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1 BEFORE THE WASHINGTON STATE
2 UTILITIES AND TRANSPORTATION COMMISSION

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4))
5 In Re:))
6 WASHINGTON STATE UTILITIES))
7 AND TRANSPORTATION COMMISSION))
8 V.) Docket UE-120436
9) UG-120437
10 AVISTA CORPORATION, d/b/a) (Consolidated)
11 AVISTA UTILITIES) Volume III
12) Pages 61 to 97
13))

14 PUBLIC COMMENT HEARING - VOLUME III
15 FRIDAY, SEPTEMBER 28, 2012
 Pages 61 to 97

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20 REPORTED BY: Jody K. Pope, CCR/RPR
 LIC. NO. WA 3114 / LIC. NO. ID 939

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1 BE IT REMEMBERED that on the 28th day of September
2 at the hour of 12:00 p.m. the Public Comment Hearing
3 was taken before Jody K. Pope, Notary Public and
4 Registered Professional Reporter, CSR No. 3114 (WA) 939
5 (ID), at Spokane Valley City Hall Chambers, 11707 E.
6 Sprague Avenue, Suite 101 Spokane Valley, Washington.

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1 CHAIRMAN GOLTZ: We'll call this meeting of
2 the Washington Utilities Transportation Commission to
3 order. It's September 28th at noon, and we're at the
4 Spokane Valley City Council Chambers. And for the
5 record, this is a public hearing for a formal docket
6 with the Washington Utilities Transportation Commission
7 regarding Avista Utilities' request for a rate
8 increase. The docket is UE-120436 and UG-120437, and
9 also for the record, that's consolidated with an
10 earlier phase of an earlier proceeding on revenue
11 decoupling in docket Nos. UE-110876 and UG-110877.

12 So getting those formalities out of the way, I
13 want to welcome everybody who took time out of your
14 schedule to come today. My name is Jeff Goltz. I'm
15 the chairman of the committee. To my left is my
16 colleague Pat Oshie, and to my right is my colleague,
17 Phillip Jones, a Spokane native by the way.

18 Some of you I know I recognize who've given
19 testimony in past public hearings on rate cases. We're
20 going to do something a little bit different this time.
21 We have prepared a video that gives a little bit of the
22 background, so it eliminates the need for me to have to
23 give the background. It gives a background of what the
24 Commission does and the rate making process and what
25 goes into it and about this proceeding today.

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1 And as some of you that have been here before
2 recall, there's formal evidentiary proceedings, where
3 we hear from accountants and economists and others from
4 both the company and other parties, and those will be
5 in Olympia starting on November 27th and continuing
6 through November 30th if necessary.

7 But these proceedings have a different
8 purpose. If there's accountants in the room and they
9 want to give accounting testimony, we'll hear you,
10 that's fine, but this is a time not to hear from
11 accountants generally. It's a time to hear from
12 members of the public about what they view and what
13 they see and about the proposal -- proposed rate issues
14 and rate increase. Before we get to the video, I did
15 want to allow, there's attorneys for at least three of
16 the parties in the rate cases. Usually in rate cases,
17 there's a number of participants besides the company.
18 There's the Commission Staff, Office of Public Counsel,
19 they have representatives here, but also there's some
20 who, probably to save money, didn't want to come all
21 the way to Spokane, and they will read the transcripts,
22 but we have representatives of industrial customers and
23 representatives of low income customers and sometimes
24 we'll have some others as well.

25 So starting with the company, I will ask them

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1 to introduce themselves for the record, and also
2 introduce if they have other people with them they
3 would like to introduce. Mr. Meyer?

4 MR. MEYER: Thank you, Mr. Chairman, and
5 members of the Commission. I'm David Meyer. I'm the
6 lawyer for the company. And with me today we have our
7 CEO and Chairman of the Board, Scott Morris; and Kelly
8 Norwood, who is vice president in charge of rates and
9 regulations. And at the conclusion of the hearing, we
10 have others, several others here that can answer
11 questions, if you have them, and we will be happy to
12 stick around and visit with you. So thank you for your
13 time.

14 MR. GOLTZ: Mr. Fassio?

15 MR. FASSIO: Thank you, Mr. Chairman, and
16 members of the Commission. My name is Michael Fassio.
17 I'm the assistant attorney general, and I represent the
18 Commission Regulatory Staff and we have some people at
19 the table as well that came in and I will be available
20 if you have any questions. Thank you.

21 MR. GOLTZ: Mr. ffitch?

22 MR. FFITCH: My name is Simon ffitch, I'm with
23 the Public Counsel Section of the State Attorney
24 General's Office, and our responsibility is to
25 represent the customers of Avista, residential and

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1 small business customers. I have a handout also, I
2 passed it out to some of you, and I put it on the
3 table. I will be here afterwards --

4 CHAIRMAN GOLTZ: Mr. Ffitch also, I could
5 barely hear you, I hope the court reporter heard you.
6 You said you have a handout?

7 MR. FFITCH: Yes.

8 CHAIRMAN GOLTZ: And he's handing out -- And
9 what Mr. Ffitch has done is summarize the case,
10 including what the company has asked for and what the
11 various other parties have posed in response to the
12 company's request. So sometimes I go through all that
13 orally. I won't do that this time to save time, and
14 you can see what the various proposals are from that
15 handout.

