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1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
2 COMMISSION  
3

4 In Re the Matter of: ) DOCKET NO. UE-011514  
)  
5 AVISTA CORPORATION d/b/a )  
AVISTA UTILITIES )  
6 )  
For an Order Finding Avista's)  
7 Deferred Power Costs Were )  
Prudently Incurred and Are )  
8 Recoverable )  
\_\_\_\_\_)  
9 )  
WASHINGTON UTILITIES AND )  
10 TRANSPORTATION COMMISSION, )  
)  
11 Complainant, )  
)  
12 v. ) DOCKET NO. UE-011595  
)  
13 AVISTA CORPORATION d/b/a )  
AVISTA UTILITIES, )  
14 )  
Respondent. )  
15 \_\_\_\_\_)

16 BEFORE: THEA MACE, Administrative Law Judge  
17 DATE: February 27, 2002, 5:00 p.m.  
18 PLACE: 808 West Spokane Falls Boulevard  
City Council Chambers, Spokane, WA  
19  
20 FOR WASHINGTON UTILITIES AND  
TRANSPORTATION COMMITTEE:  
MARILYN SHOWALTER  
21 PATRICK OSHE  
22 FOR THE STATE OF WASHINGTON:  
ROBERT CROMWELL, Assistant Attorney General  
23  
24 FOR AVISTA UTILITIES:  
DAVID MEYER, General Counsel  
25  
FOR WUTC STAFF:  
DONALD TROTTER, Assistant Attorney General

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1                   COMMISSIONER SHOWALTER: Good evening.  
2 This is a public hearing of the Washington Utilities  
3 and Transportation Commission regarding the proposed  
4 temporary rate increase by Avista Utilities. We're  
5 sitting here in City Hall, but this is actually not a  
6 city hall-type meeting; it's a quasi-judicial  
7 proceeding, and you can see the reporter there is  
8 taking down everything that is said. In a minute I'll  
9 ask an administrative law judge to explain more about  
10 that.

11                   My name is Marilyn Showalter, I'm the chair  
12 of the Utilities and Transportation Commission. To my  
13 right is Commissioner Pat Oshe. And we are two of the  
14 three commissioners that make up the Commission. The  
15 third is Dick Hempstead, who for family reasons could  
16 not be here. As I said, there is a record, verbatim  
17 record being made of everything that is said here, and  
18 that will be available to him as well as a summary of  
19 what was said here.

20                   To my left is Judge Thea Mace, she's an  
21 administrative law judge and she will conduct this  
22 proceeding. Before she does, though, she's going to  
23 explain a little bit more about this proceeding and how  
24 you can participate. I'll turn it over to her.

25                   JUDGE MACE: Thank you. As Chairwoman

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1 Showalter indicated, my name is Thea Mace, and I am an  
2 administrative law judge for the Washington Utilities  
3 and Transportation Commission, and my job tonight here  
4 is to make sure that everyone who wishes to have a  
5 chance to address the Commission about the Avista  
6 interim case will have a chance to do that within the  
7 time period that we've set for that.

8           The Commission is a state administrative  
9 agency responsible for regulating the rates of various  
10 public utilities, including Avista. As you already  
11 know, this proceeding concerns Avista's request to  
12 raise its interim rates. The Commission's  
13 responsibility in making a decision on this request is  
14 to balance the needs of the company's customers for  
15 reliable services at reasonable rates with the  
16 company's needs to remain financially viable so that it  
17 can provide that service.

18           There are several parties to this  
19 proceeding, one of them is the Washington Utilities and  
20 Transportation Commission staff, and we have some  
21 representatives from that staff here with us today, an  
22 attorney Donald Trotter, Penny Hanson and Tim Sweeney  
23 from the public affairs staff are here as well, and I  
24 think you may have already talked to them while you  
25 were signing in. Another party is the Washington State

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1 Attorney General's Office of Public Counsel, and we  
2 have Mr. Robert Cromwell here today who will be calling  
3 on you to testify. The Public Counsel represents the  
4 residential and small commercial customers in this  
5 state. And finally, the industrial companies of the  
6 Northwest utilities are also represented in the Avista  
7 case. Furthermore, we have representatives from the  
8 company as well, and attorney David Meyer is here from  
9 the company, and he will introduce some of the people  
10 from the company who are here and to whom you can speak  
11 after the hearing or during the break so we can get  
12 your questions about the case answered.

13 Mr. Meyer, would you?

14 MR. MEYER: Thank you, Your Honor. I won't  
15 approach the mike. Excuse my back. But if you can  
16 hear me, I'm David Meyer, general counsel for Avista  
17 Corporation. Thank you for being here this evening.  
18 We have several people in the audience that I would  
19 like to recognize so that if you have questions during  
20 the break or at the conclusion of these proceedings  
21 you'll know who to put them to. To my immediate right  
22 is Mr. Kelly Norwood. Would you stand, please. Kelly  
23 is our vice president of regulatory affairs. Also in  
24 the audience is Don Faulkner and Bruce Olson. Would  
25 you please stand? They're also here to answer

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1 questions. And finally I won't visually recognize  
2 them, but we have a number of customer service  
3 representatives who can answer questions you might have  
4 about eligibility for our special assistance programs  
5 and that sort of thing. So please take the opportunity  
6 to visit with any of these individuals or with myself  
7 at the end of these proceedings.

8 Thank you.

9 JUDGE MACE: Thank you, Mr. Meyer.

10 If additional questions occur to you after  
11 the hearing today or you feel that you can't get  
12 answers tonight, you can call the Commission at  
13 360-664-1160. And if you didn't get that number, you  
14 can come up to me afterwards and I'll give it to you  
15 again, and your call will be routed to someone who can  
16 help you. You also can submit your comments in  
17 writing. If you have a question about how to do that,  
18 please speak with either Mr. Sweeney or Ms. Hanson.  
19 Mr. Sweeney is in the back there and Ms. Hanson is out  
20 on the other side of the lobby, and they can advise you  
21 of how you can submit your comments in writing. You  
22 will need to submit those comments by Friday, this  
23 Friday, March 1st, so that the Commission can consider  
24 them.

25 Please understand the commissioners are

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1 here tonight to listen to you, and your time at the  
2 podium is the opportunity for you to state your  
3 position about Avista's request. We don't have time  
4 tonight nor is this the right opportunity for you to  
5 ask questions about the case when you are at the  
6 podium. You're here to speak and we are here to  
7 listen. Please remember to speak up when it is your  
8 turn to do that and speak slowly and carefully so that  
9 the reporter who is here taking down your comments can  
10 record them accurately. Even the most accomplished  
11 public speakers are sometimes nervous. So if you  
12 happen to be nervous, that's okay; just try to take a  
13 few breaths and then speak as slowly and clearly as you  
14 can.

15           We want to listen to each speaker with the  
16 same respect that you want when it is your turn, so we  
17 ask that you show each speaker that same respect.  
18 Please don't interrupt the speaker with comments,  
19 whether you agree with the speaker or not. When it is  
20 not your turn to speak, please remain politely silent  
21 during the presentation.

22           To help us keep things orderly and moving  
23 along and so everyone can be heard, I ask that you  
24 refrain from any applause or other audience-type  
25 reactions during or between speakers, no matter how

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1 moved you may be by the speaker's comments. This is a  
2 formal hearing tonight, it's part of the Commission's  
3 formal rate-setting process. It's in everyone's best  
4 interest that it be conducted with the dignity that's  
5 required for a courtroom-type proceeding.

6           In fairness to everyone that's here tonight  
7 who would like to have a chance to speak, I am going to  
8 limit each statement to five minutes. If I see that  
9 you're running over your time, I'll interrupt you and  
10 let you know that it's time to stop, and I would  
11 appreciate your cooperation in doing that as quickly as  
12 you can. When you finish speaking, will you please  
13 remain at the podium for a moment. Mr. Cromwell, the  
14 assistant attorney general I introduced earlier, or the  
15 commissioners or the other counsel may have a question  
16 of you. After the opportunity for those questions, you  
17 will be excused as a witness, and Mr. Cromwell will  
18 call the next witness to speak.

19           If you should agree with the comments  
20 another speaker makes before it is your turn, and that  
21 speaker has said essentially the same thing as you plan  
22 to say, you may simply say that you agree with those  
23 previous comments, and that will carry just as much  
24 weight as if you had made the comment yourself.

25           Right now I would like to take the



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1 appearance of counsel, and then I'll turn the floor  
2 over to Mr. Cromwell, and he'll have a few remarks.  
3 And then after his remarks, I'm going to ask anybody  
4 who has signed up to speak to stand and raise their  
5 right hand, and I will swear you in. And after that  
6 Mr. Cromwell will begin to call on you.

7 So, first appearance of counsel.

8 MR. CROMWELL: Robert Cromwell, on behalf  
9 of Public Counsel.

10 JUDGE MACE: And the other counsel?

11 MR. MEYER: Your Honor, David Meyer,  
12 appearing on behalf of Avista.

13 JUDGE MACE: Thank you.

14 MR. TROTTER: Donald Trotter, Assistant  
15 Attorney General for the Commission staff.

16 JUDGE MACE: Thank you.

17 Mr. Cromwell?

18 MR. CROMWELL: Thank you, Judge Mace.

19 Good evening. As Judge Mace said, my name  
20 is Robert Cromwell, and I am an assistant attorney  
21 general with the Public Counsel section of the attorney  
22 general's office, and our job is to appear before the  
23 Utilities Commission to represent the citizens of the  
24 state, particularly the customers of the regulated  
25 telecommunications and energy utilities. So we

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1 represent, in plain English, the customers of Q-West,  
2 Verizon, Puget Sound Energy, Pacific Power & Light,  
3 Northwest Natural Gas, Avista, and other companies of  
4 that type. We have been an active participant in this  
5 case.

6           As you know from the notice you received in  
7 your bill, Avista requested approval as prudent \$198  
8 million in power costs for the year 2000 and 2001 and  
9 also a 12.4 percent interim increase in rates during  
10 the pendency of the general rate case. This would  
11 result in a 10 percent increase over and above the 25  
12 percent surcharge that is already in place.

13           During the last few months the parties to  
14 the case exchanged data and carefully scrutinized the  
15 information produced by the company. We retained a  
16 power market expert and a utility accountant to examine  
17 the information produced by the company. Other parties  
18 including Commission staff also had accountants and  
19 other experts review and analyze the information that  
20 the company produced. There was a general agreement  
21 that the company faced severe financial difficulties  
22 which, if left unresolved, could result in even more  
23 severe consequences to both the company and its  
24 customers.

25           After negotiations, a settlement was

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1 reached on the interim increase, the recoverability of  
2 2000 and 2001 power costs and a few additional issues  
3 from the general rate case which is set for this  
4 summer. The stipulation which encompasses the parties'  
5 settlement was filed with the Commission and presented  
6 to them by a panel of the parties' experts on February  
7 25th. The parties to the case have proposed to the  
8 Commission that they adopt the settlement as a just,  
9 fair, and reasonable resolution of these issues.

10           This does not mean that the general rate  
11 case is over, or that the settlement is final. The  
12 settlement is simply an agreement between the parties  
13 as to the interim request, 2000 and 2001 power costs,  
14 and other additional issues. We are recommending to  
15 the Commission that they adopt the settlement  
16 agreement. That decision has not yet been made. It is  
17 also important to remember that the general rate case  
18 is scheduled to proceed this summer, with another  
19 public hearing here in Spokane on June 27th. The  
20 evidentiary hearings at the Commission's office in  
21 Olympia will occur the week of July 8th.

22           I am glad that there is a good turnout  
23 tonight, because this is an opportunity for you, the  
24 public, to comment on this proposed settlement and  
25 whether you think that it is in the public interest. I



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1 program until the end of the pending general rate case.

2                   Actively promote its comfort level  
3 billing plan and relax program restrictions on  
4 eligibility.

5                   Modify its deposit requirements so  
6 customers only pay a 25 percent deposit prior to  
7 receiving service, with 25 percent due for each of the  
8 next three months.

9                   Improve participation in the CARES  
10 program which assists special needs customers with  
11 their bills.

12                   Contribute \$50,000 to Project Share and  
13 further encourage individual giving to that fund.

14                   As Mr. Meyer pointed out, company  
15 representatives are here to answer your questions and  
16 show materials on these programs. We also have several  
17 representatives from SNAP, the Spokane Neighborhood  
18 Action Program. They also brought some materials here  
19 this evening that went out to the table, and perhaps a  
20 little later than some of you arrived. So, when you  
21 leave, please do take a look at what's out there.

22 There are a number of resources you may wish to have.

23                   A few other provisions of the settlement:

24                   As part of this case we determined whether  
25 the company's power costs in 2000 and 2001 were

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1 prudently incurred. As you know, the 25 percent  
2 surcharge that is presently in place was designed to  
3 recover those costs. The parties have agreed and  
4 proposed to the Commission that 90 percent of those  
5 costs be considered prudently incurred, with the  
6 remaining 10 percent, or almost \$22 million be  
7 considered not recoverable from ratepayers.

8           The parties propose that the current 25  
9 percent surcharge stay in place until the company has  
10 recovered its 2000 and 2001 power costs. A rough  
11 estimate is that that will occur sometime by the end of  
12 2004.

13           You should remember that the general rate  
14 case will decide ultimately what power costs in this  
15 year will be recovered from ratepayers. Under the  
16 settlement, 2002 and future power costs are not  
17 including capital costs, interest, depreciation, and  
18 nonfuel operation and maintenance costs for the Boulder  
19 Park, Kettle Falls CT, and Coyote Springs II generating  
20 projects. This is an outline of the primary conditions  
21 of the settlement.

22           Again I want to emphasize that this  
23 settlement is an agreement by the parties that  
24 represents in their collective view a reasonable  
25 resolution of the issues presented by the prudent and

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1 interim docket before the Commission, as well as  
2 several specific issues from the general rate case.  
3 After substantial review and investigation by the  
4 parties, it is the consensus of the parties to the  
5 settlement that it is in the public interest and  
6 represents a reasonable compromise which addresses the  
7 company's needs while minimizing the impact to  
8 ratepayers, both large and small. The parties  
9 recognize that if the settlement is approved by the  
10 Commission, it will result in another rate increase for  
11 residential and business customers on top of the  
12 increase you saw last fall.

13 All the parties to the settlement recognize  
14 the severe impact this kind of rate increase can have  
15 on customers, particularly during winter. Residential  
16 customers should consider whether the Comfort Level  
17 Billing Plan would be in their best interest. All  
18 customers should check the weatherization on their  
19 homes and businesses. Natural gas powered furnaces  
20 should be inspected, tuned up, and filters changed as  
21 necessary to operate at maximum efficiency and safety.  
22 If you qualify for low income assistance, you should  
23 explore the options available to you as well.

24 So that's an overview of the agreement and  
25 our position. I know that the one question on

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1 everyone's mind is, "What does this mean for me? What  
2 will happen to my bill?" As I mentioned before, if  
3 you're a residential customer your bill will go up  
4 about 5 percent. The dollar impact is going to depend  
5 on your usage. Unfortunately, it is impossible to  
6 predict what the outcome of this general rate case this  
7 summer will be.

8 At this point, Judge Mace, I'm ready to  
9 call on members of the public who have attended and  
10 wish to speak. As you mentioned, the thing that needs  
11 to happen now is that everyone who wishes to speak be  
12 sworn in, because this is a formal hearing. So I'll  
13 pause for that to occur.

14 JUDGE MACE: Those of you who have signed  
15 up and indicated that you would be speaking, would you  
16 please stand now and raise your right hand?

17 (All are sworn.)

18 JUDGE MACE: You may be seated. And when  
19 Mr. Cromwell calls you, please come up to the podium  
20 and please remember my cautions about speaking slowly  
21 and clearly.

