

July 7, 2015

Idaho Public Utilities Commission
P O Box 83720
Boise, Idaho 83720-0074

RECEIVED

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IDAHOO PUBLIC
UTILITIES COMMISSION

AVU-E-15-05/
AVU-G-15-01

RE: Request for Annual Electric and Gas Revenue Increases by Avista

Dear Idaho Utilities Commission Members:

I am very concerned about Avista's recent request for a new system of fixed annual, automatic increases (electric 5.2%; gas 5.8%) in their charges/revenue.

My family, friends and I all want Avista and their employees to be appropriately funded, and we greatly appreciate the critical role that Avista plays in its on-going provision of utilities and emergency repair services.

However, we believe there are significant problems intrinsic to the automatic, annual increase system they are requesting. We would like to see a different funding system in place.

THE PROBLEMS WITH THE PROPOSED SYSTEM:

1) Revenue becomes much less related to actual costs which is a problem for consumers and ultimately, for the company. Fixed mandatory payments amount to a form of taxation without representation – they also reduce accountability and spuriously increase, or spurious underfund, actual expenses.

2) Human nature

It is very difficult for human beings to "give back" money that has been put into any person or company's coffers, no matter their good intentions.

In our experience, the person or company is more likely to look for new reasons why that money should remain in their possession, e.g., set asides for other future or related expenses that were not specifically approved but could be argued for, or inadvertently allowing over-spending on approved projects in a given year.

Avista's rates and tariff manager is quoted in the Daily Bee article on 6/21/15:
"If we recover more (monies than needed to cover expenses) we'll give it all back."

I appreciate the sentiment but the evidence based on the lifelong experiences of my family, friends and I is that we have yet to see any company return meaningful funds to consumers without being forced to do so – as a result of lawsuits.

It is better not to have the extra funds and the temptation there in the first place.

3) Who or what decides that there is, or is not, enough money in any given year, e.g., where is the public accounting of what was done, what it all actually cost, what funds will be returned, or not, to consumers?

4) As consumers on fixed budgets, with an array of monthly obligations and expenses, none of us receives an automatic 5.5% increase in our annual salaries, savings, or retirement funds. We are lucky to have a 1-2% return.

Yet we are being asked to support an open-ended agreement whereby Avista will collect an average of 5.5% more in guaranteed revenue from us each and every year, with no end in sight. We don't see any proposal for a legally-required reduction to the percentage taken once new development costs, for example, have been met. There is also no legally required end-date proposed to the time frame.

That 5.5% will also represent an increasingly larger amount of dollars from each of us each subsequent year, as it builds on the prior year's increased base charges - for example, 5.5% of \$100 becomes a new charge of \$105.50, then it is 5.5% of that new larger amount that will be charged, etc.

SUMMARY

We want Avista to remain strong and solvent but without implementing the proposed fixed automatic annual increase system. We propose a different system.

ALTERNATIVE PROPOSAL

How about having Avista outline in detail the areas for annual needed revenue (e.g., salaries and benefits, infrastructure costs, critical new projects) and the actual amounts of money required to cover those expenses for the year, based upon past expenses and careful future projections?

Then have Avista charge us their best estimate of a fair rate, with the understanding there will be an end of the year surcharge if actual costs incurred in that year aren't covered. There will be end of the year reimbursement or credit to our account if costs are covered.

We prefer to see a strong link among and between Avista's costs, our usage, and a full explanation of what more may be needed to keep the company able to provide gas and electricity services. An informed public is more likely to be supportive.

I look forward to hearing from you as to next steps we consumers can take in pursuing a better option for all of the parties concerned.

Sincerely,



Mary Pepping

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Sandpoint, ID 83864

Jean Jewell

From: e_anderson16@yahoo.com
Sent: Monday, July 13, 2015 11:34 AM
To: Beverly Barker; Jean Jewell; Gene Fadness
Cc: e_anderson16@yahoo.com
Subject: Case Comment Form: Erik Anderson

Name: Erik Anderson
Case Number: AVU-E-15-05
Email: e_anderson16@yahoo.com
Telephone:
Address: 1003 Colt Road
Moscow ID, 83843

Name of Utility Company: Avista
Acknowledge public record: True

Comment: I am writing to express my opposition to Avista's proposed two-year rate plan that includes increases in electric and natural gas rates for 2016 and 2017. I believe the proposed increases are exorbitant and will have a negative financial impact on many Idaho citizens, especially low-income wage earners and the elderly who live on fixed incomes. The average annual cost for the proposed electric and natural gas rates is more than \$100 for 2016 and more than \$90 for 2017. Many workers have seen stagnant wages for the past several years and have received only very small pay increases, if any. I think these proposed increases will cause real hardship for many people who struggle just to make ends meet. I strongly urge you to either reject the proposed increases or to significantly reduce them to minimize the financial burden they may create for Idaho citizens.

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