16 Also, I want to introduce Mr. Roger Kouchi,
17 who is the gentleman you saw when you came in. He's
18 with the Commission's Consumer Affairs Staff. So if
19 you have questions about various things, you know,
20 don't come to us. We're here to hear the evidence. If
21 you have questions about the company, your bill or
22 something else, Mr. Meyer said there are company
23 representatives here. If you have questions about
24 various proposals, talk to Mr. Meyer, Mr. Fassio, or
25 Mr. Ffitch at the conclusion of this, and also our

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1 Consumer Affairs Staff represented here by Mr. Kouchi,
2 is part of the purpose -- or much of the purpose is to
3 help customers resolve disputes with the company.

4 So if you do have a dispute, a billing
5 dispute, not just with Avista, but with any utility
6 that we regulate, so a telephone company for example,
7 go ahead and please see Mr. Kouchi, and he'll make sure
8 he gets the right people to you. So with that, what we
9 would like to do now, before we hear public testimony
10 is we do have this video. It takes about 12 minutes,
11 and it gives you some background and I hope it's useful
12 in formulating whatever comments you may make. After
13 that, we will get to the public comments.

14 MR. KOUCHI: This video is actually on our
15 website, so we will take you there. And to get to it,
16 you type in www.utc.wa.gov, and that gets you to the
17 Commission home page. You would click on the Consumer
18 tab, go to the Energy Navigation, and go down to
19 Consumer News and What's Up and Down with Energy Rates
20 and click on that. That's the video. And then when
21 that comes up, you click on that picture.

22 (A video was shown.)

23 CHAIRMAN GOLTZ: Okay. Thank you, Mr. Kouchi.
24 Now, what we would like to do is turn to the public
25 comment portion of this. As I said, this is a formal

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1 proceeding, so this, what we hear now will be evidence.
2 As a result, I will ask everybody who wishes to
3 comment, to stand and raise your hand and we will
4 administer an oath. And again, I just want to
5 re-emphasize, that you can make comments -- If you
6 leave here and say I wish I said this or I wish I had
7 said that, there's still plenty of options and time to
8 provide comments by e-mail and in writing or even by
9 telephone. If you have a written statement today here
10 as well, we're happy to accept that and that will be
11 included as part of the record.

12 So we'll wait until Mr. Kouchi comes in with
13 the extra sign in sheet. The gentlemen who just came
14 in, did you wish to give comments today?

15 RESPONSE: No.

16 COMMISSIONER GOLTZ: So we have five people
17 who have signed up indicating -- and if we other people
18 who have signed up, that's great. Only five people
19 have for sure indicated they want to give comments.
20 I'm going to ask those, plus anyone else who now says,
21 I think I do want to give comments, to stand, raise
22 your right hand, and I'm going administer an oath and
23 if you agree with that, you just say I do. Would you
24 please stand. We lost one person. Oh, there's five.
25 Okay.

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1 Do you swear or affirm under the penalty of
2 perjury that the testimony you're about to give is the
3 truth?

4 (Public responds in the affirmative.)

5 CHAIRMAN GOLTZ: So I will take these in order
6 unless there's somebody among you who has a time
7 commitment. I know this is the noon time frame,
8 sometimes people run out on their lunch hour. Does
9 anyone have a time crunch and they want to go first?
10 So we'll start with Caroline Pickett, and what we would
11 ask you all to do is to come up to the podium there and
12 adjust the microphone and state your name and spell
13 your last name for the record. We have a court
14 reporter here, and so it helps the court reporter if
15 you speak slowly and clearly and --

16 MS. PICKETT: If I talk as slow as I walk,
17 maybe it will be slower.

18 CHAIRMAN GOLTZ: And frequently, we get larger
19 crowds and we try to limit people to three minutes.
20 I'm not going to have a stop watch on this obviously,
21 but if somebody speaks before you, makes the same point
22 that you did, that's fine, just say that I agree with
23 the previous speaker. So Please proceed, and thanks
24 for coming.

25 MS. PICKETT: My name is Caroline Pickett -

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1 P-i-c-k-e-t-t, and I was joking when I say I picket
2 everybody. I'm from Spokane Valley. My address is on
3 that paper as well.

4 CHAIRMAN GOLTZ: That's fine. One more thing,
5 if you could just say are you here representing
6 yourself or sometimes people represent a group or a
7 business or a neighborhood association, so if you could
8 indicate that, and also if you're an electric or gas
9 customer of the company or both.

10 MS. PICKETT: I'm electric patron, but I
11 rather think of myself as an independent advocate for
12 persons of development disabilities. That's what my
13 training was in the past, and I've been watching out
14 for what's going on with the fact that people don't
15 come to these meetings because they either can't make
16 it or they don't have the background to talk and that's
17 about what I've got now is the ability to talk. I'm
18 going to have to put my glasses on.