22 COMMISSIONER SHOWALTER: One more  
23 preliminary before we start. Please turn off any cell  
24 phones or at least change them to vibrate only.

25 MR. CROMWELL: Thank you. I'll go through



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1 the list as folks signed in, with the one exception --  
2 one person asked that they speak early because they  
3 have another commitment.

4 Is Ms. Baker ready? Please come forward.

5 MEMBER OF THE PUBLIC: Is it possible to  
6 put the sound out there so we can hear if we want to go  
7 out there? It wasn't on.

8 MR. CROMWELL: You know, I don't know.  
9 Mr. Sweeney might be able to look into getting that on.  
10 The electronics were on when we came in.

11 MS. BAKER: Is it working?

12 MR. CROMWELL: It sounds okay to me.

13 Ms. Baker, let me just ask you a few  
14 questions first. Could you please state your name and  
15 spell your last name for the court reporter?

16 MS. BAKER: Karen Baker, B-a-k-e-r, and I  
17 live at 2319 West Sinto in the city of Spokane. And  
18 I'm speaking in opposition of the rate increase, and  
19 the reasons are both personal and with several other  
20 groups that I belong to.

21 MR. CROMWELL: Ms. Baker, let me interrupt  
22 you for a second, because we need to make the record  
23 properly. Are you a customer of Avista?

24 MS. BAKER: Sure.

25 MR. CROMWELL: And do you receive business,

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1 residential services or both?

2 MS. BAKER: We receive residential.

3 MR. CROMWELL: And are you testifying  
4 tonight on your own behalf or on behalf of others?

5 MS. BAKER: I'm testifying both.

6 MR. CROMWELL: Okay. Please go ahead and  
7 make your statement and indicate where you are --

8 COMMISSIONER SHOWALTER: Mr. Cromwell,  
9 another question that we have, a standard question, we  
10 are to initiate and ask the witness whether they have  
11 any connection to the company, which means are you  
12 employed or retired or are you an investor or have  
13 someone who --

14 MS. BAKER: No to that question.

15 MR. CROMWELL: Please go ahead.

16 MS. BAKER: And I'm speaking in opposition,  
17 and I'm speaking from the low income voice. What it  
18 does to us is it takes money out of our food, out of  
19 our budgets, because we claim by the time we pay our  
20 bill we cannot afford a rate increase. My family, we  
21 live on \$608 a month. Approximately one-third of that  
22 \$608 goes to medicine for my husband. This is our  
23 retirement money from his check. I'm disabled, I don't  
24 get anything, any assistance. The only thing I get is  
25 state Medicaid. And it makes it rough on a family when

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1 you're living on about \$400 a month to pay bills, and  
2 this includes the city utilities, this includes oil,  
3 because we heat with oil, and it buys the food, buys  
4 the clothes, does the transportation. It's not enough  
5 money. And I suppose everybody that got the paper  
6 today knows what it takes for a family to live, and  
7 live above the poverty line, that's about  
8 2,100-and-some dollars, in the paper this morning.

9           Most of my friends are disabled, they live  
10 on between 300 and \$400, single people, a month. And  
11 they have bills to pay, they can't afford the rate  
12 increase, either. And again, where do we take it?  
13 Every time the rate goes up, it comes out of the food  
14 budget. So it's the only place that we can.  
15 Therefore, a lot of my friends are not having adequate  
16 nutrition. I have adequate nutrition, but it's because  
17 I sort food one day a week and I'm able to take 12  
18 articles of food home each week from the food bank,  
19 which supplements what my husband and I have to eat.  
20 But a lot of other people don't have that option, and a  
21 lot of low income people don't have the voice, don't  
22 know how to access and come down to these hearings.  
23 Just one, with the disability problems. (Sic) A lot  
24 of us don't have transportation to have our voices  
25 heard.

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1                   And I am vice president of CORD (phonetic),  
2 and Linda told me I could say something for CORD,  
3 because of the people of disability. Most of us are in  
4 opposition, because it hurts us very financially and,  
5 as I say, the poorest of the poor are the ones that get  
6 hit every time a rate increase is asked both on the  
7 city and through Avista. And therefore we're finally  
8 getting up our voices and speaking in opposition of  
9 rate increases. We know that they're needed, but who  
10 does it affect the most? And since we're on fixed  
11 incomes, it affects us.

12                   Thank you.

13                   JUDGE MACE: Ms. Baker, you mentioned the  
14 CORD. Can you tell us what that is?

15                   MS. BAKER: Coalition of Responsible  
16 Disabled. We're an agency, we have about 1200 on our  
17 mailing list, and we're one of seven independent living  
18 centers in the state of Washington.

19                   JUDGE MACE: Thank you. Thank you very  
20 much.

21                   Does anyone have any questions?

22                   Thank you, you're excused.

23                   MR. CROMWELL: Terry Johnson.

24                   Hello, Mr. Johnson, could you please state  
25 your name and spell your last name for the court

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1 reporter?

2 MR. JOHNSON: Terry Johnson, J-o-h-n-s-o-n.

3 JUDGE MACE: Is it Jerry or Terry?

4 MR. JOHNSON: Terry, T.

5 MR. CROMWELL: And what city do you live

6 in?

7 MR. JOHNSON: Davenport.

8 MR. CROMWELL: And are you a customer of

9 Avista?

10 MR. JOHNSON: Yes, I am.

11 MR. CROMWELL: And do you receive business,

12 residential service or both?

13 MR. JOHNSON: Business.

14 MR. CROMWELL: And tonight are you

15 testifying on your own behalf or on behalf of others?

16 MR. JOHNSON: The business.

17 MR. CROMWELL: All right. And do you have

18 any connection to the company?

19 MR. JOHNSON: No.

20 MR. CROMWELL: Please go ahead and make

21 your statement.

22 MR. JOHNSON: Well, my name is Terry

23 Johnson, and I own the Red Rooster Restaurant in

24 Reardan, Washington. My restaurant has Avista for

25 power for its power provider, and my home has Inland

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1 Power for its source of electricity. I want to know  
2 why Inland Power was smart enough to lock in on a fixed  
3 power rate two years ago but Avista, whose management  
4 earns huge salaries, was not sharp enough to see the  
5 necessity for this.

6 Now Avista wants us to bail them out of  
7 their poor management decisions. If the Washington  
8 Utilities and Transportation Commission allows them to  
9 increase this rate, it only enables Avista to continue  
10 with their sloppy management practice. I know this may  
11 be a revelation to the Washington Utilities and  
12 Transportation Commission and Avista, but if they do  
13 not get this increase they will find a way to meet  
14 their obligation and make money.

15 As with any business facing this  
16 situation --

17 JUDGE MACE: Mr. Johnson, could you please  
18 slow down just a little bit? Remember, we have a  
19 reporter.

20 MR. JOHNSON: I'm nervous.

21 JUDGE MACE: I know. Just take a breath.  
22 Thank you.

23 MR. JOHNSON: If they do not -- as with any  
24 business facing this situation, if you cannot increase  
25 prices, you lower costs. For example, lowering

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1 salaries, selling company assets, reducing manpower, et  
2 cetera.

3 My restaurant, like most small businesses,  
4 is operating on a shoestring. I feel we do not need to  
5 subsidize Avista and their shareholders, including Bill  
6 Gates, who now owns over 5 percent of the stock, at the  
7 expense of my small restaurant. And frankly it is very  
8 hard not to be cynical after reading about Enron and  
9 their crooked dealings, but I'm for the Washington  
10 Utilities and Transportation Commission to do the  
11 courageous thing and say no to Avista and this rate  
12 increase.

13 In my opinion, the only difference between  
14 Enron and Avista is the magnitude of their  
15 incompetence.

16 MR. CROMWELL: Thank you.

17 JUDGE MACE: Thank you, Mr. Johnson.

18 (Applause.)

19 JUDGE MACE: I just want to interrupt. I  
20 know maybe you don't remember, but in the introductory  
21 remarks that I made I asked if you would please  
22 refrain, because we do have a number of speakers to get  
23 through, and please refrain from doing that type of  
24 action, so we can give everybody that's out there their  
25 share of time.

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1 MR. CROMWELL: Bernard Nelson.

2 Mr. Nelson, would you please state your  
3 name and spell your last name?

4 MR. NELSON: Bernard Nelson, N-e-l-s-o-n.

5 MR. CROMWELL: And what city do you live  
6 in, sir?

7 MR. NELSON: Pardon me?

8 MR. CROMWELL: What city do you live in?

9 MR. NELSON: Spokane.

10 MR. CROMWELL: And are you a customer of  
11 Avista?

12 MR. NELSON: I am.

13 MR. CROMWELL: And do you receive business,  
14 residential service or both?

15 MR. NELSON: Residential.

16 MR. CROMWELL: Are you testifying on your  
17 own behalf tonight or on behalf of others?

18 MR. NELSON: Both myself and others.

19 MR. CROMWELL: And do you have any  
20 connection to the company?

21 MR. NELSON: No.

22 MR. CROMWELL: Please go ahead with your  
23 statement.

24 MR. NELSON: Pardon me?

25 MR. CROMWELL: Please go ahead.



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1                   MR. NELSON: I am the chair of the advocacy  
2 committee for the Aging and Long-Term Care of Eastern  
3 Washington. This is an organization whose mission is  
4 to promote the well-being and independence and the  
5 dignity and the choice for all older persons and  
6 individuals requiring long-term care. Last fall I  
7 testified in front of this Commission. I haven't  
8 changed my position from last fall and the organization  
9 I represent has not changed its position. We're  
10 opposed to any additional surcharge increase.

11                   Old age isn't what it used to be.  
12 Americans are staying young longer than they used to  
13 and becoming old much later in life. For example, the  
14 general population and the fastest growing segment of  
15 that population is those individuals in their 60s.  
16 Yet, having said that, our society is still unprepared  
17 to deal with what our older population is becoming.  
18 Greater longevity creates increased dependency for our  
19 older folks. With increased dependency comes greater  
20 social and economic problems in this country and what  
21 to do with that older population. There was a time  
22 when families living close together provided care for  
23 aging family members. We now have what we call  
24 long-term care insurance, a poor substitute at best.  
25 An elderly parent was at minimum assured a place to

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1 live and regular meals, not on wheels. This isn't to  
2 say that our Meals on Wheels isn't a fine program. We  
3 have a program in the Spokane area that serves in  
4 excess of thousands of meals to 900 older individuals.  
5 This averages out about one meal a day.

6           Back in the good old days everyone worked  
7 on the same farm sharing common family living quarters  
8 and ate dinner at the same table. And beyond that,  
9 aging relatives received emotional support through  
10 their continued involvement in child rearing as  
11 grandparents, and family decision-making even after  
12 they were unable to contribute to the family's economic  
13 viability. They didn't have community mental health  
14 outside the immediacy of the extended family effort.

15           For better or worse, the extended family of  
16 yesterday has been replaced by today's nuclear family.  
17 And geographic proximity has given way to geographic  
18 dispersement, vulnerability and isolation in our  
19 communities.

20           On fixed and low level incomes many of our  
21 older adults face difficult, life-threatening choices.  
22 You have already heard about that from one of our  
23 individuals who testified earlier. Between  
24 prescription drugs, food, housing and heating costs.

25           I wish to thank you, the Commission, for

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1 your commitment in the very difficult task of balancing  
2 the critical revenue needs of Avista -- and they are  
3 critical, believe me -- against the heavy economic  
4 burdens any rate increase will have on our vulnerable,  
5 aging consumers.

6 In summary, as a community volunteer  
7 representing our Aging and Long-Term Care of Eastern  
8 Washington organization, it is again to be emphasized  
9 that our position is that no additional rate increase  
10 should be approved by this Commission.

11 Thank you.

12 JUDGE MACE: Thank you, Mr. Nelson.

13 Any questions?

14 Thank you.

15 MR. CROMWELL: Melody Youngs.

16 MS. YOUNGS: Melody Youngs, Y-o-u-n-g-s.

17 MR. CROMWELL: And what city do you live  
18 in?

19 MS. YOUNGS: Airway Heights.

20 MR. CROMWELL: And are you an Avista  
21 customer?

22 MS. YOUNGS: Yes.

23 MR. CROMWELL: And do you receive business,  
24 resident service or both?

25 MS. YOUNGS: Residential.

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1                   MR. CROMWELL:  And are you testifying  
2  tonight on behalf of yourself or others?

3                   MS. YOUNGS:  Myself.

4                   MR. CROMWELL:  Do you have any connection  
5  to the company?

6                   MS. YOUNGS:  No.

7                   MR. CROMWELL:  Please go ahead.

8                   MS. YOUNGS:  I'm here to protest any  
9  further rate increase for Avista.  Referring to  
10 materials that were given to me prior to this hearing,  
11 I received a flyer from the Aging and Long-Term Care of  
12 Eastern Washington, I received a settlement outline  
13 provided here tonight, and I heard a news report on the  
14 television this morning.

15                   In my work life I'm a legal assistant to  
16 seven federal administrative law judges with the Social  
17 Security Administration Office of Hearings and Appeals.  
18 I also serve as the national vice chair and regional  
19 tent chair for our Committee for Employees with  
20 Disabilities.  I work with people trying to obtain  
21 Social Security benefits or payments; some are of the  
22 lowest possible economic category -- some need  
23 representative payee to manage any funds they possibly  
24 receive.  Some of my co-workers are disabled and do not  
25 have enough money for their own pair of shoes, let

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1 along any problems paying for a way to keep their  
2 lights or living space. I know people living in camper  
3 shells and single-wide trailers with no running water  
4 and in efficiency rooms where they walk to work because  
5 they cannot afford bus fare, and all of them live in  
6 Spokane County.

7           But my work life position has taken me to  
8 all parts of the United States and my personal  
9 experience with different utility practices throughout  
10 the country. For a house I own in the Midwest energy  
11 surcharges were put into effect there. For a house I  
12 own that sits empty the lights are officially on and  
13 the heat is used only to warm pipes, as there wasn't  
14 any residents in the home. When the surcharges went  
15 into effect, my bill was more than my mortgage.

16           Tonight I stand as a private citizen, and I  
17 only have this information on which to base my talk  
18 tonight. If all this information is accurate, on the  
19 surface it sounds like only a 5 percent increase, which  
20 sounds minimal and not usury. However, if the  
21 information is accurate, a rate increase of 25 percent  
22 was already allowed last fall, and 25 percent was the  
23 compromise reached from the requested 36.5 percent  
24 Avista had originally requested. Additionally, a  
25 general rate increase of 37 percent is in the plans of

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1 Avista to request around this summer. If this  
2 information is true, the total requested package Avista  
3 is trying to obtain is 73.9 percent increase in just  
4 one calendar year. Right now a 25 percent increase has  
5 been allowed. But many companies would delight in 25  
6 percent increase in their spending power in one year.  
7 And I believe Avista should be delighted with that  
8 amount and should be capped from asking for any more  
9 funds for a while, at least. It is more than I would  
10 have supported if I found out about the increase  
11 earlier. Anything more would be unconscionable,  
12 exorbitant, and reeking of times of old when Gadianton  
13 robbers would sweep into a town or village and plunder  
14 the town, and its people were repossessed. For the  
15 benefit of people who do not read scriptural accounts  
16 of these times, think of the recent events when the  
17 Taliban were being reported to do similar robbing of  
18 these people in today's world.

19           It is my position as a public citizen that  
20 any company that is requested 73.9 percent increase in  
21 increases in one calendar year has serious managerial  
22 problems. Enron is a prime example of such managerial  
23 problems recently. I again say I protest any further  
24 increase for Avista and would seriously look into an  
25 audit investigation of their books before any further

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1 increase would be allowed. We could find another Enron  
2 twin right here in our own back yard.

