carbon tax pass-through costs as they purchase Canadian products from, i.e., a B.C. company's 2016 $55 million carbon tax bill.
- *HydroOne* now owns Avista's 13 hydro-electric dams (with 1,024 MW of capacity) on the Columbia River and in Alaska. In *Cap and Trade* terms, HydroOne may refashion Avista's hydro dam assets into "clean energy credits", a maneuver enabling Hydro One to avoid paying California's (or Ontario's) $8 billion climate exchange fees to satisfy the *Act's C&T* 2020 mandate. The transfer of dams likely assures the Avista Territory's loss of preference to Avista's electric power on the Columbia River system[8].
- Ontario's *Green Energy Act* prohibits its use of coal-fired plants, once its cheapest electricity, but *Hydro One* has given Avista a pass for a time on retaining its 233 megawatts of thermal-coal generation in Montana which supplies 33% of Avista's thermal electricity. The *Act* mandates that wind turbines generate electricity in Ontario, an experience found to be highly inefficient with very high costs in both Ontario[9] and Washington and widely opposed in Ontario, Europe, several US states, & Australia[10].
- In a sprint to avoid *Green Energy Act's* 2020 enforced *Cap and Trade* carbon emission fees, Canadian utilities purchased $74 million of U.S. hydroelectric assets in 2016 and $28.7 billion more by February 2017[11] to feed an insatiable need for cheap, reliable green power assets. Forbes listed 11 other U.S. utilities targeted.
- Ontario advertises its *Green Energy Act* plan as "virtuous", but effects on people, jobs and economy are the exact opposite. It makes energy arbitrarily scarce. It penalizes emissions and masks negative consequences behind rhetorical benefits of new government programs.
- The *Green Energy Act,* like *Washington's Energy Independence Act* (I-937) represents a *grand social experiment* conducted population-wide, without forethought, without *pilot testing*, without *scientific proof*, to satisfy a hasty policy—a policy that runs counter to best economic choices[12], a policy to reduce a substance known to provide humongous monetary,

human, and food producing benefit[13]: carbon dioxide—with illusion of reducing greenhouse emissions that will never occur, with consequences known to be unprovable, but at extraordinary high cost while failing to consider *human consequences.* Such *goals* have for more than a decade proved themselves as hurried failed experiments in Europe, UK, Australia, and in the U.S.[14]

- Ontario's and Washington's **Cap and Trade** (C&T) harms people and needlessly risks economies, for example:
  - ✓ In Washington by 2030, annual costs to reduce emissions will soar to $8,200 per household, with job losses rising to 82,000 per year, with gross domestic product down by $14.7 billion each year but without scoring a savings in temperature or sea level rise[15].
  - ✓ According to U.S. Senate Conference report[16], *C&T* artificially increases annual household electricity cost $5,429 by 2035 so renewables can compete; Inflicts economic pain disproportionately on poor families, and lower quartile income earners, including college graduates with loans; Reduces gross domestic product $393 billion annually, making U.S. $9.4 trillion poorer by 2035; Reduces net jobs by 1.14 million annually, including green jobs; Discourages domestic energy intensity, the lifeblood of business and U.S. economy-wide; Forces industries to exit; Cloaks C&T fees as inflated prices on consumer goods, essentially removing control away from utility commissions; Impacts farms hardest due to their 58% larger need for fuel; Farm profits plummet by 57%; Food costs surge upward; and like European and California's C&T, with pretense of mitigating climate, exposes unsustainable state-sponsored Ponzi-schemes.
- Almost all *Cap and Trade* practices run counter to the purpose of mitigating climate, as they are *not market-based*[17] but incorporate major elements of centrally-planned economies, for example: Co-opting for *Green Energy* guarantees energy poverty[18]; Since carbon emissions are unrelated to climate, any action to mitigate emissions becomes an expensive, useless exercise; European experiences show they do not reduce emissions but invites more corporate welfare programs[19]; German anti-renewable citizen petitions have grown to over 1,000 and its Minister says energy subsidies are now at unsustainable levels and inducing de-industrialization[20][21]; It's a massive energy tax in disguise[22]; It forces peoples to conform, is oppressive on all but the rich[23]; Transfers important economic decisions from private hands to government, with loss of private property rights and overall net loss of gross domestic product, thus subordinating to elements of USSR- or Chinese-like central planning.
- Renewables are inefficient and wasteful. They provide 0.6%[24] of energy worldwide at a cost of $5.45 trillion that could have provided a five times larger GW supply from natural gas or CCS clean coal plants[25].

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[1] Rates killing small business. https://www.youtube.com/watch?v=1w5dRIzyY7g and http://torontosun.com/news/provincial/high-hydro-rates-killed-ontario-jobs-study
[2] Ontario Climate Action Plan – www.applications.ene.gov.on.ca/ccap/products/CCAP
[3] Rate data from utility websites in 2017
[4] Power costs are increasing hydro prices https://youtu.be/EAmChm584z0 and https://www.youtube.com/watch?v=1w5dRIzyY7g
[5] Auditor General, by Adam Beck on YouTube, Heated over Hydro One https://youtu.be/3mdBrategYc
[6] https://ep.probeinternational.org/2015/12/04/top-10-takeaways-from-auditor-generals-report-on-ontarios-electricity-sector/
[7] https://ontario-wind-resistance.org/2015/04/10/ontarios-wind-powered-energy-poverty/ and https://youtu.be/3nb7juiSSnA
[8] A large portion of the Columbia River System electric power is being promised to Canada as part of the 2024 Columbia River System Treaty now being re-negotiated according to Washington's Department of Agriculture head Derek Sanderson (Inside Olympia, broadcast 11/19/2017)
[9] Ontario Wind Resistance. www.ontariowindresistance.org
[10] European Platform Against Windfarms http://epaw.org/ and http://www.wind-watch.org/
[11] Why Canadians are buying up U.S. utilities. https://www.forbes.com/sites/mergermarket/2016/02/25/why-canadians-are-winning-the-utility-deals/
[12] Social benefits of carbon. Roger Bezdek http://marshall.org/climate-change/presentation-by-roger-bezdek-on-social-cost-of-carbon/
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[23] Heritage Foundation; 2009; alternativeenergy.procon.org
[24] Key world energy statistics: International Energy Agency, 2017. http://www.iea.org/statistics/
[25] Comparing Electricity Production In 6 Major Nations https://principia-scientific.org/comparison-of-electricity-production-in-six-major-nations/