19 I started out writing page after page of
20 comments, and one of the things that I came up with was
21 this, the strong request to deny rate increases of
22 electricity and natural gas for Avista, stop the
23 continuance of inflation. The people who have recently
24 received a cost of living increase -- and the
25 corporation such as Avista -- food industry, clothing,

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1 school supplies et al, are eating it up before they
2 even get to cash that first cost of living check.

3 There are a lot of people that are homeless due
4 to abuses from the economic corporations and the
5 unemployed due to corporate downsizing or movement of
6 import to products being sold at higher prices even
7 though they're created at child labor and slave labor
8 or persons without who are unaware of how hazardous it
9 is to work with certain chemicals, such as the CFL
10 light bulb that most people are unaware are very
11 dangerous and they burn up the ground wire in our
12 house. What if they burn up the ground wires and then
13 eventually turn the house into to a flaming pile of
14 nothing because it's weakening the wiring systems in
15 your home, and I'm using information from downsize of
16 CFL --

17 COMMISSIONER GOLTZ: Could you speak a little
18 bit slower? Our court reporter is doing a great job,
19 but she might appreciate a little bit --

20 MS. PICKETT: I'm trying to hurry because I
21 only get so many minutes.

22 CHAIRMAN GOLTZ: We'll give you extra minutes.

23 MS. PICKETT: Okay. I will slow down then.
24 One of the other reasons that I'm very concerned is
25 that the natural gas company, they're telling us that

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1 they're going to allow people to refract, refract
2 basalt rock and a couple of other companies tell you
3 that they're going to make it possible for you to get
4 better amounts of gas, natural gas. This is a
5 deception that is along with the water fluoridation
6 issue .

7 They're dumping hazard waste into water
8 resources. They're dumping hazardous materials into
9 the refracting system process, and they can't do
10 anything else but sell it for high amounts of money to
11 people who are unaware of how toxic and hazardous this
12 stuff is. This is one of the things that I'm really
13 concerned that maybe Avista is going to be investing
14 their monies into refracting processes without obeying
15 the environmental laws.

16 Environment laws are supposed to check on
17 what's going on to keep our country safe and our
18 environment safe. And a lot of times they super --
19 they refuse to do ethical practices because it means
20 that they're going to have to dump their hazardous
21 waste material into a landfill rather than -- and/or
22 other waste rather than use it for a product. I will
23 slow down. You can catch up with me.

24 What if the consumers, many unemployed, often
25 dealing with loss of homes due to known manipulations

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1 by unethical activities of corporate banks, syndicates
2 abusing contribution to political persons. I talked at
3 length with someone who told me that the information
4 that I had found in checking up on elected officials
5 getting contributions from Avista that their employees
6 have a pact. Now, maybe it doesn't come directly from
7 Avista, but when their employees are looking for a way
8 to -- the pact is supposed to be to attain Avista
9 employees for an effective government, the remark was
10 that there was only \$5,000 dollars that the employees
11 paid voluntarily into a pact.

12 I'm saying that a lot of people who,
13 especially since I've talked to some that weren't aware
14 of how dangerous the CFL light bulbs were, even those
15 who work at Avista, I'm saying that how can they really
16 afford to think that the public wants to elect the ones
17 that have gotten high amounts of money from a pact. We
18 as citizens need to protect our political structure
19 ourselves. We don't always agree with everything that
20 the people who will answer to pacts and they may
21 misrepresent the majority of the people because they
22 don't understand what they're doing. The investment is
23 costing unsuspecting consumer persons, uninformed with
24 full disclosure by Avista about the CFLs, the hazards
25 of refracting, and I think -- not I think, I'm

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1 suggesting that they really get carried away with their
2 rate increases.

3 I was out here I think two years ago, I'm not
4 sure how long it's been, but as soon as we get a COLA
5 or even before, the rate increases are being asked for.
6 And the amounts that I had here were amazing to me that
7 a company that has billions of dollars coming in feel
8 that they need to raise it to 41 million for a rate
9 increase at 10.9 percent and gas is 10.1 million at
10 10.2 percent. These amounts are unacceptable to a
11 person who gets a 50 cents for a two dollar amount on
12 their COLA.

13 So I believe that they should not get a rate
14 increase. Of course, that may be a little harsh to the
15 people listening that want the rate increase, but it's
16 about time we stop the inflationary action. If every
17 time a COLA comes through, they blame the government
18 for giving people money that don't have high incomes
19 and don't have homes and places to live and clothes to
20 wear, they call us on the phone or they put television
21 ads, give coats, give clothes, give things for
22 volunteers to give for children's school work, and yet,
23 then they turn around and tell us they want to raise
24 the Avista bills. This is unconscionable. Thank you.

25 CHAIRMAN GOLTZ: Thank you very much, Ms.

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1 Pickett. Next I have Ms. Shirley Rademacher.

2 MS. RADEMACHER: That's fine. Thank you.

3 Yes, my name is Shirley Rademacher,

4 R-a-d-e-m-a-c-h-e-r, and the address is 19303 East

5 Riverwalk Lane, Spokane Valley, Washington 99016.

6 Thank you very much.

7 I'm here for the second time, plus I've

8 written letters, and it seems like no one's listening.