3 JUDGE MACE: Thank you.

4 COMMISSIONER SHOWALTER: The speaker made a  
5 comment about the total percentage of all the requests,  
6 and I think it's probably important to clarify to the  
7 audience that the general rate increase request is not  
8 to be added on top of or in addition to the temporary  
9 rate increase the company is requesting. Although we  
10 have not held hearings on a general rate increase that,  
11 say, compared to last October would be 37 percent  
12 higher than what would be paid last October. So what  
13 we are here today to hear is whether, in the meantime,  
14 the company needs a temporary rate increase while we  
15 deliberate on whether, and if so, how much the company  
16 deserves as a permanent rate increase.

17 MS. YOUNGS: On top the 25 percent they  
18 already got last fall?

19 COMMISSIONER SHOWALTER: No, it would not  
20 be. In other words, if you start at, say, a zero point  
21 of last, let's say August, the company is asking  
22 compared to that day for a 37 percent increase over the  
23 rates in effect at that time, and these other temporary  
24 increases would be dissolved. Of course, everything is  
25 more complicated and I should probably stop explaining

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1 at this point. There, there could be, however, a  
2 continuing and temporary surcharge depending on what we  
3 decide, but I think the most important point is that we  
4 haven't had any hearings on the general rate increase,  
5 and we can decide on this case now, orders can be  
6 modified. What we do and how we relate the general  
7 rate increased request with this request is up to a  
8 later time period.

9 MS. YOUNGS: Thank you.

10 MR. CROMWELL: Thank you.

11 David Young.

12 MR. YOUNG: Sir, because I didn't have a  
13 prepared statement, I'll just pass at this time.

14 COMMISSIONER SHOWALTER: We appreciate  
15 that. I'm a little nervous that if everybody who has  
16 actually signed actually takes five minutes, we will  
17 not get through, because we have to leave at 8:00 to  
18 get a plane home. So keeping your remarks short or  
19 echoing other people is very helpful. Thank you.

20 MR. CROMWELL: Carla Hintz. Please state  
21 your name and spell your last name.

22 MS. HINTZ: My name is Carla Hintz,  
23 H-i-n-t-z, I live in Spokane Valley.

24 MR. CROMWELL: Are you a customer of  
25 Avista?



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1 MS. HINTZ: Yes, I am, residential.

2 MR. CROMWELL: And are you speaking tonight  
3 on your own behalf or on behalf of others?

4 MS. HINTZ: On my own, but probably on  
5 behalf of everybody else, too.

6 MR. CROMWELL: Do you have any connection  
7 with the company?

8 MS. HINTZ: No, none whatsoever.

9 MR. CROMWELL: Please continue.

10 MS. HINTZ: Except to pay a bill monthly.

11 I guess pretty much everything that's been  
12 said as far as people not being able to afford this and  
13 that. But I for one am here tonight to ask the  
14 Commission to deny, please don't give this increase to  
15 this company. I'm nervous, so please bear with me.

16 I'm not a rocket scientist, so I can't  
17 figure out exactly what all it is that you guys are  
18 trying to do, and I suppose there is a reason for that.  
19 One thing I do know and I go by is facts. I have my  
20 bills here for the last quarter of every year since  
21 1995. And the reason I brought that one is because it  
22 was most of the cold part of the year. Of course, back  
23 then it was Washington Water Power. You're welcome to  
24 look at them if you like. What I'm getting at is my  
25 bill has increased from \$49.95. Of course, now, this

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1 is gas and electricity, but it all goes to the same  
2 company. From 1995, the same house, only me there,  
3 this year this winter I have cut my temperature down  
4 eight degrees, I've put plastic over storm windows, I  
5 have bought a new hot water tank, efficient hot water  
6 tank, energy-efficient hot water tank, I've put in  
7 several of these light bulbs that I can't hardly see  
8 anything with, but I still do it. I have done every  
9 possible, possible thing I can to save, and yes, I did  
10 save, but I didn't save anything because everything  
11 went into the rate hikes. So I don't know.

12                   You know, I'm kind of at my wit's end.  
13 There's nothing more I can possibly do. I'm on a fixed  
14 income, I'm just -- I'm not quite old enough to draw  
15 Social Security, so I don't have that advantage of  
16 having a little bit more money. I am on a disability  
17 retirement from Kaiser -- who is doing real well, also  
18 -- and I mean I had planned to work, of course, until I  
19 was old enough. But it didn't work out that way, so I  
20 tried to take care of myself, which I did, I have taken  
21 very good care of myself and I have got myself set up  
22 so I could retire at that age. But there's no way that  
23 I can -- that a person can make things -- can continue  
24 and live on increases such as has been asked. I mean  
25 to be perfectly honest, I really think that you guys,

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1 the Commission themselves, should stop and think  
2 somewhere this has to end. People, I mean you just  
3 can't -- I can't turn around and pay -- and I've got  
4 the papers right here -- almost, I would say at least a  
5 70 percent increase. Seventy percent. My last month's  
6 bill in my house, it was a hundred and -- my last bill  
7 was \$158.31 from \$49.95 in '95. It's all right here  
8 (indicating). There's no way to doubt, to, you know,  
9 to dispute it. Something has to be done. And I'm not  
10 going to go and I am not going to be back over what  
11 everybody else has said. All I want to say is please,  
12 please think about what you're doing, think about the  
13 people that don't have that extra money for these  
14 increases. I know they have probably done just as much  
15 as I have to try to save.

16 I see on my bill every month it says I used  
17 this much less than last year, but it is not going  
18 down. I have no, no way of getting any more income,  
19 until I'm aged for Social Security, which I really  
20 don't think too much about that right now. But it's  
21 still getting to the point that something has to be  
22 done. So I would like you to please consider and think  
23 about this before you pass any more increases to this  
24 company.

25 Something has been wrong in the past, the

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1 management, evidently. I don't know if it's the  
2 management. Somebody made a mistake somewhere, but,  
3 you know, nobody pays my bills when I make mistakes.  
4 So let's just please think about it before you grant  
5 one.

6 JUDGE MACE: Thank you, Ms. Hintz.

7 MR. CROMWELL: Harold Whitaker.

8 COMMISSIONER SHOWALTER: While Mr. Whitaker  
9 is coming up, I'll just mention that the account and  
10 allocation for gas versus electricity are tracked  
11 separately, and this is an electricity case. Natural  
12 gas works a little differently in which the costs are  
13 passed through more frequently, whether it's up or  
14 down. And so all of you did see significant increases  
15 in your gas portion of your bill over the past year.  
16 But this proceeding here is about the electricity side  
17 of the company's sales.

18 MR. CROMWELL: Good evening, sir.

19 MR. WHITAKER: Good evening.

20 MR. CROMWELL: Could you please state your  
21 name and spell your last name?

22 MR. WHITAKER: Yes, Harold Whitaker,  
23 W-h-i-t-a-k-e-r.

24 MR. CROMWELL: What city do you live in,  
25 sir?

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1 MR. WHITAKER: Spokane.

2 MR. CROMWELL: And are you a customer of  
3 Avista?

4 MR. WHITAKER: I am.

5 MR. CROMWELL: Do you receive business,  
6 residential service or both?

7 MR. WHITAKER: Residential.

8 MR. CROMWELL: And are you testifying  
9 tonight on your own behalf or on behalf of others?

10 MR. WHITAKER: Both.

11 MR. CROMWELL: And do you have any  
12 connection to the company other than as a customer?

13 MR. WHITAKER: I think it's  
14 self-incriminating. Yes, I must say yes. I own some  
15 stock in Avista. So do I have a direct connection?  
16 Yes, I do.

17 MR. CROMWELL: Please go ahead.

18 MR. WHITAKER: Thank you.

19 Ladies and gentlemen, I came here with an  
20 impassioned plea written out and considered for a long  
21 period of time to ask you not to approve this  
22 recommended rate. Now I find when I arrived here that  
23 there's some new information on site that says that  
24 there's been an agreement already reached whereas a 5  
25 percent has been granted already, and that defeats most

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1 of my presentation. Reluctantly, I must say of course  
2 we have to accept that, if that's going to be the case.  
3 But I really feel that you should not approve this type  
4 of thing. Just as I am taking some of these comments  
5 from Avista Corporation's press release dated February  
6 the 20th now, this current year, I find that they're  
7 asking in that press release, of course, they're asking  
8 for a 10 percent rate in addition to that. They were  
9 asking this Commission to approve a temporary deferred  
10 accounting mechanism. Nothing in the world scares me  
11 any more than deferred recommended accounting  
12 mechanism. I think immediately of Enron, and I won't  
13 dwell on Enron's situation or anything else or even  
14 infer that Avista is something like that. But when I  
15 see some kind of an accounting procedure that I don't  
16 understand, I would like to know what it means.

17           And further in that same news release it  
18 says that they incurred costs of over \$200 million that  
19 have to be deferred beyond December 31, 2001. In the  
20 same release Avista has agreed to write off noncash  
21 almost \$22 million of that sum of money. They are  
22 asking that \$196 million, however, the balance of that,  
23 be passed on to the ratepayers. Now, if they deferred  
24 by in fact writing off \$22 million of this exorbitant  
25 cost, let me ask you this: Why are they not asking for

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1 some government relief on stabilizing energy prices,  
2 even at this late date when this thing has gone on so  
3 far.

4 I look at many aspects of Avista  
5 Corporation, and I find there are many, many factors,  
6 some of it dealing with the energy companies in  
7 California, for example. As I understand it, State of  
8 California was denied some of their resources, because  
9 of their unfavorable credit rating and whatnot. I am  
10 just simply saying that, in concurrence with some of  
11 the other people, that there was a lot of bad decisions  
12 made. And I have not seen yet anyone tell me how long  
13 is the contract for that they signed a couple of years  
14 ago, how long does this go on? How long did they agree  
15 to purchase this power at that price? I'd like to  
16 know. I find out from tonight's release that's coming  
17 from the Commission that they expect to use that 25  
18 percent surcharge that they came by last fall, and that  
19 will not expire now to write off this 196 million until  
20 probably sometime in 2004. That's a long time. In  
21 addition to that they are asking that you make that 25  
22 percent surcharge a permanent charge this summer. And  
23 I understand.

24 Ladies and gentlemen, I'm with some people  
25 who have sticker shock. They came here tonight --

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1 these are passive people, they don't normally complain  
2 about anything, they're middle aged to elderly aged,  
3 and they go along with the government and with the  
4 regulations and this sort of thing. But when they  
5 receive their bill in January 2001, for the month of  
6 January 2001, like myself, we couldn't believe it. So  
7 when these people are telling you this is a real  
8 sticker shock, they mean it. And so I realize it's too  
9 late for me to ask you not to grant them any rate  
10 increase, but at least consider when the June meeting  
11 comes up, let us speak first before any kind of  
12 approval.

13 Thank you very much.

14 COMMISSIONER SHOWALTER: Let me make a  
15 comment. The parties in this case have proposed a  
16 settlement to us. We have not yet decided whether it's  
17 appropriate. The standard that we use is whether the  
18 proposal is in the public interest. And you are  
19 members of the public, and your interests are part of  
20 the public input. And that's why we're here, to listen  
21 to you so that we can take your comments into account  
22 when we determine whether a proposal is in the overall  
23 public interest.

24 MR. WHITAKER: If I might add one last  
25 comment, then, Madam? May I during the break ask you



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1 whether it has in fact concurred with? Might I do that  
2 later, please?

3 COMMISSIONER SHOWALTER: Indeed.

4 Well, the Commission, which is the three  
5 commissioners, will decide -- we have yet to decide  
6 whether the proposed settlement here is in the public  
7 interest, and we will make that decision, and if you  
8 have given your address, we'll get the word out.

9 MR. WHITAKER: Thank you very much for your  
10 time. And I apologize if I have taken up a portion of  
11 someone else's speaking time.

12 JUDGE MACE: Thank you. Well, I just  
13 wanted to mention that there are people from the  
14 company staff here. If you see you have some questions  
15 about aspects of the case, they'll be happy to answer  
16 your questions.

17 MR. WHITAKER: Thank you.

18 MR. CROMWELL: Next I'd like to call  
19 Carolyn Pickett (phonetic).

20 JUDGE MACE: Carolyn Pickett?

21 MR. CROMWELL: Ms. Pickett? Maybe she  
22 stepped out.

23 Mr. or Mrs. Brother. Good evening, please  
24 state your name and spell your last name.

25 MS. BROTHER: Joyce Brother, B-r-o-t-h-e-r.

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1 MR. CROMWELL: And what city do you live  
2 in?

3 MS. BROTHER: Spokane.

4 MR. CROMWELL: And are you a customer of  
5 Avista?

6 MS. BROTHER: Yes.

7 MR. CROMWELL: Do you receive business,  
8 residential service or both?

9 MS. BROTHER: Residence.

10 MR. CROMWELL: And are you testifying  
11 tonight on your own behalf or on behalf of others?

12 MS. BROTHER: On my own behalf and the  
13 group.

14 JUDGE MACE: Ms. Brother, could you kind of  
15 pull the mike down a little bit and speak into it?

16 MR. CROMWELL: You said the group?

17 MS. BROTHER: Everyone else that's here  
18 that's not getting up.

19 MR. CROMWELL: All right. Do you have any  
20 connection to the company?

21 MS. BROTHER: No, I haven't.

22 MR. CROMWELL: Please go ahead.

23 MS. BROTHER: I'm not as prepared as  
24 everybody else. I just want to come back up here and  
25 affirm what Ms. Baker said. Bless her heart. She

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1 spoke for so many. Mr. Johnson, Mr. Nelson, I work  
2 with Melody Youngs at the Social Security, so I  
3 totally support and endorse and agree with what she  
4 said as far as the disabled and people on low income.  
5 We see it every day in our files.

6 Ms. Hintz and Mr. Whitaker, Ms. Hintz  
7 prepared her breakdown of costs. I did as well. But I  
8 lumped mine together with gas. And from 1999 to 2002  
9 there was a rate of increase of 32 percent. Thank God  
10 I'm working and, somehow or other, manage. But I'm  
11 here for those people that can't manage. And I do  
12 think it is unreasonable, especially when you drive up  
13 and down the street and see vacant stores with lights  
14 on all the time, so much wasted energy. So I think  
15 that there can be a much clearer and a much more  
16 functional way of reducing energy costs so it's not  
17 filtered down to these people that have to take from  
18 their food.

19 Bless Ms. Baker. She's able to get some  
20 going through the food lines, but not everybody can.  
21 How does this affect children? Their health? So  
22 there's so many issues to look at. And I appreciate  
23 you coming here and willing to listen to us. So if you  
24 have to play back the tapes, read the messages a few  
25 more times and then find it in your heart. And our

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1 prayers will be with you.

2 Thank you.

3 JUDGE MACE: Thank you.

4 You want to call on the previous speaker?

5 MR. CROMWELL: Yes. Was there a Ms.

6 Pickett? Ms. Pickett, please state your name and spell  
7 your last name.

8 MS. PICKETT: Carolyn Pickett,  
9 P-i-c-k-e-t-t.

10 MR. CROMWELL: And what city do you live  
11 in?

12 MS. PICKETT: I live in Spokane County,  
13 one-half block outside of the city limit.

14 MR. CROMWELL: Are you a customer of  
15 Avista?

16 MS. PICKETT: My husband pays the Avista  
17 bill.

18 MR. CROMWELL: All right.

19 MS. PICKETT: I don't even talk to him on  
20 the day he pays it.

21 MR. CROMWELL: Do you receive business,  
22 resident service or both?

23 MS. PICKETT: It is a residential service.

24 MR. CROMWELL: And are you testifying  
25 tonight on your own behalf or on behalf of others?

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1                   MS. PICKETT: I'm an independent advocate  
2 for persons of disability, independent meaning I don't  
3 belong to anyone's group. I took my training through  
4 Vista Volunteers during the 1980s, '89 and '90s, and I  
5 still act as an independent advocate for people.

