



**Avista Corp.**

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April 27, 2017

Steven V. King  
Executive Director and Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Drive S. W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

Re: Docket No. UE-160071 & UG-160072 – Avista Utilities Q1 2017 Fee-Free Payment Program Report

Dear Mr. King,

On March 24, 2016 the Commission issued Order 01 in Docket UE-160071 and UG-160072 approving Avista Corporation's, dba Avista Utilities (Avista or Company) petition for an order authorizing accounting and ratemaking treatment of its residential fee-free payment program. In its petition, the Company sought to defer the costs associated with offering the fee-free payment for up to 36 months from the time the program went into effect. The fee-free payment program was successfully launched on February 19, 2017.

In its petition, the Company agreed to provide updates to the Commission every three months about the program's progress. For purposes of reporting, the Company will be providing updates that coincide with the quarters of the calendar year. .

Avista's residential fee-free payment program encompasses previous methods of payments that were assessed a fee or not available. The program includes the following payment methods and channels:

- Credit and debit card payments made through a Customer Service Representative (CSR), through the Company’s Integrated Voice Recognition (IVR) system, through its website as a one-time guest payment, through its website as an authenticated user, and for Automatic Payment Service (APS) payments.
- Automated Clearing House (ACH) payments made through a CSR, through the Company’s IVR system, and through its website as a one-time guest payment.

Prior to the launch of the program, customers could pay free of charge by ACH through the Company’s website as an authenticated user and for APS payments. Also, prior to the launch of the program APS payments were limited to only ACH payment methods.

The following table represents the residential payment information for the Company’s Washington customers by month:

**Table No. 1**

<b>Payments</b>	<b>January</b>	<b>February</b>	<b>March</b>
Total Payments	212,067	195,786	219,112
Fiserv Payments	-	28,651	98,702
Fee-Free Fiserv	-	8,166	25,009
Kubra Fee-Free Equivalent*	18,578	11,535	-
Total Fee-Free	18,578	19,701	25,009
Fee-Free Payments as % of Total	8.8%	10.1%	11.4%

\*Kubra Fee-Free Equivalent – these payments represent the Kubra payments received from February 1<sup>st</sup> – 18<sup>th</sup> that would have come through the fee-free payment program. Kubra did not process APS payments, which Fiserv now does, including the ability for customers to sign up for APS by credit or debit card.

Table No. 2 below includes additional detail on certain payment channels. This information is highlighted to monitor trends in customers’ payment behavior.

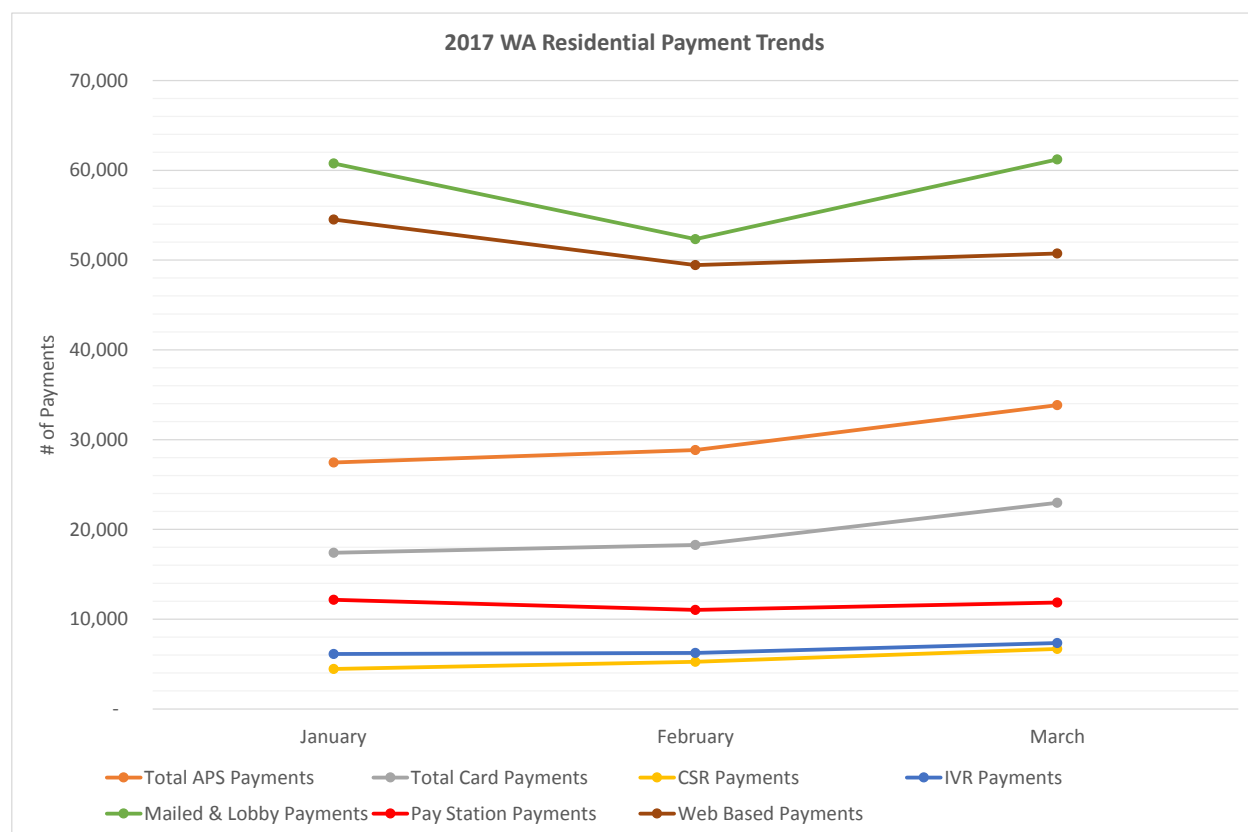
**Table No. 2**

<b>Payment Method</b>	<b>January</b>	<b>February</b>	<b>March</b>
APS by ACH	27,462	28,804	33,372