9 The greed of Avista is, to me, is way beyond belief.

10 It is so grossly offensive to the sense of right versus

11 absolute disregard for the customers they serve. The

12 desire of executives to become multimillionaires on the

13 backs of people who are struggling just to make ends

14 meet is reprehensible. Gas and electric absolutely is

15 essential for health and well-being of all people, and

16 many are being really taxed with all of these rate

17 increases. I doubt any of these executives are wearing

18 three and four layers of clothes each winter to keep

19 warm and I doubt whether they're children are either

20 and many people are.

21 And this is an absolute and deliberate

22 freezing of citizens for the benefit of a few, and why

23 it has been allowed and approved by your Commission is

24 beyond my comprehension. It is pure insanity, and the

25 epitome of the worst kind of greed. ENRON played this

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1 same game and raped the citizens for the benefit of the
2 top executives. I feel like we have another mini
3 ENRON.

4 Unfortunately, I don't know how or why Avista
5 became our utility company. All I know is it was a
6 huge and horrible mistake. My husband and I went to
7 Alaska for a few years after our children were raised,
8 and upon returning in 2002, I learned that Washington
9 Water Power no longer existed. In all our years as
10 their customer, I can't recall a rate increase, but if
11 there was one, it must have been negligible, nor did we
12 ever have a rate increase in Alaska or any other city
13 across the United States while my husband served in the
14 military.

15 But the horrendous greed of corporate
16 executives have not fully raised its ugly head. The
17 salaries have become a cancer in our society and have
18 exploded with fury. Every executive of every company
19 feels entitled to be a multimillionaire and claim that
20 their salaries are comparable to others in the industry
21 and I'm sick of hearing that one. Just to keep the
22 salaries escalating, we have to be comparable. I'm so
23 tired of that. They're all over paid. The more they
24 make for the stockholders, the more they should be
25 paid, no matter how bad the consumer suffers or how bad

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1 the economy is.

2 Since moving into my home in 2002, Avista has
3 requested a rate increase at least once a year and
4 sometimes twice. I can't remember them being turned
5 down. I may be in error about that, but I can't
6 remember them being turned down. Maybe you gave them
7 less than they requested, but I don't recall you ever
8 turning them down. I may be not correct on that, when
9 I took an oath to say the truth, I'm not sure about
10 that.

11 I have written the Washington Utilities
12 Commission and I have appeared at a previous hearing
13 declaring these constant rate increases an outrage.
14 The CEO has gone from a salary of over one million to
15 over three million in just the time I've been back.
16 Until recently, I had no idea that the top five
17 executives were paid the maximum golden parachutes of
18 almost \$24 millions dollars. And if you all don't
19 think that's greed, I'm sorry, and others at three
20 million each, nor was I aware that the three-year
21 shareholder return was 53 percent. Well, that's pretty
22 doggone outrageous right there.

23 So all of these salaries, plus golden
24 parachutes are beyond my comprehension. Let us not
25 forget the millions Avista spends of rate payers' money

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1 to ingurgitate themselves in the community with
2 donations to big money pockets and politics in the
3 guise of public service. No, it's rate payers' money.
4 The most disturbing aspect of this monumental greed is
5 that the Utilities and Transportation Commission, plus
6 the Attorney General, have paid no heed to our
7 complaints, nor taken steps to halt the excessive rate
8 increases. If not you, who, as a good friend of mine
9 says. If not you, who? Who's going protect us? Who's
10 going to help us?

11 Greed is a sickness and more is never enough
12 and compassion for those less fortunate, is a lost
13 emotion. Personally, I couldn't accept these
14 exorbitant salaries in good conscious and sleep well at
15 night knowing that thousands of people were struggling
16 to maintain their heat and electricity. That is
17 something else missing in our society of greed,
18 conscious. We see it everywhere, federal government,
19 state government, city government, county government
20 and corporations. I am requesting that you, the
21 Commission and the Attorney General suspend and deny
22 approval for all and any rate increases indefinitely.

23 Most Americans have had to scale back
24 tremendously to make ends meet. For Avista to make
25 ends meet, they need to scale back their salaries, no

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1 golden parachutes and serve the average rate payer, not
2 themselves and stockholders. Their greed almost feels
3 evil to me and the plundering of citizens must stop.
4 Thank you very much.

5 CHAIRMAN GOLTZ: Thank you very much. Next we
6 have Julie Honekamp from SNAP.

7 MS. HONEKAMP: So good afternoon, Chairman,
8 members of the Commission, my name is Julie Honekamp.
9 H-o-n-e-k-a-m-p, and I am the CEO at SNAP. Our
10 corporate headquarters is 3102 West Fort George Wright
11 Drive, Spokane, Washington 99224. As you may be aware,
12 in Spokane County, SNAP is the provider of LIRAP, on
13 behalf of the Avista rate payers and also we administer
14 the LIHEAP program on behalf of all taxpayers and the
15 Department of Commerce.

16 In our limited time together, I just wanted to
17 touch on three points. The need for heating assistance
18 in Spokane County remains very high and very stable.
19 While we all await a brighter economy, the reality on
20 the ground is that Spokane is still struggling. The
21 most recent census data shows that 15 percent or 68,000
22 of our neighbors in Spokane County are still living
23 below the poverty line. 18,000 of those are children,
24 and 5,500 of those in Spokane County are seniors. That
25 is 68,000 people in Spokane County.