6                   MR. CROMWELL: Do you have any connection  
7 with the company?

8                   MS. PICKETT: No, I certainly do not.

9                   MR. CROMWELL: Please go ahead.

10                  MS. PICKETT: I have written you a letter,  
11 and I am going to read parts of it, I won't read it  
12 all. But my main reason for being here is to say do  
13 not give any rate increase. They don't have a right to  
14 them. And I strongly request that whoever is listening  
15 to this and is involved with giving them the right to  
16 be deregulated, do not do it. I will put my glasses  
17 down in my own pocket. I can't read my own writing.

18                  In the 1970s there was a lawsuit against  
19 the oil barons that were charging too much. That money  
20 went into a fund and came back through the city after  
21 their lawsuits. Washington Water Power was at the  
22 meetings that were provided for public input to say how  
23 that money was to be used in the state of Washington.  
24 The money was, it was split up by having the meetings  
25 -- the meeting was such that there were people sitting

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1 on different panels and having the League of Women  
2 Voters act as a facilitator. They were given colored  
3 pens, and each group would say, "Where do you want the  
4 money to go?" The persons from Washington Water Power,  
5 which is now Avista, were sitting there, saying, "We  
6 want the money to go for senior citizens to get off of  
7 oil and on to electric heat. We want the money to go  
8 to -- our company will help them find out how to do  
9 better control of their electric water heaters, heat  
10 and everything." That money never went back to the  
11 people it had been taken from in high gas prices, and  
12 I'm not talking about natural gas, I'm talking about  
13 automobile gas and oil products.

14               Now we're sitting here looking at all of  
15 this talk about the Enron, and it is obvious that we  
16 can't hide from the fact that the Avista people have  
17 made very poor investments, and they're now trying to  
18 get the public to pay for those prices for them. And  
19 if it goes to a court of law and they are found guilty  
20 of overcharging and causing these blackouts, I want to  
21 know if you're going to make sure that that money does  
22 not go into their pockets again, instead of helping the  
23 seniors and the poor have lower bills, because it  
24 filters out through them. These are things that people  
25 don't -- that people aren't aware of, that their money

0047

1 went for that purpose; they just accepted the fact that  
2 they were getting off of oil because of the bad press  
3 of having it come from foreign countries.

4           The people in this community -- and I've  
5 seen young people in their young years having to figure  
6 out how to make ends meet and having to live with high  
7 monthly rates, plus the fact that if they do not pay  
8 their bill they're charged a high rate by Avista to  
9 even have it turned on, and that has to be done every  
10 time it's shut off. And for some it was \$100 just to  
11 put that into a fund so the company would come out and  
12 turn their heat and lights back on. These things are  
13 not something that the American public is used to, nor  
14 should we become used to it. We do not need rate  
15 increases for a company that is poorly managed. And I  
16 will let you read my letter at length, and I will hope  
17 that you will understand that we in the city of Spokane  
18 are just the tip of the iceberg for this company and  
19 what their actions are.

20           All across America now they're having these  
21 power shortages and power blackouts in the Enron  
22 debacle, and it does feed back into that, I'm certain  
23 of it. Just by watching the news media and reading  
24 about it. We have to not allow this company to use the  
25 ratepayers as a way of filtering money off into another

0048

1 pocket, a hidden pocket from the average person, and  
2 then giving it back to them in ways of trying to make  
3 it look like they're giving you a present. It doesn't,  
4 it doesn't, it isn't right.

5 I really appreciate your listening, I  
6 appreciate your being here, but more I will appreciate  
7 your obeying the requests of the people to say no,  
8 absolutely no to this company. They do not have the  
9 right to it, they do not have to have it. If they make  
10 mistakes, it's just like my husband tells me, "You're  
11 out of luck. You don't have any more money in your  
12 kitty." Which means I don't have any. I have to go  
13 without until the next time I am given some money.

14 JUDGE MACE: You're at five minutes at this  
15 point.

16 MS. PICKETT: What?

17 JUDGE MACE: You're at five minutes at this  
18 point.

19 MS. PICKETT: Thank you.

20 JUDGE MACE: Would you please make sure  
21 Mr. Cromwell gets your written statement?

22 MS. PICKETT: I gave that to him before I  
23 came in. And I thank you for the time and I thank you  
24 for letting me come up here now. Thank you.

25 MR. CROMWELL: I can't quite read the name.



0049

1 I think it's Egee or Edgie. Please come up.

2 Would you state your name and spell your  
3 last name?

4 MR. AGAEY: My name is Dale Agaey,  
5 A-g-a-e-y.

6 MR. CROMWELL: And what city do you live  
7 in?

8 MR. AGAEY: I live in Spokane County.

9 MR. CROMWELL: And are you a customer of  
10 Avista?

11 MR. AGAEY: I am a customer of Avista.

12 MR. CROMWELL: And do you receive business,  
13 residential service or both?

14 MR. AGAEY: Pardon me?

15 MR. CROMWELL: Do you get residential  
16 service only?

17 MR. AGAEY: Residential service.

18 MR. CROMWELL: Any business service? Do  
19 you have a business at all?

20 MR. AGAEY: No. I'm retired.

21 MR. CROMWELL: And are you testifying  
22 tonight on behalf of yourself or others?

23 MR. AGAEY: Well, I think what I have to  
24 say is a lot of people will appreciate, and I think the  
25 state Utilities Commission will appreciate, too, I live

0050

1 out in the county, I'm four miles from the Lincoln  
2 County line. There is a substation out there, it's  
3 called Devil Cap Road. Last summer Avista company  
4 brought in ten diesel generators from Texas, they set  
5 them up complete, smokestacks and all; they never fired  
6 one generator up. And then they tore them down and  
7 sent them back, at the cost of us people who pay their  
8 bills. This was, as far as I am concerned, poor  
9 management on the part of the Avista utility company.

10 Over in Idaho they have put in a natural  
11 gas plant, in conjunction with the Dixon Company. They  
12 didn't obtain permits for proper cooling of that plant.  
13 So now they're asking the commissioners in Idaho and  
14 Washington to take several millions or billions of  
15 gallons of water out of the aquifer to cool their power  
16 plant in Idaho. And people are saying, "We will move  
17 if that goes on line."

18 Now, Avista's poor planning, poor  
19 management on the part of Avista utility company, and I  
20 heard people state that it cost them so much money to  
21 get their power turned back on.

22 I happen to know a person that works for  
23 Avista company, and he was one of the people that had  
24 to go out and shut the power off. Well, it was on the  
25 Indian reservation where this went on, and the Indians

0051

1 said, "You shut it off, I'll cut the tree -- cut the  
2 pole down." I mean these people are serious. They  
3 said, "We'll pay our power bill when we get the money.  
4 We don't have the money yet."

5                   And this is month after month after month.  
6 And it was the same people. Well, I can't say nothing  
7 bad about the Indians, they're just like everybody  
8 else. They're trying to make a living, they're trying  
9 to afford the best they can. And I think Avista  
10 company should go back and look at how they managed  
11 their company, and do better preparations on, before  
12 they spend any money. If our government, the federal  
13 government works the way Avista does, man, we could  
14 have never been able to afford them. And I don't think  
15 Avista company should have a rate hike.

16                   Thank you very much for your time.

17                   JUDGE MACE: Thank you. I'd like to ask --  
18 thank you, Mr. Agaey.

19                   I would like to ask how many people  
20 remaining, are remaining to speak? Could you raise  
21 your hands if you still intend to speak?

22                   We may have to somewhat reduce the time  
23 that we allot to each person, so we can hear everybody,  
24 or come as close to that as possible. So I may go down  
25 to three minutes per person. And again let me caution

0052

1 you if you have heard remarks that repeat what your  
2 thoughts are, you don't necessarily need to make  
3 remarks. Just indicate that you agree with the  
4 previous speakers.

5 Thank you.

6 MR. CROMWELL: Thank you, Judge.

7 John Roskelley. Please state your name and  
8 spell your last name for us.

9 MR. ROSKELLEY: John Roskelley,  
10 R-o-s-k-e-l-l-e-y.

11 MR. CROMWELL: And what city do you live  
12 in?

13 MR. ROSKELLEY: Pardon me?

14 MR. CROMWELL: Where do you live?

15 MR. ROSKELLEY: Spokane County.

16 MR. CROMWELL: And are you a customer of  
17 Avista?

18 MR. ROSKELLEY: No.

19 MR. CROMWELL: And are you here to testify  
20 tonight on your own behalf or on behalf of others?

21 MR. ROSKELLEY: On behalf of Spokane County  
22 taxpayers.

23 MR. CROMWELL: And do you have any  
24 connection to the company?

25 MR. ROSKELLEY: Pardon me?



0054

1                   In 1999 we budgeted \$887,000 for our campus  
2 facilities. In 2000 it climbed to \$932,000. In 2001  
3 it literally jumped to \$1,292,000. Now, for 2002, with  
4 the 25 percent already allotted, we have to budget  
5 \$1,482,000 to cover the increase. The cumulative  
6 dollar effect in four years is almost \$1 million from  
7 our general fund. Since 1999, energy costs have  
8 escalated almost 67 percent for the county.

9                   Spokane County might deserve this increase  
10 if the county commissioners had done nothing to  
11 conserve energy. But this is far from the case. In  
12 the last ten years, we have enlisted over \$3.6 million  
13 in our facilities on energy conservation measures.

14                   For instance, we started with new software  
15 controls, and then changed out all the lighting  
16 ballasts. Three years ago, we put in energy-efficient  
17 windows throughout the courthouse complex. A huge  
18 investment.

19                   Then, after an energy audit by Avista, I  
20 sat down with their executives and determined what the  
21 most cost effective and energy efficient changes were  
22 necessary for our facilities. The commissioners  
23 authorized the expenditures and our people went to  
24 work, installing variable frequency drives and e-motors  
25 and changing the new HVAC systems.

0055

1           In addition, I personally have sent out  
2 numerous e-mails throughout this past summer and winter  
3 to remind our employees of their responsibility to  
4 conserve energy at work and at home.

5           Spokane County has gone the extra mile. In  
6 fact, since 1999 we have saved 1.36 million kilowatts  
7 of electrical energy. Our numbers show we're using far  
8 less energy, but paying more.

9           The bottom line is the ratepayers should  
10 not be punished for corporate mismanagement. The board  
11 of directors, on behalf of their stockholders, made  
12 drastic changes. Their newly hired CEO in 1999 changed  
13 the company and diversified.

14           Suddenly there were six divisions eating  
15 away at the company revenues, dividends were eliminated  
16 and the stock shot to the moon and then plummeted.  
17 Rather than take a safer road and purchase low cost  
18 energy long term, Avista relied on history and counted  
19 on stable prices. When prices skyrocketed, their  
20 business went south.

21           There are other answers to this problem  
22 besides nailing the ratepayers. The board of directors  
23 should be held responsible for mismanagement. Why not  
24 expect them to reduce their own retainer from \$30,000 a  
25 year to volunteer status? Why not require the

0056

1 stockholders to break even, not just lose 30 cents a  
2 diluted share, as proposed by the group, but all of it.  
3 Make their top executives take a major cut in pay until  
4 they clean up this mess.

5 In addition, they can tighten their belt  
6 further, sell off the two new divisions that are losing  
7 money, and divest themselves of the two gas-fired  
8 plants in Idaho. Again, ask Avista to do more before  
9 asking the ratepayers to swallow another increase.

10 This statement is from senior vice  
11 president and chief financial officer Jon Eliassen.  
12 "Our earnings guidance for 2002 remains unchanged. We  
13 expect Avista's consolidated corporate earnings to be  
14 in the range of 55 cents to 75 cents per diluted share,  
15 assuming favorable regulatory treatment of Avista's  
16 prudence, interim and general rate case filings and a  
17 continued return to more normal levels of hydro  
18 production."

19 Favorable regulatory treatment? So is this  
20 government supposed to bail out Avista every time they  
21 make poor business choices? I don't think so.

22 Not one penny of diluted shares should be  
23 distributed until the bills are paid and the company is  
24 solvent again. Placing the financial burden on the  
25 backs of the customers would be simply corporate



0057

1 welfare. Investing can be a form of gambling and, as  
2 such, the stockholders should absorb the loss. Then do  
3 what's necessary to hold the board of directors  
4 accountable for their actions. The customers sure  
5 can't.

6           One article said, "In September, the  
7 Commission granted a 25 percent surcharge for 15  
8 months. The surcharge request was a direct result of a  
9 record low hydroelectric conditions and unprecedented  
10 high electric prices during the past year."

11           Avista didn't have to take that risky road  
12 to higher profits by expanding so quickly and planning  
13 to buy short as they did. And as Gary Ely said in the  
14 annual report: "Preliminary indications also suggest  
15 that snow pack and streamflows have significantly  
16 improved compared to last year." So again, there is no  
17 excuse for not having energy this year.

18           To end, I ask you to do the right thing for  
19 the 210,000 Avista customers and another 200,000 county  
20 taxpayers. Put the burden of Avista's failure on the  
21 decision-makers and insist those responsible for the  
22 failure foot the bill.

23           Thank you.

24           COMMISSIONER SHOWALTER: I think at this  
25 point we are going to take a break. We need to take

0058

1 one for the court reporter and other reasons. So that  
2 we will resume in 15 minutes, at 6:30.

3 (A short recess was had;  
4 whereupon, the following  
5 proceedings took place:)

6 JUDGE MACE: Because we do want to hear  
7 from you all who are interested in speaking, I'm going  
8 to use this time allotment per speaker to three  
9 minutes. You know, we'd like to give you more time,  
10 but we do want to hear from all of you, if that's  
11 possible, tonight. So if I call you at what seems like  
12 an earlier time than prior speakers, it's because we  
13 want to make sure we get through all the speakers.

14 Go ahead, Mr. Cromwell.

15 MR. CROMWELL: Yes. And someone approached  
16 me at break, and it turns out that they hadn't actually  
17 communicated yet on the form. So if you want to speak  
18 tonight but you did not indicate yes on the form, just  
19 wait until the end, and I'll ask if there's anyone else  
20 who hasn't signed in or who I might have missed, if you  
21 forgot to write in yes, and then you'll have a chance  
22 then.

23 Next would be Dick Adams. Mr. Adams seems  
24 to have left.

25 Mr. Peirone.

MR. PEIRONE: My name is Jim Peirone,

0059

1 P-e-i-r-o-n-e. I live in Spokane County, I have no  
2 connection with Avista, and I am speaking for the local  
3 folks in my neighborhood as well as myself.

4 MR. CROMWELL: That saves us at least a  
5 minute.

6 MR. PEIRONE: And we are against any  
7 increase.

8 MR. CROMWELL: Are you a customer of  
9 Avista?

10 MR. PEIRONE: Yes, I am.

11 MR. CROMWELL: Please go ahead.

12 MR. PEIRONE: And the folks I represent  
13 also are.

14 First off, I feel that the Commission --  
15 and I will say first -- I'm sorry -- I agree with other  
16 people, so I'll try not to be redundant to other people  
17 who have been here, especially Mr. Roskelley, who  
18 pointed out very well the reasons that this should not  
19 go on. I agree. I think the accounting methods and  
20 figures of Avista should be challenged so that we know  
21 that we don't have another Enron.