APS by Debit or Credit Card	-	31	464
Total APS Payments	27,462	28,835	33,836
Total Card Payments	17,398	18,266	22,971
CSR Payments	4,462	5,251	6,687
IVR Payments	6,121	6,248	7,347
Mailed & Lobby Payments	61,758	52,332	61,215
Pay Station Payments	12,148	11,025	11,851
Web Based Payments	54,516	49,435	50,726

Chart No. 1 below displays the payment trends from Table No. 2.

**Chart No. 1**



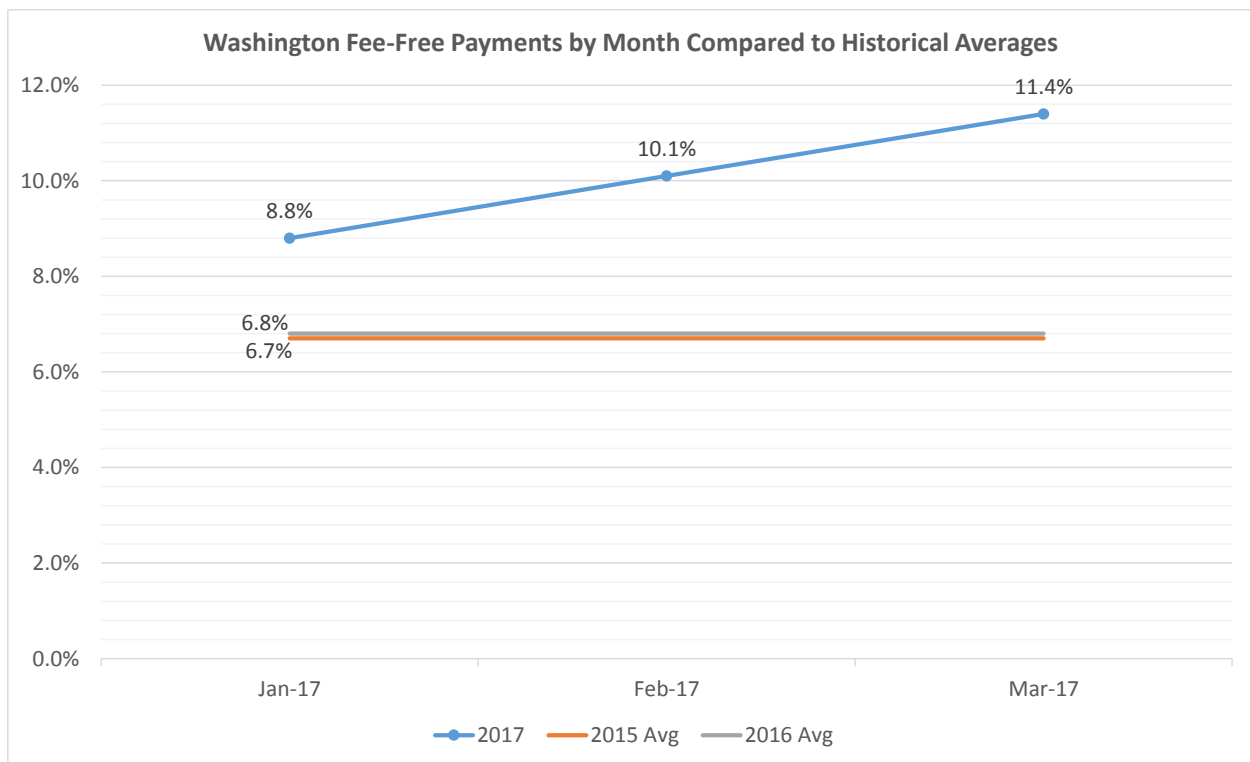
For historical comparison purposes, Table No. 3 displays residential payment data from 2015 and 2016. The column labeled “Payments Subject to Convenience Fee” represents the payments that were previously charged a fee and no longer do through the Company’s fee-free payment program.

**Table No. 3**

Year	# of Residential Payments	Payments Subject to Convenience Fee	% of Total
2015	2,446,535	164,188	6.7%
2016	2,845,747	192,635	6.8%

Chart No. 2 graphically shows the trend in fee-free payments in 2017 compared to the historical annual average in 2015 and 2016.

**Chart No. 2**



The Company has not yet deferred any costs associated with the fee-free payment program as it is still working through the invoice process with Fiserv

Please direct any questions regarding this report to Shawn Bonfield at 509-495-2782 or [shawn.bonfield@avistacorp.com](mailto:shawn.bonfield@avistacorp.com) or myself at 509-495-4975 or [linda.gervais@avistacorp.com](mailto:linda.gervais@avistacorp.com)

Sincerely,

*Linda Gervais*

Sr. Manager Regulatory Policy  
Avista Utilities