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1 At our current funding levels, we estimate we
2 can only serve a portion of those in need. As of
3 August of 2012, SNAP took 48 percent more LIRAP
4 applications than at this time last year, and we spent
5 57 percent more in funding dollars in the LIRAP
6 program, and that is even given that LIHEAP was
7 decreased in that same period. For those who are
8 struggling with whether LIRAP should be increased, I
9 think of the 68,000 people below the poverty line, and
10 that need remains strong. And given the demand and the
11 challenging circumstances, we are concerned about the
12 increase both to the rates, and also to the base rate
13 that customers will be paying.

14 My second point is that LIRAP, as a program,
15 is an incredibly flexible and responsive program. It
16 meets the needs of our local community very well,
17 particularly in an environment where the federal
18 government and the LIHEAP program is so uncertain and
19 the timing is so irregular, LIHEAP is critical to our
20 ability to meet the needs.

21 And lastly, I really would like to offer my
22 sincere appreciation to Avista. They've been amazing
23 partners last year through every program design change
24 and every hiccup we met. We felt free to call them and
25 work with them on this design. They've been a partner

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1 in the truest sense of the word. I provided today some
2 documentation outlining the difference in the number of
3 households we served in the LIRAP program and I hope it
4 will be submitted for the record.

5 CHAIRMAN GOLTZ: It will be.

6 MS. HONEKAMP: Thank you for being here today
7 and listening to our community's needs. And I
8 appreciate your time and patience coming over.

9 CHAIRMAN GOLTZ: Thank you. I do have a
10 couple of questions, as we always do with you folks
11 because you have such good information. And the last
12 year, the last time we were here, I remember it was one
13 of your colleagues that gave the statement.

14 MS. HONEKAMP: And he's with me today.

15 CHAIRMAN GOLTZ: Okay. The question is, at
16 that point, the LIHEAP funding was very uncertain, and
17 so we just didn't know if it was going to be reduced,
18 increased, what. So where are you now? Is the budget
19 still is not passed or what does it look like?

20 MS. HONEKAMP: The prognostication, at least
21 at the federal level is, we will have six months at a
22 continuing resolution at last year's current amount.

23 CHAIRMAN GOLTZ: So that gets you from October
24 1st through March?

25 MS. HONEKAMP: Correct. What happens after

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1 that is yet to be determined. And again, as you well
2 know, without having LIRAP, that's what we use to start
3 the season with, until we get that kind of final news
4 about whether LIHEAP will come forward.

5 CHAIRMAN GOLTZ: So that gets you through the
6 heating season though, or the bulk of it?

7 MS. HONEKAMP: Well, this year we ran nearly a
8 year-round program, so the need continues.
9 Traditionally, the highest need is in those fall and
10 winter months, but we continued. In fact, in September
11 we were still serving LIRAP clients.

12 CHAIRMAN GOLTZ: When you say 48 percent more
13 LIRAP applications this year than last, do you mean
14 calendar year? Is that what you're talking about?

15 MS. HONEKAMP: You know, it's August --
16 October 1st, through August 31st. And actually that
17 program is still running into September.

18 CHAIRMAN GOLTZ: So, is -- But I'm assuming
19 your funding level is level? It's not increasing or is
20 it?

21 MS. HONEKAMP: LIHEAP actually decreased.
22 LIRAP is up slightly, given that you all, in your prior
23 rate case, helped us to increase LIRAP a small amount.

24 CHAIRMAN GOLTZ: With the increased
25 applications, are you basically telling the new people

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1 no or are you basically saying, okay, we're going to
2 give to everybody, but we're just going to stretch our
3 funds thinner? What's the response to the 48 percent
4 applications -- 48 percent increase in applications?

5 MS. HONEKAMP: We are able to serve more
6 households, and part of this, that increase, I would
7 say is also due to, you may have historically
8 remembered that when we had a large amount of economic
9 stimulus of our dollars, we had to get those funds out
10 the door and that left us with a large amount of LIRAP
11 dollars. So we were able to push that forward, so some
12 of that increase is due to a LIRAP amount that we were
13 carrying forward.

14 CHAIRMAN GOLTZ: But I guess, we no longer
15 have that. Right?

16 MS. HONEKAMP: We no longer do.

17 CHAIRMAN GOLTZ: So the -- I guess my question
18 is, if someone comes in your office tomorrow and says I
19 want to apply, what's the response?

20 MS. HONEKAMP: The response right now is we
21 will start the program at the end of October and we
22 will be using LIRAP dollars and we will spend through
23 those until we know we have LIHEAP dollars.

24 CHAIRMAN GOLTZ: So you -- Do you serve just
25 the people you can serve and there's some people that

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1 are going to be unserved?

2 MS. HONEKAMP: Correct.

3 CHAIRMAN GOLTZ: So as opposed to saying, this
4 is the amount of dollars, we're going to spread it
5 thinner and every month assistance is reduced?