22 There's another thing, there's a point that  
23 how much people can conserve. The public has been  
24 asked to conserve. For myself, I have turned off  
25 security yard lights, I have installed new low wattage

0060

1 bulbs, I have wrapped a hot water tank, purchased a new  
2 efficiency hot water tank. And at some point you have  
3 reached the maximum that you can do, short of turning  
4 off the power. I think that it's time that Avista gets  
5 a little more efficient.

6           Also, I checked with Grant County PUD  
7 yesterday, and for residential rates they were 38 cents  
8 per day basic charge, which comes out around \$11.00 a  
9 month, and they were .03293 cents per kilowatt hour.  
10 Chelan County PUD has a \$6.85 per month basic charge.  
11 That's the first thousand hours, thousand kilowatt  
12 hours, was at 2.18 cents per hour, the second thousand  
13 at 2.70 and anything over 2,000 was at 2.85. This is  
14 just about half of what the Avista Corporation is  
15 asking for.

16           And another thing, the State of Alaska, all  
17 residents of the state of Alaska, if they meet the  
18 proper criteria for being residents, receive royalties  
19 from the sale of oil, which is Alaska's natural  
20 resource. Water in this case happens to be our natural  
21 resource, and no one is receiving royalties, and Avista  
22 is using all the water for basically free, repeatedly,  
23 in all their generating systems. And so I'm not  
24 advocating that there should be a royalty paid to the  
25 people, but it's food for thought. They are getting

0061

1 free use of the water that belongs to everyone.

2 Thank you.

3 JUDGE MACE: Thank you for keeping it  
4 short.

5 MR. CROMWELL: Mr. Post. And after  
6 Mr. Post will be Culberton.

7 MR. POST: My name is Chuck Post, I live in  
8 Spokane County, I'm a business owner, and reside in a  
9 private residence, so I pay as a business and private  
10 residence. And I have no connection with Avista.

11 MR. CROMWELL: How do you spell your last  
12 name?

13 MR. POST: P-o-s-t.

14 MR. CROMWELL: Thank you. Please go ahead.

15 MR. POST: I want to thank you for  
16 answering the question about the negotiated settlement  
17 that was published in The Spokesman-Review. I thought  
18 it was a done deal, though. Thanks for clearing that  
19 up.

20 An issue of concern is that in the Journal  
21 of Business the 40 highest paid executives in 2000 were  
22 listed from this area. All except for four listed from  
23 Avista are in the free enterprise marketplace, and that  
24 includes banking, mining and manufacturing. When the  
25 executives of these companies fail to make a profit,

0062

1 their earnings drop accordingly. Not so with Avista.  
2 Some of the executives did take a decrease in their  
3 earnings, but that expired in 2001. Besides making  
4 more than twice what the governor of this state makes,  
5 they also have a retirement and benefit package that is  
6 second to none in this state.

7 I would like to suggest that on a  
8 retroactive basis that the percentage of the increases  
9 Avista wants, that the executives have that much taken  
10 from their wages and retirement benefits, in this way  
11 they might be more careful in their decisions to spend  
12 the monies that they are in control of. This could  
13 also be a way to have them suffer the consequences of  
14 their inadequate business decisions.

15 Avista announced that they were going to  
16 contribute \$50,000 to Project Share. On just the basic  
17 charge per household and for businesses that they  
18 started last June of \$5.00 per meter, they make about  
19 \$3 million extra per month. I find it hard to believe  
20 that it is that costly to read the meters. Some  
21 residents are charged \$10.00, as they have both  
22 electric and gas to their home. So I would like to  
23 propose that Avista donate at least \$3 million to  
24 Project Share, which is only one month of the basic  
25 charge that they collect from we ratepayers.

0063

1                   When I visit the retired people living in  
2 my area, I keep my coat on, as they have the  
3 temperature set at 55. They cannot keep their home  
4 warm, as they also have to be able to afford medication  
5 and food. This also affects low income households.

6                   Now, why should they have to live like  
7 this? When the 175 Avista executives have not made  
8 sound business decisions.

9                   JUDGE MACE: Mr. Post, I have to interrupt  
10 you now. You're at three minutes. I'm wondering if  
11 there's a way that you can sort of tie up your  
12 comments? If you have it, maybe you can give it to  
13 Mr. Cromwell.

14                   MR. POST: I will do that. I just have one  
15 more comment. If any business owner ran their business  
16 like Avista executives, they would have to file  
17 bankruptcy, as they cannot say, "We did not anticipate  
18 the market and, therefore, we need more money."

19                   Thank you.

20                   JUDGE MACE: Thank you.

21                   MR. CROMWELL: After Ms. Culberton, it  
22 may be Dr. Grub.

23                   Please state your name and spell your last  
24 name.

25                   MS. CULBERTON: Julie Culberton,

0064

1 C-u-l-b-e-r-t-o-n.

2 MR. CROMWELL: And where do you live, and  
3 are you a customer of Avista?

4 MS. CULBERTON: Spokane County, and I have  
5 no choice in who I use for power.

6 MR. CROMWELL: Are you an Avista customer?

7 MS. CULBERTON: Yes.

8 MR. CROMWELL: And do you receive business,  
9 residential service or both?

10 MS. CULBERTON: Residential.

11 MR. CROMWELL: And are you testifying on  
12 behalf of yourself or others?

13 MS. CULBERTON: Myself, my husband, my  
14 children, and the people at the Seagate (phonetic)  
15 downtown.

16 MR. CROMWELL: Do you have any connection  
17 with the company?

18 MS. CULBERTON: No.

19 MR. CROMWELL: Please proceed.

20 MS. CULBERTON: I just would be repeating a  
21 lot of what everybody has said, except that nobody has  
22 come up that has little children. I have two little  
23 children, a first grader and a second grader. And we  
24 have put our power bills down, qualified for rebate  
25 every month. We keep our temperature at 65 degrees in



0065

1 the house, and my children are running around with  
2 runny noses on them on a consistent basis. Most of the  
3 time our kids get into bed with us at night to stay  
4 warm, so that we can afford power.

5           It is outrageous to me that there will be a  
6 consideration for me to have to pay more than I already  
7 pay. I'm already paying so much, and I'm still saving  
8 power, because I get like the rebate. Still, I paid  
9 from last year \$70 more per bill a month than I did  
10 last year. I don't understand how that can happen, if  
11 I am qualifying for the rebate every month.

12           Also, I work with people who have to come  
13 to Seagate to get meals downtown, and there are a lot  
14 of people, many older people who that is the only way  
15 that they can get food, because they have to be able to  
16 pay to live, and they are in a little apartment. I  
17 just don't think it could be ethical to have things go  
18 any higher, and I don't know why if we are struggling  
19 so much, and I have to budget and prepare, and if I  
20 make a mistake in my budget, how on earth would I  
21 expect someone else to take care of that or to fix that  
22 mistake for me?

23           So please consider those things.

24           Thank you.

25           JUDGE MACE: Thank you.

0066

1                   MR. CROMWELL: Dr. Grub. After Dr. Grub is  
2 Cherie Rodgers.

3                   DR. GRUB: Philip Grub, G-r-u-b. I am a  
4 resident of the city, I'm here on behalf of both myself  
5 as a residential customer and my brother and myself as  
6 business partners. I have no connection whatsoever  
7 with Avista.

8                   MR. CROMWELL: Thank you. Please proceed.

9                   DR. GRUB: I oppose the rate increase and  
10 feel that it needs a lot more investigation by the  
11 commissioners to look into the temporary increase they  
12 presently have and the one that they're requesting. It  
13 is my feeling that the increases claimed by Avista are  
14 the result of poor management decisions, including  
15 bail-outs and bonuses that have been paid in the past  
16 several years, as well as futures trading. In  
17 addition, I would like to find out what their  
18 relationship has been in the various ventures in which  
19 they have taken a position as a company. And that  
20 would include the sale of various subsidiaries to, as I  
21 understand it, to former employees, and whether those  
22 were sold at the best possible rate for the benefit of  
23 Avista, or if it was just another payoff.

24                   Now I come here on behalf of my brother and  
25 myself, because we have a number of apartments, and the

0067

1 majority of the people living in our apartments are  
2 either retired on fixed incomes -- and in most cases  
3 they're low -- in the city of Medical Lake. And we  
4 have a number of new people that are struggling, many  
5 of them at minimum wage, some of whom are going to  
6 college and trying to make ends meet; others are  
7 working at minimum wage. And we have not raised the  
8 rates that we charge for our apartments, once people  
9 have moved in. We have yet to get an increase, and we  
10 started in '88. I also would say that my brother and I  
11 take no profits out, we get no salaries, no nothing  
12 from our apartments. When we do make a profit, what we  
13 do is generally buy another building and fix that up  
14 and rent it out, and the rates are among some of the  
15 lowest that you'll find. And many cannot find -- it's  
16 an apartment in which I would not live. But if we  
17 continue this, we're going to have to increase the  
18 rates, and these people are like some that have  
19 testified here that are in the low income bracket.

20 JUDGE MACE: Mr. Grub, I would have to ask  
21 you to conclude.

22 DR. GRUB: Okay. I would like to say just  
23 one thing. I think there needs to be a financial  
24 audit, and not just for the last couple of two years,  
25 but starting from '96 forward. I think there has to be

0068

1 a management audit of both the board and the  
2 management, to see if they're qualified in what they're  
3 doing. And take a look at the minutes of both the  
4 board and the executive committees. These are just a  
5 few things I would look at if I was doing an audit of  
6 the company and going in and attempting to do a  
7 turnaround. And I have done that and see it, but  
8 you've got to look at more than three years of costs,  
9 and then say, "Well, this looks all good on paper."  
10 But you have to get behind there and --

11 JUDGE MACE: Thank you very much.

12 MR. CROMWELL: Ms. Rodgers, Cherie Rodgers.

13 And after that Mr. Michael Salerno.

14 MS. RODGERS: Cherie Rodgers. I am a  
15 resident of the city of Spokane, 4803 West Woodrow  
16 Court, and I have no connection with Avista. I'm here  
17 tonight representing 65,000 people who live in District  
18 3. I am also a Spokane City Council member.

19 MR. CROMWELL: How do you spell your last  
20 name?

21 MS. RODGERS: R-o-d-g-e-r-s.

22 MR. CROMWELL: And are you a customer of  
23 Avista?

24 MS. RODGERS: Yes.

25 MR. CROMWELL: And do you receive business,

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1 residential service or both?

2 MS. RODGERS: Both residential and  
3 business.

4 MR. CROMWELL: And are you testifying  
5 tonight on your own behalf or on behalf of others?

6 MS. RODGERS: I'm testifying on behalf of  
7 my constituents. As I said, I am a city council member  
8 from District 3 here in Spokane, and I represent 65,000  
9 residents, and I am also speaking on behalf of myself,  
10 also.

11 The City of Spokane, we have approximately  
12 192,000 people. We have very high rates of poverty.  
13 The highest rate of poverty in the city of Spokane are  
14 in my district. The Third District is the poorest in  
15 the state of Washington. Spokane County is  
16 approximately 49 percent of the people who work make  
17 less than \$22,000 per year. Some of the figures that  
18 we have seen, in our School District 81, which is the  
19 city of Spokane, on any given year between 44 and 52  
20 percent of the students in that school district qualify  
21 for free or reduced lunch. To make that qualification  
22 you have to be at 185 percent of the national poverty  
23 rate. I will also make these comments in writing by  
24 March 1st as part of my testimony.

25 I concur with our fellow commissioner, John

0070

1 Roskelley, and Dr. Grub and others who have testified,  
2 and deeply oppose any more increases in utility rates.  
3 I would ask you to do a thorough investigation of the  
4 accounting practices of Avista, their past practices,  
5 going back, take a look at the board of directors'  
6 decisions that have been made. I have appreciated your  
7 decisions in the past to take a look at the Golden  
8 Parachute, the money that was spent to recruit the CEO  
9 from Texas up here, and also the cost to -- I remember  
10 they made some movies, videos promoting the company.  
11 So that's not very logical, and you need to take a look  
12 at that.

13 Thank you.

14 JUDGE MACE: Thank you, Ms. Rodgers.

15 MR. CROMWELL: Michael Salerno. After  
16 Mr. Salerno, Pamela Small.

17 MR. SALERNO: I am Michael Salerno.

18 MR. CROMWELL: How do you spell your last  
19 name?

20 MR. SALERNO: S-a-l-e-r-n-o.

21 JUDGE MACE: Mr. Salerno, would you speak  
22 right into the mike? You can move it up.

23 MR. SALERNO: There.

24 JUDGE MACE: Thank you.

25 MR. SALERNO: How's this?

0071

1 JUDGE MACE: Okay.

2 MR. CROMWELL: Mr. Salerno, where do you  
3 live, sir?

4 MR. SALERNO: Spokane.

5 MR. CROMWELL: And are you a customer of  
6 Avista?

7 MR. SALERNO: Yes, I am.

8 MR. CROMWELL: Do you receive residential  
9 or business --

10 MR. SALERNO: Residential.

11 MR. CROMWELL: And are you testifying  
12 tonight on behalf of yourself or others?

13 MR. SALERNO: Myself and the old folks that  
14 live in the same neighborhood as me.

15 MR. CROMWELL: Do you have any connection  
16 with the company?

17 MR. SALERNO: No, I don't.

18 MR. CROMWELL: Please proceed.

19 MR. SALERNO: Our commissioners pretty well  
20 hit the nail on the head on pretty near anything that I  
21 heard here tonight, and when Washington Water Power was  
22 Avista then (sic), basically my utility bills were 20  
23 to \$25 a month and about \$40 a month during the  
24 wintertime. And since their investments seemed to have  
25 started back at Satsop, the atomic energy plant, where

0072

1 they lost millions of dollars, and then all of a sudden  
2 the Commission gave them a 25 percent deal to get, to  
3 bail them out of that one. And we've never seen the  
4 drop of that. It's never dropped. It's never been  
5 paid back. They keep on raising the rates. I can go  
6 on and on just like everybody else. But just like a  
7 year ago I got my bill in the mail, and just a year ago  
8 my electricity bill has tripled, and that's just your  
9 25 percent. And they said I use less electricity this  
10 month. And I went through all their stuff just like  
11 this (indicating). And during the break I wrote down  
12 their figures what they said, and they must be living  
13 in la-la land, because according to this their figures  
14 for 30 days for my electric bill for my wife and I  
15 should be only \$20.58, not \$90. Last year my electric  
16 bill was \$42, and this year it's \$90. And I don't know  
17 where you're getting that 25 percent increase from.

18 That's all I've got to say.

19 COMMISSIONER SHOWALTER: Thank you,  
20 Mr. Salerno. And a comment that if your bill is that  
21 dramatic and is only electricity, and not gas, you  
22 might want to talk to one of the -- either the company  
23 consumer representative or --

24 MR. SALERNO: Oh, I did.

25 COMMISSIONER SHOWALTER: Or you're also



0073

1 welcome to call the UTC, and we also have people who  
2 can help customers if they really can't explain their  
3 bill.

4 MR. SALERNO: Well, I called them, and they  
5 added a surcharge, they said, where I used over 600  
6 watts of electricity, and 172 watts of electricity was  
7 the same charge almost as the 600 watts that I had. So  
8 there's your double right there in the electricity.  
9 And they go from 28 days. Now they're reading the  
10 meter at my house every 35 days so they can get that  
11 double the price on 172 a month, where before it was  
12 168 watts of electricity. And then it's almost the  
13 same price for that 168 as the 600 watts.

14 COMMISSIONER SHOWALTER: Thank you.

15 MR. CROMWELL: Ms. Small. And after Ms.  
16 Small is Mr. Beamer.

17 MS. SMALL: My name is Pamela Small,  
18 S-m-a-l-l, and I live in the city of Spokane and I have  
19 no connection with Avista, and I pay the bill every  
20 month.