6 MS. HONEKAMP: No. We serve everyone we can
7 serve until the money is gone, and the remaining people
8 are unserved.

9 COMMISSIONER JONES: You mentioned the federal
10 poverty level in Spokane County, and 15 percent is the
11 number. Has that been trending up, down, stable since
12 the recession began in 2008?

13 MS. HONEKAMP: You know, I'm happy to get you
14 that trend. I don't have that off the top of my head,
15 and I don't want to speculate, but I will submit that.

16 MR. JONES: That will be helpful.

17 CHAIRMAN GOLTZ: Thank you very much. I
18 appreciate it.

19 MS. HONEKAMP: Thank you.

20 CHAIRMAN GOLTZ: Mr. Duane Statler.

21 MR. STATLER: Duane Statler, 2002 North Vista
22 Road, Spokane Valley, and I will be representing myself
23 and my family. Anyways, first of all, I would like to
24 thank Attorney General Rob McKenna and Mr. ffitich for
25 representing us and finally stepping forward to speak

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1 and putting the power of the Attorney General's office
2 against this increase as proposed.

3 Second of all, I would like to thank the
4 commissioners for coming, and apologize to you for
5 ridiculing you last year about your wages.

6 CHAIRMAN GOLTZ: I remember that.

7 MR. STATLER: The fact of the matter is that
8 your 150K a year is nothing compared to three million.

9 CHAIRMAN GOLTZ: It's not 150K a year either,
10 but that's okay.

11 MR. STATLER: I beg to differ, but so anyways
12 on that. So there we go. Now, I heard some people
13 over here comment about Avista's tactics, and they
14 called it a couple of other terms. I would like to
15 call it unethical. The way that they come after us and
16 the way that they've held down our economy and the way
17 that they eventually, I don't know -- They haven't done
18 anything to help our local economy here in Spokane,
19 because as one person said, when they get a cost of
20 living, they don't get a chance to go out and buy a new
21 refrigerator, they're too busy paying their bill.
22 That's me, which by the way, as a state employee, I
23 have not seen a raise in four years, and I'm giving
24 back days.

25 I was told two years ago, by Avista's vice

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1 president I believe it was, that they were going to ask
2 for one more increase, one. And they stated they were
3 going to do it, and they needed the money. We were
4 negotiating water rights with the tribes and Coeur
5 d'Alene Lake and water flows, and I can understand
6 that. I can understand the need for Avista to ask for
7 more money when it's necessary. Unfortunately, this is
8 not necessary. This last increase is just unethical.
9 I don't even know where to start with that \$41.1
10 million dollars. What are you going to do with the
11 money? That's my first question to Avista and their
12 CEO.

13 Second of all, I want to discuss with you guys
14 and the UTC about my bill and the way that I'm double
15 billed for my electric service and my gas service. The
16 same person comes by and he reads both meters at the
17 same time. The same person that sends my bill in the
18 mail sends both portions of it on the same piece of
19 paper at the same time. I'm being charged two basic
20 service charges side by side, which are about to go up.
21 I think it's 40 or 60 percent, and that's a bill that
22 will not go down. Once you grant that increase to them
23 on my basic service charge, I'm set with that for my
24 life. That will not go down. So please, please,
25 please do not grant the basic service increase.

0087

1 Third, I see all these new trucks running
2 around town, and, you know, I really appreciate Avista
3 for buying American rigs, first of all. It's nice to
4 see that. But what I don't appreciate is when I see
5 all these rigs that are turning back out that still
6 have a lot of life left in them. I wonder with the
7 timing with the way our economy is, maybe they
8 shouldn't be buying all these new trucks right now.

9 And they're building new infrastructure and
10 seeing new poles go in all over the place. I commend
11 them in keeping their employees working, however, when
12 you see the scope and the scale of what they're doing
13 and the poles that they're replacing, the new
14 infrastructure over on Dollar Road that they're
15 building, you wonder why they are doing it and moving
16 their facilities from one point to another, when
17 basically they're costing -- and they just haven't
18 changed.

19 Their water flows are up, everything's still
20 good for them, the price of gas is down, and they want
21 increase, after increase, after increase. Then I get
22 in the news -- First of all, I get this notice in the
23 mail, and I'm sure everybody did, that is a customer of
24 theirs. They're asking for 6.9 percent, 6.3 percent,
25 and then a week later -- and by the way, there's

0088

1 nothing in the news about this, nothing. There was
2 nothing advertised, no press releases, no nothing. A
3 week later in the news, we get this really feel good
4 announcement in the news that Avista is going to drop
5 their gas rates by 4.2 percent. They manipulated the
6 costs so much that the basic public doesn't even know
7 what to believe anymore. You don't know if you're
8 going up, we're going down, we're doing this, we're
9 doing that.

10 My whole question to Avista on this latest
11 request to decrease the gas amount is what happened to
12 last year? Your gas prices were down last year,
13 shouldn't they be refunding us 4.2 percent last year on
14 top of the 4.2 that they're talking about this year?
15 So where did that 4.2 percent go? We drag our feet to
16 give the money back, but when we want it, we want it
17 now. And now with part of this \$40.1 million dollar
18 request, I see they want to be paid up front for the
19 money that they're waiting for for state regulators to
20 say okay. I guess that's my take on it. So I will
21 leave that alone.

22 Next, I just wanted to touch basis just really
23 quick on what we can do, and what we can do as rate
24 payers working together to end this. Our state has
25 been nice enough to address this before on the west

0089

1 side of the state and we have legislation and the fact
2 that we, as rate payers and citizens, can do to ban
3 together and stop this by creating a public utilities
4 district in Spokane County. Unfortunately, we don't
5 have a PUD bordering Spokane County that we can just
6 crawl onto and ride in and make this real easy on
7 ourselves. But now is the time for us, as customers
8 and consumers, to get together and get this in order
9 and get it moving so we can get it on the ballot on the
10 next cycle, which would be 2014.

11 So if anybody would like to get together with
12 me and discuss this, along with possibly the Attorney
13 General's Office, Mr. ffitch here, I will be sticking
14 around after the meeting and maybe we can take some
15 names and get our asset list started and start working
16 on this. And I guess that's about all I have to say
17 other than I strongly, strongly suggest that we deny
18 all this increase this time. It's just not a good
19 time. I told you last time that there's never a good
20 time for an increase, but it was somewhat justified
21 with what they were asking. And I appreciate you
22 settling for a lesser amount than what they had
23 originally asked for also. And I'm sorry I ridiculed
24 you.

25 CHAIRMAN GOLTZ: That's okay. That comes with

0090

1 the territory.

2 MR. STATLER: Thank you, everybody. And like
3 I said, if anyone would like to talk to me after the
4 meeting, I will stick around and we can talk a little
5 bit about RCW 54 and how to implement it.

6 CHAIRMAN GOLTZ: Thank you very much, Mr.
7 Statler. So Mr. Voelker -- Ms. Dawn Voelker, I'm
8 sorry.

9 MS. VOELKER: Hi, my name is Dawn Voelker, "V"
10 as in Victor, o-e-l-k-e-r, and I live at 2619 South
11 Raymond Road in the Spokane Valley and we're gas and
12 electric customers and I'm just representing myself.
13 My family is the typical middle class family. We have
14 done improvements to our home to try to make it run
15 more efficiently. But the bottom line is that during
16 the winter months, we wear sweatshirts and jackets in
17 our house, and during the evening, we sit under
18 blankets to keep warm. We do this to keep our heating
19 bill affordable. What is affordable? Under \$200
20 dollars.

21 I could quote you numbers about the excessive
22 salaries and bonuses the executives at Avista make, but
23 I'm sure you already know those figures and many have
24 already expressed those figures. I'm not really sure
25 if anyone is worth a salary of a million dollars. The

0091

1 President of the United States doesn't even make that
2 much money. So in my mind, I'm wondering why would the
3 job of the president of a utility company be so much
4 more important than running our country?

5 Well, it is greed. Greed at the cost of
6 others who have no choice if they want utilities in
7 their home. I cannot go shopping for another utility
8 company. I understand that they need to upgrade and
9 improve their equipment, but that should first be
10 coming out of their profits before bonuses are paid to
11 their executives. Are they really trying to save money
12 at Avista? I can tell you that I watch the meter
13 reader drive a gas guzzling, large pickup from driveway
14 to driveway and he zigzags through the neighbor instead
15 of going from house to house, all the while leaving
16 that gas guzzling truck running as they get out and go
17 read the meter. He may go to our house and then he
18 goes three houses down and back to the house next to
19 us. How is this saving money? Why aren't they driving
20 electric cars that they could plug in for free?

21 The question is, do they really want to save
22 money. No, they don't, because they know the
23 commissioners will always grant their rate hike. Our
24 country is still in a recession, and it's going to make
25 it hard to get out of if middle class people don't have

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1 extra money to spend on goods, if we are spending all
2 of our money to heat our homes, there won't be any
3 extra money to spend in our stores. So I ask you to
4 please not grant the rate hike. Thank you very much.

5 CHAIRMAN GOLTZ: Thank you very much. There's
6 one last person who signed up, who came in a little bit
7 after we started, Steven Chanter. Mr. Chanter, were
8 you here when we swore the witnesses in?

9 MR. CHANTER: No.

10 CHAIRMAN GOLTZ: I will ask you to raise your
11 hand, and I will give you an oath. Do you swear or
12 affirm under penalty of perjury that the testimony
13 you're about to give in this proceeding is the truth?

14 MR. CHANTER: Yes.

15 CHAIRMAN GOLTZ: Please proceed.

16 MR. CHANTER: My name is Steven Chanter, last
17 name is C-h-a-n-t-e-r. I live at 21412 West Bannock
18 Avenue, Medical Lake. Basically, what I came here for,
19 I got the notice just like everybody else did with my
20 bill, and I read it and as soon as I read it, it raised
21 a lot of flags to me. The first thing they said is
22 they wanted capital improvements and maintenance costs,
23 and I thought about that for a minute and I said, well,
24 wait a minute now, Avista is a public trade company.
25 Capital investments, that's what shareholders buy stock

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1 for so they take that money and they make capital
2 investments because when they get their new efficient
3 machinery going, they are the ones that benefit with
4 the savings. That's where the money goes. That's how
5 it works supposedly.