21 MR. CROMWELL: Do you receive residential  
22 or --

23 MS. SMALL: Yes, residential service from  
24 Avista.

25 MR. CROMWELL: Thank you.

0074

1 MS. SMALL: According to a letter Avista  
2 addressed to the Secretary of Washington Utilities and  
3 Transportation Commission, according to a letter from  
4 you to Avista customers, dated January 2, 2002, you  
5 state at the end of the second paragraph that after a  
6 review investigation of Avista's management and  
7 operations, and this is in quote, "it is possible that  
8 some or all of the 25 percent surcharge will be  
9 refunded to customers." Yet here we are to question a  
10 5 percent to 10 percent increase to begin March 1st,  
11 2002. This would represent a "cumulative increase of  
12 37.5" -- that's the 10 percent -- "37.5 percent of  
13 electrical (sic) rate that was in place this past  
14 summer." If this information isn't confusing, I don't  
15 know what it is. In other words, how can something be  
16 returned and still have an increase?

17 According to a Business Section article  
18 published February the 1st, 2002, by The Spokesman-  
19 Review, our local newspaper, Avista's net income  
20 dropped by \$44 million in 2001. But earnings by Avista  
21 Utilities -- that's the home market electricity and gas  
22 -- and Avista Energy, the electricity and gas sales in  
23 the wholesale market, were offset by losses at other  
24 Avista subsidiaries -- Avista Communications,  
25 telecommunications; Avista Advantage, which is energy

0075

1 management, like Enron; and Avista Labs, which is a  
2 fuel cell development. In other words, what I read is  
3 that the ratepayers are to make up for poor managerial  
4 decisions and the investors are to get 55 to 75 cents  
5 per share in 2002 if the pending rate hikes are  
6 approved. If so, this attitude shows a complete lack  
7 of ethics and social moral responsibility by Avista.  
8 That profit should be made on the backs of the average  
9 citizen and the aged and the poor because of  
10 opportunistic management shows a lack of care for the  
11 community.

12                   Is there anyone at Avista's management who  
13 has the vision to look around and see what this will do  
14 to the area of Eastern Washington who uses their power?

15 It will: One, impact severely people on Social  
16 Security or SSI;

17                   Two, cause inflation as the cost of goods  
18 and services rise to cover businesses' increased  
19 expense;

20                   Three, will increase the 8.8 percent  
21 unemployment rate in Eastern Washington as businesses  
22 let employees go to save money;

23                   Four, people working for minimum wages will  
24 have less to spend;

25                   Five, there will be less money for people

0076

1 to pay increased taxes for all the shortfalls the City  
2 of Spokane has acquired. In other words --

3 JUDGE MACE: Ms. Small, I have to ask you  
4 to draw to a conclusion.

5 MS. SMALL: I only have five more lines.

6 In other words, the rich will be richer --  
7 the investors and Avista management -- and our poor  
8 will be even poorer.

9 We have seen a great surge of patriotism in  
10 our country this last six months, not only flag waving  
11 but supposedly greater care for the community around us  
12 -- the exception being companies like Enron whose  
13 executives and accountants used people for their own  
14 selfishness and greed. If no increase is given to  
15 Avista, what happens? Who loses? Who gains?

16 JUDGE MACE: Thank you, Ms. Small.

17 MR. CROMWELL: Mr. Beamer. After  
18 Mr. Beamer someone wrote only their first name, and  
19 it's either Bob or Sam. If you only wrote your first  
20 name, you're next.

21 MR. BEAMER: My name is Nick Beamer, and I  
22 am a resident of the city of Spokane. I'm here tonight  
23 speaking on behalf of myself and also because I am  
24 employed as executive director for the Aging and Long-  
25 Term Care of Eastern Washington.

0077

1                   JUDGE MACE:  Would you spell your last name  
2  for us?

3                   MR. BEAMER:  B-e-a-m-e-r.  And I'm also  
4  speaking on behalf of the volunteers.  What did I leave  
5  out?

6                   MR. CROMWELL:  Mr. Beamer, do you have  
7  residential or business service?

8                   MR. BEAMER:  Residential.

9                   MR. CROMWELL:  And do you have any  
10 connection to Avista?

11                   MR. BEAMER:  No, I do not have any  
12 connection to the company.

13                   MR. CROMWELL:  Please go ahead.

14                   MR. BEAMER:  I will not state more than  
15 what has already been said by many of our volunteers.  
16 We are certainly against the rate increases.  As you  
17 know, we have testified against the 25 percent rate  
18 increase, and we have also testified against the 10  
19 percent and the 5 percent apparent agreement at this  
20 point in time.  As I look at this -- I didn't receive  
21 it before tonight -- but as I look at this, the 5  
22 percent does not really hold accountable Avista in many  
23 different ways.  For example, it says under B,  
24 "actively promote its Comfort Level Billing Plan and  
25 relax program restrictions on eligibility."  Well, what

0078

1 does "relax" really mean? How are you going to measure  
2 that? It's not stated here.

3 "Improve participation in the CARES  
4 program." What does "improve" really mean? There is  
5 no measurement. You haven't set a goal level, a  
6 measurable goal. Certainly I agree with the  
7 contribution to Project Share, and there are other  
8 things here that make sense. But overall I don't see  
9 this as something that is really supportable.

10 As you know, we work with many individuals  
11 who are in the programs that receive a lot of support,  
12 federal and state sources, and those individuals have  
13 very low income and cannot afford the kind of rate  
14 increases that you see here. They are facing also very  
15 likely decreases in programs services because of the  
16 state budget that we don't know at the present time,  
17 but all we hear about is that there's going to be  
18 cutbacks in those programs, too. Certainly these kind  
19 of rate increases outdistance any kind of increase in  
20 the incomes that these people have had. And I would  
21 encourage you not to do any further rate increases.

22 Having said that, we also have a  
23 responsibility I think to work with Avista. And my  
24 volunteers have asked that we get together with Avista  
25 and other organizations in our community to see if we

0079

1 can't find some good solution to try to keep this very  
2 vulnerable population from having to face these kinds  
3 of increases. We are going to try to identify these  
4 populations clearly, we are going to try and identify  
5 corporate strategy as well as community strategy that  
6 will at least give rate relief, if not exemptions, to  
7 this vulnerable population.

8 Thank you.

9 JUDGE MACE: Thank you, Mr. Beamer.

10 MR. CROMWELL: Is it Bob or Sam? I'm not  
11 sure who you are, but you only signed your first name.  
12 If you still want to speak, come on up. Okay.

13 Evelyn Adams? After Ms. Adams it will be  
14 Mike Klontz.

15 MS. ADAMS: Thank you. My name is Evelyn  
16 Adams, it's spelled A-d-a-m-s. I'm a resident of the  
17 city of Spokane and I am a residential user of Avista  
18 power. I am here tonight, though, on behalf of the  
19 group that I represent. I work also for Aged and  
20 Long-Term Care. I do want to state that I have no  
21 relationship with Avista.

22 Anyway, I came tonight to read a letter  
23 from someone that couldn't come, and that's why I'm  
24 here, to speak on behalf of those that weren't able to  
25 come. It says: "Dear Ms. Adams, I have learned I am

0080

1 unable to attend your meeting of February 27th  
2 regarding the 10 percent surcharge by Avista.

3 "Thank you for this opportunity to voice my  
4 concerns.

5 "I have much compassion for the elderly and  
6 those who are on fixed incomes. I hear time and time  
7 again 'my utilities have doubled. What am I to do?'

8 "It is so sad that those who have given so  
9 much now must suffer unnecessarily.

10 "Please urge Avista to reconsider their  
11 proposal of additional charges.

12 "Sincerely, Rose E. Hitchcock."

13 Today at noon I volunteered to deliver  
14 meals on wheels. The staff from our office do that  
15 every Wednesday and it was a good break for me today  
16 because I have had a busy and long day. I want to tell  
17 you that one of the homes that I went today, when I  
18 went in the light was off, and I had to say, "Where are  
19 you?" The lady's name.

20 And she says, "I'm here in bed around the  
21 corner. Please put my meal on the counter there."

22 So I looked around the corner and she was  
23 all snuggled up in bed with quilts. The house had no  
24 heat on.

25 I said, "It's so cold in here."



0081

1                   And she says, "I cannot afford to pay my  
2 bills. I can't afford to use the heat, except when I  
3 get up. So that's why I stay in bed."

4                   I was very fearful that by the time she got  
5 up to eat that meal that it would no longer be warm as  
6 it was when we carried it in.

7                   Another home I visited there was a couple  
8 that apologized because their house was cold. They  
9 said, "We just have to save money. We can't afford to  
10 pay those high rates." They said, "Some of our friends  
11 have moved because their bill is \$247 a month to heat  
12 their house, and that's their total bill."

13                   Another lady I visited just got out of the  
14 hospital. Her legs had been amputated and she looked  
15 very ill. Her house was cool. And I was so concerned  
16 about these elderly, frail people that could not afford  
17 to keep their heat on, and I know that they're not all  
18 --

19                   JUDGE MACE: Excuse me, I have to interrupt  
20 you and ask you --

21                   MS. ADAMS: Okay. These people are really  
22 suffering and they are so proud that they won't ask for  
23 help beyond what we can give.

24                   I just want to make one more point. AARP  
25 did some research in support of energy measures

0082

1     sometime ago, and it says that hypothermia is estimated  
2     to be the sixth leading cause of death among the  
3     elderly in the United States. I would not like to see  
4     that happen to our people here in Spokane.

5                 MR. CROMWELL: Ms. Adams, if you would like  
6     to give me those letters, I will forward them.

7                 MS. ADAMS: Okay.

8                 MR. CROMWELL: Mr. Klontz? After  
9     Mr. Klontz, Charlotte Benjamin.

10                MR. KLONTZ: My name is Mike Klontz, last  
11     name spelled K-l-o-n-t-z.

12                MR. CROMWELL: And where do you live?

13                MR. KLONTZ: Spokane County.

14                MR. CROMWELL: And are you a customer of  
15     Avista?

16                MR. KLONTZ: We are.

17                MR. CROMWELL: Do you receive business or  
18     residential service or both?

19                MR. KLONTZ: Residential.

20                MR. CROMWELL: And are you here to testify  
21     tonight on behalf of yourself or others?

22                MR. KLONTZ: On behalf of myself and my  
23     family, including grown children.

24                MR. CROMWELL: And do you have any  
25     connection with the company?

0083

1 MR. KLONTZ: No, none at all.

2 MR. CROMWELL: Please proceed.

3 MR. KLONTZ: Thank you very much and good  
4 evening. I have basically three points, and I did,  
5 incidentally, call both numbers listed in the blue  
6 flyer that some of us as customers, residential and  
7 business, received, and left a message stating my  
8 opposition to any rate increase at all, including the  
9 10 percent increase. And the first point I won't  
10 belabor the proposal, the increased rate proposal I  
11 find excessive, and I think that point has been well  
12 made this evening.

13 Point number two: The proposal in the  
14 announcement form that came to those of us who received  
15 it with our bills is very misleading. Although it's  
16 billed, it's indicated, announced as a 10 percent rate  
17 increase, if you follow the actual figures and the  
18 difference between the present rates and the proposed  
19 increase, you will find that for those in the lower,  
20 those in the lower usage categories are actually going  
21 to suffer a 13.2 percent increase. The next scale is  
22 actually 10.9 percent. And if you use over the first  
23 600 kilowatts and over the next 700 kilowatts, and get  
24 into the next tier over 1300 kilowatts, then it goes  
25 down to approximately 9 percent.

0084

1                   Therefore, my third point: The proposal is  
2 counterproductive in not allowing incentives for those  
3 who are trying to conserve and should actually be  
4 paying less than those who are using more. I happen  
5 to, sad to say, be in that third category where even in  
6 our own residence we're paying the last two months well  
7 over \$200 a month. I would like to register my  
8 opposition to any rate increase.

9                   Thank you very much.

10                  JUDGE MACE: Thank you, Mr. Klontz.

11                  MR. CROMWELL: Charlotte Benjamin. And  
12 after Ms. Benjamin, Ms. Tillemans.

13                  MS. BENJAMIN: My name is Charlotte  
14 Benjamin. I'm from the Spokane Valley. I am a  
15 residential customer of Avista. I speak for myself,  
16 and I have no connection to Avista.

17                  MR. CROMWELL: Thank you. Could you spell  
18 your last name, please?

19                  JUDGE MACE: And maybe you can speak right  
20 into the mike.

21                  MS. BENJAMIN: My last name is spelled  
22 B-e-n-j-a-m-i-n.

23                  MR. CROMWELL: Thank you.

24                  MS. BENJAMIN: I have written the WUTC two  
25 letters, and they should be in your folder. I just

0085

1 want to reiterate some of the details. I received my  
2 bill, my November and December bill, and it was \$129.  
3 It was raised from the previous month. My December-  
4 January bill was \$249. That's a 92 percent increase.  
5 It spells out to be \$120. That's unreasonable for one  
6 person in one household. I have an energy-efficient  
7 furnace and I have my appliances checked every year to  
8 make sure they're in working order. So to me this  
9 indicates a good deal of price gouging. I even had  
10 Avista come out and check my heaters, and they were  
11 doing fine, and they even showed me a little chart  
12 which I enclosed in one of my letters, that no matter  
13 what I do, no matter how much usage I can decrease, I  
14 am looking at increased costs. And to me, there is  
15 serious mismanagement occurring at Avista to have to  
16 experience price gouging in this manner.

17 My suggestion and recommendation is that  
18 the executives take a commensurate decrease in salary,  
19 bonuses, stock and stock options, and let them feel  
20 what we are feeling right now. At the very least  
21 before attempting a rate increase, I think the  
22 collective heads with the intelligence quotient at  
23 Avista and a few other people there that are involved  
24 in the decision making should at least attempt to  
25 renegotiating power contracts, as California is

0086

1 attempting to do. Especially in last week's paper  
2 there appeared several suggestions that the 42.4  
3 percent rate increase -- that's the 25 percent reduced  
4 to 14.9, and the 10 percent reduced to 5. And that's a  
5 22.5 percent increase in basic rates.

6 Surely Mr. Cromwell, the WUTC staff, the  
7 S&P, Avista execs -- and Avista does work for the  
8 customers -- can come up with a better idea than that.

9 Thank you.

10 MR. CROMWELL: Ms. Tillemans? After  
11 Ms. Tillemans, Mr. Saldin.

12 MS. TILLEMANS: Good evening. My name is  
13 Flo Tillemans, T-i-l-l-e-m-a-n-s, S as in Sam. I live  
14 in the county and I have no connection to Avista. I am  
15 here on behalf of myself and some of my family members.

16 MR. CROMWELL: Please proceed.

17 MS. TILLEMANS: It's been some time since  
18 I've had to speak in front of a group of people about  
19 this. I have only been with Avista for about a year.  
20 Prior to that I was out in the Valley and I was on Vera  
21 Water. Out there I had a thousand-square-foot  
22 apartment. I had an end unit, and the maximum I  
23 believe I paid at that time, which would have been  
24 about a year ago today, was \$75 for a winter. And I  
25 work full time. I'm sorry, I'm 72 years of age, I work

0087

1 full time, I work 40 hours a week, I'm up at 4:30 in  
2 the morning and I leave my home at 5:30 in the morning.  
3 I come home at 2:30 in the afternoon, and in bed by  
4 8:00. I don't have that much heat on, because I'm not  
5 there. And yet I have -- right now I moved into  
6 Spokane, and I have an 800-square-foot apartment and I  
7 have people on both sides of me. There are four  
8 windows in the unit and one door. Last month my  
9 utility bill was -- which is electric only -- \$108 a  
10 month. Now, that's quite a jump for me. I know if I  
11 were just living on what I earned I would not even to  
12 be able to make it.

13 I don't know how these young people are,  
14 are doing it. I work with a lot of young people and I  
15 know many of them are terrified about coming in and  
16 voicing their opinions. So therefore, most of this  
17 audience is adult, is 55 and older or 50 and older  
18 people, most of them are. And the younger people are  
19 not that they don't -- aren't concerned, because they  
20 just don't know how to go out and speak in front of  
21 people to voice their opinion. (Sic)

22 And if -- I have a daughter that's a single  
23 mother, she's raising two children. This last summer  
24 we spent several thousand dollars trying to insulate,  
25 put in new windows. And her combined -- and I know

0088

1 you're not talking about gas -- but her combined  
2 utility bill was \$180. She makes 9.50 an hour,  
3 supporting two children. And she had a 50-cent-an-hour  
4 raise. They took -- they told her she had to start  
5 paying for her day care of \$145 a month. And she's  
6 trying to buy a home and do the best she can for two  
7 children. And like I said, I don't know how some of  
8 these other young people can do it, either, on minimum  
9 wage in this town. And that's all I want to say.

10 Thank you. I just hope that you do not  
11 give them a 5 percent increase or a 10 percent or a 20  
12 percent or 25 percent.

13 MR. CROMWELL: Mr. Saldin. After  
14 Mr. Saldin it is Mr. Palmer.

15 MR. SALDIN: My name is Ted Saldin, and I'm  
16 from Pullman, Washington. I oppose the rate increase.

17 MR. CROMWELL: Mr. Saldin, how do you spell  
18 your last name?

19 MR. SALDIN: S-a-l-d-i-n.

20 MR. CROMWELL: Thank you. Do you receive  
21 residential or business service?

22 MR. SALDIN: Residential.

23 MR. CROMWELL: And are you testifying  
24 tonight on behalf of yourself or others?

25 MR. SALDIN: Myself and Aging and Long-Term



0089

1 Care of Eastern Washington.

2 MR. CROMWELL: Do you have any connection  
3 to the company?

4 MR. SALDIN: None at all.

5 MR. CROMWELL: Please proceed.

6 MR. SALDIN: Aging and Long-Term Care  
7 serves Eastern Washington counties, the city of Spokane  
8 and five counties. I am from Whitman County. I am  
9 speaking partly because so far there haven't been other  
10 speakers from Whitman County. I won't make a special  
11 case other than to say that Aging and Long-Term Care  
12 serves the elderly in four of these counties and others  
13 needing long-term care. But I am endorsing the  
14 statements of several others from Aging and Long-Term  
15 Care who have spoken before me. Those people here this  
16 evening have spoken, and I endorse every one of these  
17 statements. Bernard Nelson, Nick Beamer you have been  
18 hearing. Evelyn Adams, Chuck Post, Pamela Small. And  
19 so I'll just indicate my strong endorsement of all  
20 their statements.

21 Thank you.

22 MR. CROMWELL: Thank you, sir.

23 JUDGE MACE: Thank you, Mr. Saldin.

24 MR. CROMWELL: Mr. Palmer? After

25 Mr. Palmer will be Earl Winthrop.

0090

1                   MR. PALMER: I'll pass. Everything's been  
2 said that I was going to say.

3                   MR. CROMWELL: Mr. Winthrop? Not here.

4                   MS. REIMER: Lucy Reimer, Lucy with a Y,  
5 R-e-i-m-e-r, and I have residential, I'm a residential  
6 customer.

7                   MR. CROMWELL: Where do you live?

8                   MS. REIMER: Pardon?

9                   MR. CROMWELL: Where do you live?

10                  MS. REIMER: In Spokane. And I don't have  
11 any connections to Avista. And I'm here to speak on  
12 behalf of myself, my 91-year-old mother, Rosalie, and  
13 my son, Lance. And I appreciate all the previous  
14 testimony that I have heard here tonight, and I'm  
15 especially grateful for my city representative,  
16 although I'm not in her district, Cherie Rodgers, she  
17 most certainly represents me, and also the county  
18 commissioner, John Roskelley. His testimony was just  
19 excellent. And so many of the other ones, and  
20 especially to the Aging and Long-Term Care, from  
21 Mr. Nelson and Mr. Beamer and so many of the others.

22                  My mother is 91 years old, she lives in her  
23 own house, she is very appreciative and lucky to be  
24 there, and she's seen her bill increase by almost 100  
25 percent. She is on Comfort Level. And I don't know

0091

1 how much more she can bear and be able to stay in her  
2 home. She has three wonderful daughters, and I'm one  
3 of them, and we kind of make it happen for her to be  
4 there. We give her the care that she needs. But if  
5 costs keep increasing, I don't know how much longer she  
6 can do that. We'd like to see her stay there just as  
7 long as she can.

8                   And I am most concerned about those lower  
9 income that live in rentals that aren't kept up like  
10 the doctor that was speaking here. There are so many  
11 substandard houses, and you can imagine that those  
12 folks probably pay the most in costs to Avista. And I  
13 think that's probably about it. There's been so much  
14 wonderful testimony that's been said. And I'll  
15 conclude.

16                   Thank you.

17                   MR. CROMWELL: Thank you. Rebecca Hurst?  
18 Not here.

19                   Greg Partch. After Mr. Partch is  
20 Mr. Lowell.

21                   MR. PARTCH: My name is Greg Partch,  
22 P-a-r-t-c-h, Senior.

23                   MR. CROMWELL: And where do you live, sir?

24                   MR. PARTCH: I live in Garfield,  
25 Washington.

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1 MR. CROMWELL: Are you an Avista customer?

2 MR. PARTCH: I am an Avista customer.

3 MR. CROMWELL: And do you receive  
4 residential, business service or both?

5 MR. PARTCH: I will speak on behalf of  
6 residential, and also I am a Whitman County  
7 commissioner, and I will speak on behalf of Whitman  
8 County, too.

9 MR. CROMWELL: All right. Do you have any  
10 connection to the company?

11 MR. PARTCH: I do not.

12 MR. CROMWELL: Please proceed.

13 MR. PARTCH: Thank you, members of the  
14 Washington State Public Utilities Commission, for  
15 scheduling this hearing and allowing my comments to be  
16 heard.

17 If I may, I have a prepared statement that  
18 I'll give you afterwards, and I'm going to speak rather  
19 quickly and try to do that.

20 I would like to first --

21 COMMISSIONER SHOWALTER: Not too quickly.

22 MR. PARTCH: Well, I have it prepared,  
23 though, but I have a lot --

24 COMMISSIONER SHOWALTER: He needs to take  
25 down, he's taking down every word you say, so whatever

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1 you say, say it slowly.

2 MR. PARTCH: I'll try to speak distinctly.

3 First, I'd like to read and submit to you a  
4 copy of testimony attached that I gave to you on  
5 September 2001. So much has happened since that date.  
6 So many things remain the same, though. Our low fixed  
7 income population is continuing to hurt and their needs  
8 remain unmet and unaddressed. Winter continues to grip  
9 -- winter continues its grip on the Inland Empire but,  
10 all in all, it should be a relatively mild winter,  
11 thank goodness. Looking back, your decision to allow  
12 an increase of 25 percent instead of 36.9 percent last  
13 fall was probably appropriate, based on the needs at  
14 the time and Avista's request for immediate help. But  
15 here we are again.

16 I want to again ask the same questions as I  
17 stated in the first hearing: Why can't we have a  
18 tiered sliding scale for charges? I know the law says  
19 you can't treat customers differently, but maybe it's  
20 time we changed the law. Why can't we defer additional  
21 costs to an interest-free reserve account until spring  
22 and work on a way to cover payment in the meantime for  
23 those who cannot afford it? Why can't we have a  
24 percentage of the profit of power sold out of the  
25 region go toward that reserve account? Could the

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1 stockholders be given a special tax dividend instead of  
2 payments and that go against the reserve account? I  
3 know these are naive questions and I know I do not know  
4 how the system works, but I do know that if you dislike  
5 the answers, then tell us what's better, and we'll have  
6 to build towards that.

7           As far as I know, no one has come forward  
8 with any solutions to these concerns that were  
9 addressed in September of 2002 (sic), and now they have  
10 been granted an additional 5 percent as of March 15th.  
11 If Avista ends up over the 37.5 percent increase over  
12 last summer it is supposed to be rebated. A rebate  
13 does not buy heat today. And Avista's token  
14 contribution to Project Share of \$50,000 to help pay  
15 the energy bills of low income families in no way comes  
16 close to making a dent in the low income household  
17 share of the rate increases you have now allowed.  
18 Washington State's attorney general's statement saying  
19 that "\$50,000 is to help the poor absorb higher utility  
20 costs" is extremely patronizing. She should have said  
21 this will make only the smallest ripple in the  
22 floodwaters swirling over the heads of our most needy.  
23 Spread \$50,000 out over all those in need of Project  
24 Share's help, and it doesn't come close to offsetting  
25 the current rate hikes already in place.

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1                   So I ask you, please do not grant an  
2 increase again without requiring that those involved  
3 work towards solutions. If they are unwilling to do  
4 that, then you should say no. This should be  
5 performance based. And in six months if no positive  
6 results to help the low income household survives -- to  
7 survive -- then roll it back immediately. Next winter  
8 may not be as kind as this winter was.

9                   The future projections for Avista are much  
10 more defined now than they were in September. A large  
11 snow pack promises a year of abundant water power; but  
12 still, just as last year, this does not help those who  
13 must decide between heat, food and medicine today.

14                   Enron failed because it was not  
15 accountable. Those on fixed incomes are accountable  
16 every day for every penny. Please help Avista get its  
17 feet back under them. But also be accountable, don't  
18 let those same feet trample on those who need it most.  
19 Let those feet carry them along with them.

20                   Thank you for permitting me to speak  
21 tonight, and I wish you collective wisdom in your  
22 decision.

23                   JUDGE MACE: Thank you, Mr. Partch.

24                   MR. CROMWELL: Mr. Lowell? And after  
25 Mr. Lowell is Kevin Ostefeider (phonetic).

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1                   MR. LOWELL: My name is Jim Lowell. I am a  
2 Spokane County resident. I'm not a customer of Avista.  
3 I am speaking on behalf of others, and I have no  
4 connection with the company.

5                   MR. CROMWELL: How do you spell your last  
6 name, sir?

7                   MR. LOWELL: L-o-w-e-l-l.

8                   MR. CROMWELL: Please proceed.

9                   MR. LOWELL: I would like to draw an  
10 analogy for gas.

11                   COMMISSIONER SHOWALTER: Before you start,  
12 you said you're speaking on behalf of others. Who are  
13 those others?

14                   MR. LOWELL: My girlfriend. I am an  
15 investment adviser. We take numerous positions in  
16 energy, mostly the production and exploration level,  
17 not with Avista -- I have no positions and no real  
18 clients.

19                   I would like to draw an analogy with gas  
20 and draw that parallel with electricity for you and  
21 make suggestions for your decision. With gas, back in  
22 1998, we saw a lot of problems with the Asian flu, the  
23 Russian problems with their economy and faults. As a  
24 result of that, the natural gas prices at the wellhead  
25 dropped down to about 171.80 for a million btu's. And



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1 we saw basically the end of the drilling for a period  
2 of time which led, when we had an economic recovery and  
3 some energy crisis in Extra Domia (phonetic) to the  
4 spiking that we just saw. Normally at the wellhead  
5 we're looking at two to 250 a million btu's. And this  
6 sort, as well people know, is about \$10, so just shy of  
7 \$10, which precipitated the increase that we saw in the  
8 fall in gas prices for Avista.

9           Now we're back down to normal trading range  
10 at the wellhead of about two and 250 a million btu's.  
11 But I noticed that in looking at gas bills, that Avista  
12 customers are still pretty much stuck with the same  
13 rates. When is that going to be passed down to the  
14 customer?

15           From the energy or the electricity  
16 standpoint, I have noticed for many years there's been  
17 a dearth of additional capacity brought onstream, and I  
18 was waiting to wonder "what's going to be the catalyst  
19 that's going to drive this thing into the ground?"  
20 Well, it's the economic boom, a little bit of heat in  
21 California, and of course the low snow pack last year.  
22 So it didn't surprise me that we're seeing the same  
23 thing with electricity that we saw with gas. We are  
24 seeing these increased rates. And seeing that rate now  
25 that we have a pretty high snow pack, we're seeing

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1    industrials in the energy to drop off with aluminum  
2    companies and that sort of thing.  And we're also  
3    beginning to see a lot of new capacity come onstream.  
4    Obviously, this is going to be just as fleeting as it  
5    was with gas.  So, for that matter, what my  
6    recommendation to you is that you take the long view,  
7    that you look at commodity prices, you look at what  
8    over the long haul with the ups and downs for companies  
9    like Avista, and you draw a balance and look for a  
10   company to manage through the remaining problems they  
11   might have with spikes in the commodity prices versus  
12   low points.

13                    Companies such as semi-conductor outfits  
14   always see jumps and drops, and they always manage  
15   through these.  There is no reason why a company like  
16   Avista can't manage through the swings that we  
17   typically see in cycles of commodities.  And this is no  
18   different.

19                    Thank you.

20                    MR. CROMWELL:  Thank you, Mr. Lowell.

21                    Kevin Ostefeider?  Not here.

22                    Brook Plastino.  After Mr. Plastino is  
23   Shelley Anderson.

24                    MR. PLASTINO:  My name is Brook Plastino,  
25   and I --

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1                   JUDGE MACE: Turn your microphone right  
2 down.

3                   MR. PLASTINO: My name is Brook Plastino,  
4 and I am a member of the Hillyard Neighborhood Council  
5 and I also own a business. I do live in the city and I  
6 do pay two Avista bills.

7                   MR. CROMWELL: Could you spell your last  
8 name for us, please?

9                   MR. PLASTINO: P-l-a-s-t-i-n-o.

10                  MR. CROMWELL: And do you have any  
11 connection with the company?

12                  MR. PLASTINO: No, I have none.

13                  MR. CROMWELL: Please proceed.

14                  MR. PLASTINO: I'll make it short. My wife  
15 and I own Accent Drapes, it's a small business in the  
16 service industry. We have been very hard hit by the  
17 recession. We pay two power bills, both for our  
18 residence and our business bill. We're also in the  
19 Third District, the lowest income in the state and the  
20 highest unemployment. Last year at this time I paid  
21 just over \$200 a month combined. This year it's more  
22 than doubled, just under 450. Our net taxable income  
23 for a family of two people for 2001 was \$7,500. That's  
24 swell. It doesn't work. Spokane is trying hard to  
25 encourage economic development by developing tools such

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1 as the state and federal empowerment bills,  
2 tax-included financing, and Spokane neighborhood  
3 economic development, development-wise, to name a few.  
4 However, we won't be here. We're going out of business  
5 due to increased expenses and a 25 percent lower cash  
6 flow. We will be only paying one power bill in the  
7 future.

8 As for my neighborhood, I think I can  
9 definitively state we oppose any rate increase. I  
10 would note that a parasite or an infection which is so  
11 virulent that it kills its host will not long be in  
12 business itself.

13 Thank you.

14 MR. CROMWELL: Shelley Anderson. After  
15 Ms. Anderson, Shannon Beckers.

16 MS. ANDERSON: Hello. I am Shelley  
17 Anderson, A-n-d-e-r-s-o-n. I live inside the city  
18 limits. I am an Avista customer, residential, and I  
19 have no affiliation with Avista.

20 MR. CROMWELL: Are you speaking tonight on  
21 behalf of yourself or others?

22 MS. ANDERSON: I'm speaking on behalf of  
23 myself, my husband and my three children. And you've  
24 heard a lot of people here tonight giving you the  
25 professional version of what's going on and what the

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1 public is looking at and what the elderly is looking  
2 at. I'm going to give you a personal view of what I'm  
3 dealing with here.