6 What a lot of people feel though is that I
7 think Avista thinks they're a Fortune 500 company, and
8 they're not. They're a utilities company. They have
9 to provide stable power to us. If GE raises its rates
10 on a TV, then I will buy Sanyo or whatever other brand
11 that suits my needs and my pocketbook. I can't do that
12 with the electric company. I'm a captive audience.
13 That's why you gentlemen are here. But I believe the
14 capital expenditures should go to the stockholders.

15 Last year, from what I understand, the second
16 quarter of last year, they had, what, \$23 million
17 dollars in profits in the second quarter of 2011.
18 They're still paying over \$1.19 I believe it is in
19 dividends. I believe that these should be used first,
20 but even before that, I've seen some waste in Avista
21 that I've seen either in the newspaper or on
22 television. The first thing on television was a
23 commercial they went and produced, and basically it
24 stated every time you flip your switch, 125 people are
25 backing you up. And they showed linemen, they showed

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1 workers at the plant, they showed administrative
2 people. The commercial to me was useless. I have
3 Avista. What do I need to know? But they spent the
4 money to make and produce and then to air this
5 commercial. To me, that's money that is not needed to
6 spend.

7 The second thing I saw in the newspaper is
8 Avista has been giving money to minor political
9 campaigns and to PACT committees. In fact, there's
10 three that I was able to find within about, I don't
11 know, 20 minutes. In one article, Avista gave, I think
12 it's somewhere around \$4,700 dollars to house two
13 politicians in a primary in Idaho, under the Financial
14 Campaign Disclosure, there's another man that received
15 money from Avista. Now, if they've got money to back
16 political candidates, and we're talking minor, we're
17 talking state representatives. We're not talking
18 federal or U.S. senators, of which leads me to believe
19 how much they're getting.

20 What Avista is doing is not illegal, they can
21 contribute. But if they're going to contribute all
22 this money to political change, they've forgotten about
23 the customer, they really have. And a third thing, of
24 course they do grants, and they're very good. The one
25 lady from SNAP, she -- that's a good thing. But then

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1 again, they gave money to, let me see here, who did
2 they give money to, the Othello Centennial Trail,
3 Colville County Celebration, okay, and an animal
4 shelter in Montana. I believe that Avista spends money
5 on things that, yes, they might be worthwhile, but when
6 they turn around and stick it to the customer, and we
7 don't have a place to go. We have to have power. We
8 have to have electricity.

9 Water power is the cheapest in the nation. I
10 originally lived in Florida. They had coal fired
11 plants. Coal is expensive, and, you know, there isn't
12 any in Florida. It has been to be railed in. So we
13 have one of the cheapest power systems in the country
14 in the Northwest here, and so I don't think that Avista
15 should be granted this increase. I believe there are
16 ways they can trim their budget, raise their capital,
17 and get their machinery or maintenance costs that they
18 need without giving it to the customer. Thank you.

19 CHAIRMAN GOLTZ: Thank you very much, Mr.
20 Chanter. So that concludes the number of people that
21 have signed up. Did anybody who didn't sign up get
22 inspired to say anything? If not, and you get inspired
23 later on, and we adjourn, which will be in just a
24 minute, please feel free to go on our website and you
25 can navigate and contact that way, contact the

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1 Commission and file comments. We will be taking
2 comments through November 27th, which is when the
3 hearing starts, so we will give plenty time to think
4 about this and get more comments in.

5 Again, if you have any questions about the
6 various proposals and Mr. Ffitch's handout shows you
7 what the different positions are of the company, Public
8 Counsel and Commission Staff. The Commission Staff
9 takes a position different than both Mr. ffitch and the
10 company, feel free to look at those. And if you have
11 any other questions, ask Mr. Fassio, Mr. ffitch, or Mr.
12 Meyer.

13 If you have a consumer complaint of some sort,
14 please see Mr. Kouchi after we're done. Anything else
15 from my colleagues? Thank you very much for coming.
16 We really appreciate this. This is very important to
17 us, and we've been making notes of things we will look
18 further into during the evidentiary part of this
19 proceeding. Thank you. We're adjourned.

20 (The hearing was concluded at 1:03 p.m.)

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REPORTER'S CERTIFICATE

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3

I, Jody K. Pope, a Certified Court Reporter and
Notary Public in and for the State of Washington, do

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hereby certify:

5

That the testimony and/or proceedings, a
transcript of which is attached, was given before me
at the time and place stated therein; that any and/or
all witness(es) were duly sworn to tell the truth;
that the sworn testimony and/or proceedings were by me
stenographically recorded and transcribed under my
supervision, to the best of my ability; that the
foregoing transcript contains a full, true, and
accurate record of all the sworn testimony and/or
proceedings given and occurring at the time and place
stated in the transcript; that I am in no way related
to any party to the matter, nor to any counsel, nor do
I have any financial interest in the event of the
cause.

12

13

WITNESS MY HAND THIS 18th day of October, 2012.

14

15

16

Jody K. Pope

17 Certified Shorthand Reporter
CSR No. 3114 (WA)

18 Notary Public in and for the
State of Washington, residing

19 In Spokane County.
Commission Expires 12/15/12

20

21