4 I have three boys: Billy is 12, Matthew is  
5 7, and Joshua is 6. Now, we're doing everything in our  
6 effort to conserve in our home. All three of my boys  
7 know when they leave a room they better turn that light  
8 off. They even remind each other to turn their lights  
9 off. When my car insurance went up last month, I  
10 shopped around and found a lower rate and changed  
11 companies. I don't get that option with Avista.

12 My husband works nights trying to support  
13 his family, and while he's out trying to make the money  
14 to pay the Avista bill, we're sitting at home with one  
15 light on and one TV on, which get turned off as soon as  
16 possible in order to keep the bill down.

17 I have applied for assistance, I have  
18 called and said, "Hey, we're having a problem. We need  
19 some help."

20 "Well, what income bracket are you in?"

21 "Well, we're lower middle income family,  
22 raising three kids."

23 "Sorry. You don't qualify. You made \$1.00  
24 a month too much."

25 Yeah, I really, seriously had one

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1 organization tell me that, "You make a dollar a month  
2 too much."

3 Well, that's going to help me when my  
4 husband doesn't get a raise. And when my Avista bill  
5 goes up and I'm sitting there looking at \$200 a month  
6 bill, but I make a dollar a month too much, that  
7 doesn't help.

8 Christmas, we're lucky enough we do have a  
9 wood-burning fireplace, and we've been burning as much  
10 as we can to keep our utilities down. Christmas Eve,  
11 supposed to be a wonderful time for kids. You know  
12 where my kids spent Christmas Eve? At the next-door  
13 neighbor's house in their jammies crying because we had  
14 a roaring fire going trying to warm up the house for  
15 the night, and we had a chimney fire because we're  
16 trying to keep our bill down.

17 What were the Avista executives doing?  
18 They were probably out spending their Christmas  
19 bonuses.

20 I am tired of this. My kids deal with a  
21 cranky mother and a cranky father because we're trying  
22 to make ends meet, and we can't. I don't know how much  
23 more we're supposed to do.

24 Look at the professional end of it.  
25 Everyone here has told you that they need to be

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1 accountable. I'm accountable for my actions. My  
2 children are accountable for their actions. They're  
3 expected to turn off their lights when they leave the  
4 room.

5 Make Avista accountable.

6 Thank you.

7 MR. CROMWELL: Shannon Beckers.

8 MR. BECKERS: My name is Shannon Beckers,  
9 last name is B-e-c-k-e-r-s. I am a resident of  
10 Spokane, city of Spokane, and I am an Avista customer,  
11 residential. And I don't have a business affiliation.

12 MR. CROMWELL: Are you speaking on behalf  
13 of yourself or others?

14 MR. BECKERS: On behalf of myself and  
15 others.

16 MR. CROMWELL: Who are they?

17 MR. BECKERS: Neighbors.

18 MR. CROMWELL: Please proceed.

19 MR. BECKERS: Yeah. I'm against Avista  
20 raising their utility rates. They had a rate increase  
21 back in October, now they want an additional 10  
22 percent, I understand, an additional rate increase.  
23 That rate increase is not good for the economy of  
24 Spokane here. The long-term result is that our cost  
25 will go up, the cost to universities and colleges,

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1 their electricity use.

2 JUDGE MACE: Mr. Beckers, can you try to  
3 speak a little more clearly?

4 MR. BECKERS: Okay, yeah. Colleges and  
5 universities, you'll see probably the tuition  
6 increases, higher hospital bills like -- there's other  
7 examples, like the city government here, more money  
8 being spent for highways, for providing costs. I mean  
9 this is a trickle-down effect, I mean in terms of  
10 what's going to happen with all these other places who  
11 are going to have to raise their costs because of the  
12 cost of electricity. And with the City here there is  
13 less money to go for other budgets. More money is  
14 being tied up to pay for utility costs, and that's  
15 basically the point I wanted to kind of stress. This  
16 is just a bad, bad decision, like all the other people  
17 said. It's mainly Avista's fault because of poor  
18 management, and it makes me upset that Avista, they  
19 acquired -- is mainly one employee that caused a lot of  
20 the financial troubles, but he still got all his salary  
21 and his whole pay for the whole entire year.

22 I think my opinion is this individual  
23 should be accountable for his mistakes. I mean we pay  
24 for our own mistakes, and they should be made to pay  
25 for their own.



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1 Thank you.

2 JUDGE MACE: Thank you, Mr. Beckers.

3 MR. BECKERS: Thank you.

4 MR. CROMWELL: Charlene Ebertson

5 (phonetic)? Abritson (phonetic)?

6 I don't have any other people signed up to  
7 speak tonight. If there is anyone else who wishes to  
8 make comments or I might have missed your name, please  
9 come forward now. There are a few folks.

10 Okay. If you want to all come on down to  
11 the front row, we'll take you in turn.

12 MS. BERG: My name is Myrtle Elizabeth  
13 Berg, B-e-r-g, and I am from the Shadle area, and I am  
14 a customer of Avista.

15 MR. CROMWELL: And do you receive  
16 residential, business services --

17 MS. BERG: Yes.

18 MR. CROMWELL: -- or both?

19 MS. BERG: Yes, I do.

20 MR. CROMWELL: Which?

21 MS. BERG: Pardon?

22 MR. CROMWELL: Residential or --

23 MS. BERG: Residential.

24 MR. CROMWELL: -- business?

25 MS. BERG: No.

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1 MR. CROMWELL: Okay.

2 MS. BERG: Yes, yes, go ahead.

3 MR. CROMWELL: Are you testifying tonight  
4 for yourself or for others?

5 MS. BERG: Me, myself and I.

6 MR. CROMWELL: Okay. Do you have any  
7 connection to the company?

8 MS. BERG: No.

9 MR. CROMWELL: Please proceed.

10 MS. BERG: Okay. I had qualms about coming  
11 here and testifying to the Commission, in fear of my  
12 bill maybe being raised. However, it's been raised  
13 three times within the last six years from 56 to 86 to  
14 148 within the last six years. Now, someone famous  
15 quoted that "all you have to fear is fear itself." And  
16 I figured that I am not afraid, so I am here to say  
17 that I agree and ditto everything that I've heard  
18 tonight on behalf of people not wanting the increase in  
19 the rate. And I appeal to the Commission tonight. And  
20 I'm sorry one of your members is not here, and you  
21 might give this message to them, that I think it's  
22 unfair for us to give a raise of 5 percent.

23 As you know that this is not a very good  
24 area for high income brackets, it's below the poverty  
25 and some of it is poverty, average and below. It's not

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1 a high income place. And I appeal to you for your  
2 help, and I am hoping that you will not increase, you  
3 will not agree with Avista to increase our rates.

4 Thank you.

5 MR. CROMWELL: Next?

6 MS. KENNEDY-WICKHAM: My name is Kathleen  
7 Kennedy-Wickham, K-e-n-n-e-d-y-W-i-c-k-h-a-m, and I'm  
8 here to oppose Avista raising the bill. I represent  
9 two different organizations. I am an intern in social  
10 work for CORD, the Coalition of Responsible Disabled.  
11 I'm an intern there in social work, and I also work for  
12 ARC of Spokane.

13 COMMISSIONER SHOWALTER: What is that?

14 MS. KENNEDY-WICKHAM: Association of  
15 Retarded Citizens.

16 COMMISSIONER SHOWALTER: Thank you.

17 MS. KENNEDY-WICKHAM: And I've worked for  
18 ARC the last five years, and in that time I have seen a  
19 lot of different -- even though I have lived in a  
20 different circumstance -- I've lived in a group home  
21 setting -- I still see that the bills just keep going  
22 up higher, because I help people make out checks. We  
23 teach people basic living skills. At CORD I receive  
24 numerous calls from people stating, "Help." At CORD I  
25 keep hearing people call me up and say, "Where can I

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1 get help for my utility bills?"

2                   And I feel like a hypocrite when I have to  
3 tell them, "I'm sorry, there's no place to go, because  
4 I called everyone this morning and there is no funds."

5                   And that makes it really hard, especially  
6 when you're in a social work field where you have to  
7 say that, and especially when you have to do this  
8 yourself, as you know in your own residence. And you  
9 know how high the bills are and you know that these  
10 people aren't making it. And I am a single mom for ten  
11 years, and I wasn't making it. The bills keep getting  
12 higher and higher and higher, and I don't know how  
13 anybody expects to be able to pay that, after a while.

14                   I would just like to say thank you for  
15 listening and thank you very much for allowing me to be  
16 here and be able to say my piece.

17                   MR. CROMWELL: Thank you.

18                   MS. SCHULTZ: My name is Rose Schultz,  
19 S-c-h-u-l-t-z. I live in the city of Spokane. I'm an  
20 Avista customer, residential, and I have no connection  
21 with the company. I speak on behalf of myself and also  
22 as president of the Senior Legislative Coalition of  
23 Eastern Washington, and I wish to address the erosion  
24 of income within the demographics which identifies the  
25 population just above the poverty level. These are

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1 people who do not meet the criteria of low income, of  
2 which there are programs in place to help. We've  
3 already heard that the long-term care issues that  
4 Bernie Nelson and the others have so eloquently  
5 addressed, and we have also heard the mom with three  
6 children and her husband and her unfortunate incident  
7 on Christmas Eve. The erosion of income is due to the  
8 prices that are continuing to rise. And our position  
9 as a senior legislative coalition of Eastern  
10 Washington, we are opposed to the current rate  
11 increases.

12 Remember, what decisions made today affect  
13 our tomorrows, and that includes all of us. Thank you.

14 MR. CROMWELL: Thank you.

15 MR. McGUIRE: Michael T. McGuire,  
16 M-c-G-u-i-r-e, resident of Spokane, and I am not an  
17 Avista customer. I work for my rent, I have a good  
18 friend.

19 So, Your Honor, commissioners, counsel, as  
20 you know, unemployment is around 8 percent in the state  
21 of Washington. The city of Spokane has large pockets  
22 of poverty, some of the highest poverty in the state of  
23 Washington. Survival is difficult for some here in  
24 Spokane. It would be morally wrong to increase  
25 electrical rates while some people are barely

0110

1 surviving. At the very least, at the very least, wait  
2 15 months and see how the economy is doing.

3 Thank you.

4 MR. CROMWELL: Thank you.

5 MR. PEIRONE: I've had the privilege of  
6 speaking here once before. I'm Jim Peirone,  
7 P-e-i-r-o-n-e. I feel that Avista has captive  
8 customers. It happens where I live that I have Inland  
9 Power on one side of the street and Avista on the other  
10 side of the street. I am an Avista customer. However,  
11 I did call Inland Power and asked them if I could  
12 change suppliers. And I cannot change suppliers. I  
13 have to build a new home in order to secure Inland  
14 Power. So even if people do have a choice, they don't  
15 have a choice. So, when you're a captive or chump like  
16 that, they can take advantage of you in any way they  
17 want to, and you can't do anything about it.

18 Thank you very much.

19 MR. CROMWELL: Thank you. Is there anyone  
20 else that would like to speak tonight? There's one  
21 more. And you are?

22 MR. ANDERSON: Larry Anderson,  
23 A-n-d-e-r-s-o-n. I am an Avista customer. I live in  
24 Spokane.

25 MR. CROMWELL: And do you receive

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1 residential service, business service or --

2 MR. ANDERSON: Residential.

3 MR. CROMWELL: Are you testifying on behalf  
4 of yourself or others?

5 MR. ANDERSON: Myself, my wife and my  
6 family.

7 MR. CROMWELL: Do you have any connection  
8 with the company?

9 MR. ANDERSON: Pardon?

10 MR. CROMWELL: Do you have any connection  
11 with the company?

12 MR. ANDERSON: No.

13 MR. CROMWELL: Please proceed.

14 MR. ANDERSON: Now, I have called up and I  
15 had a question on why does a monopoly need to run a TV  
16 commercial? And they hung up on me. And I thought,  
17 "Well, maybe it was a stupid question, so I called back  
18 and I go, 'If this is a stupid question, tell me, and I  
19 won't bother you.'" Well, they couldn't tell me.

20 They said because it is a self, basically  
21 an independent business, and they can run commercials  
22 as they see fit.

23 And I said, "Okay. You're using  
24 everybody's water. You're providing a service; that's  
25 correct. Well, what about revenue for the power, for

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1 the water?"

2                   And they hung up on me. And I haven't  
3 pursued it any more. But I would like an answer on why  
4 do they run a commercial and why do they have a warm  
5 pond going in the winter right outside their business?  
6 Is there any answers to these, or is it just kind of  
7 open where that power for that heated pond could go to  
8 elderly people where it would certainly do more good.  
9 Our elderly people in this community have done time,  
10 they have worked for a living, they pay taxes, they  
11 have been here for a lot of people. And now they're  
12 sitting in their homes basically either in bed or under  
13 blankets with no lights on, no TV on whatsoever. Why  
14 does, you know, why are they asking for this rate hike,  
15 when there are so many elderly, low income families,  
16 and people that just are having a tough time making it?

17                   I thank you.

18                   JUDGE MACE: Thank you.

19                   MR. CROMWELL: Anyone else that would like  
20 to speak tonight?

21                   Well, that's it. I would say to everyone  
22 here, just as a reminder, you may still make written  
23 comments. If you would like to comment in writing, I  
24 need to receive that before Friday in order to get it  
25 into the record as we did now.



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1                   Comments on the general rate case for the  
2 summer will continue to be received until that time.  
3 You may fax your comments to the Commission. Their fax  
4 number is 360-586-1150. You may also e-mail them to me  
5 at comments@wutc.wa.gov. If you didn't get that all  
6 down, just come up and ask me, and I will give it to  
7 you.

8                   I would like to emphasize again that the  
9 settlement agreement that the parties have entered into  
10 does not cover all of the regulatory issues that are  
11 before the Commission at any given time, including many  
12 areas of comments you folks have addressed this  
13 evening.

14                   I would also like to emphasize that there  
15 are other avenues for customer complaints or other  
16 means by which specific problems you may be having can  
17 be addressed by the Commission. I encourage you, if  
18 you're having those sorts of issues, to speak to your  
19 county representatives that are here tonight.

20                   Thank you.

21                   COMMISSIONER SHOWALTER: Thank you all for  
22 coming and for staying. We really do appreciate it.  
23 It does help inform our decision. We are going to have  
24 to leave to get a plane, but there will at least for a  
25 few minutes I think be people from the company. And if

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1 you want to ask questions of the Commission, you may  
2 call the Commission number which I'm sure is on some of  
3 the materials that were passed out, and you will get  
4 more information that way.

5                   This hearing is adjourned.

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7                   (Hearing adjourned at 7:50 p.m.)

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1 STATE OF WASHINGTON )  
: ss: REPORTER'S CERTIFICATE  
2 COUNTY OF SPOKANE )

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5 I, FRANK P. CICCARELLO, a notary public in  
6 and for the State of Washington, do hereby certify:

7 That the foregoing Verbatim Report of  
8 Proceedings was taken on the date and at the time and  
9 place as shown on Page 3 hereto;

10 That the witnesses were sworn upon oath to  
11 tell the truth, the whole truth and nothing but the  
12 truth and did thereafter testify as appear herein;

13 That the foregoing is a true and correct  
14 transcription of my shorthand notes of the requested  
15 proceedings transcribed by me or under my direction;

16 WITNESS my hand and seal this \_\_\_\_\_ day of  
17 March, 2002.

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21 \_\_\_\_\_  
Notary Public in and for the State  
22 of Washington, residing at Spokane  
My Commission Expires: 11/15/2005

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