



Avista Corp.

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January 31, 2018

State of Idaho
Idaho Public Utilities Commission
472 W. Washington St.
Boise, ID 83702-5983

Attention: Ms. Diane Hanian, Secretary

Re: Case Nos. AVU-E-16-01 and AVU-G-16-01 – Avista Utilities Q4 2017 Fee-Free
Payment Program Report

Dear Ms. Hanian:

On April 1, 2016 the Commission issued Order No. 33494 in Case Nos. AVU-E-16-01 and AVU-G-16-01 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 six months about the program's progress. In the Company's Washington and Oregon jurisdictions it agreed to provide updates to the Commission every three months. For consistency across jurisdictions and ease of reporting, the Company will be providing updates to the Idaho Commission every three months that coincide with the quarters of the calendar year.

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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 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 Idaho customers by month:

Table No. 1

| Payments | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|---------------------------------|---------|----------|---------|---------|---------|---------|---------|---------|-----------|---------|----------|----------|-----------|
| Total Payments | 107,528 | 99,184 | 113,208 | 103,789 | 109,400 | 101,931 | 106,273 | 109,977 | 97,555 | 115,769 | 108,400 | 96,553 | 1,269,567 |
| Fiserv Payments | - | 12,768 | 49,581 | 46,770 | 50,919 | 44,555 | 49,245 | 50,200 | 44,543 | 54,927 | 52,218 | 45,495 | 501,221 |
| Fee-Free Fiserv | - | 3,601 | 11,060 | 10,836 | 11,659 | 12,458 | 13,794 | 14,332 | 14,129 | 17,141 | 17,817 | 16,278 | 143,105 |
| Kubra Fee-Free Equivalent* | 7,495 | 4,810 | 8 | - | 1 | - | - | - | - | - | - | - | 12,314 |
| Total Fee-Free | 7,495 | 8,411 | 11,068 | 10,836 | 11,660 | 12,458 | 13,794 | 14,332 | 14,129 | 17,141 | 17,817 | 16,278 | 155,419 |
| Fee-Free Payments as % of Total | 7.0% | 8.5% | 9.8% | 10.4% | 10.7% | 12.2% | 13.0% | 13.0% | 14.5% | 14.8% | 16.4% | 16.9% | 12.2% |

*Kubra Fee-Free Equivalent – these payments represent the Kubra payments received from February 1st – 18th 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.

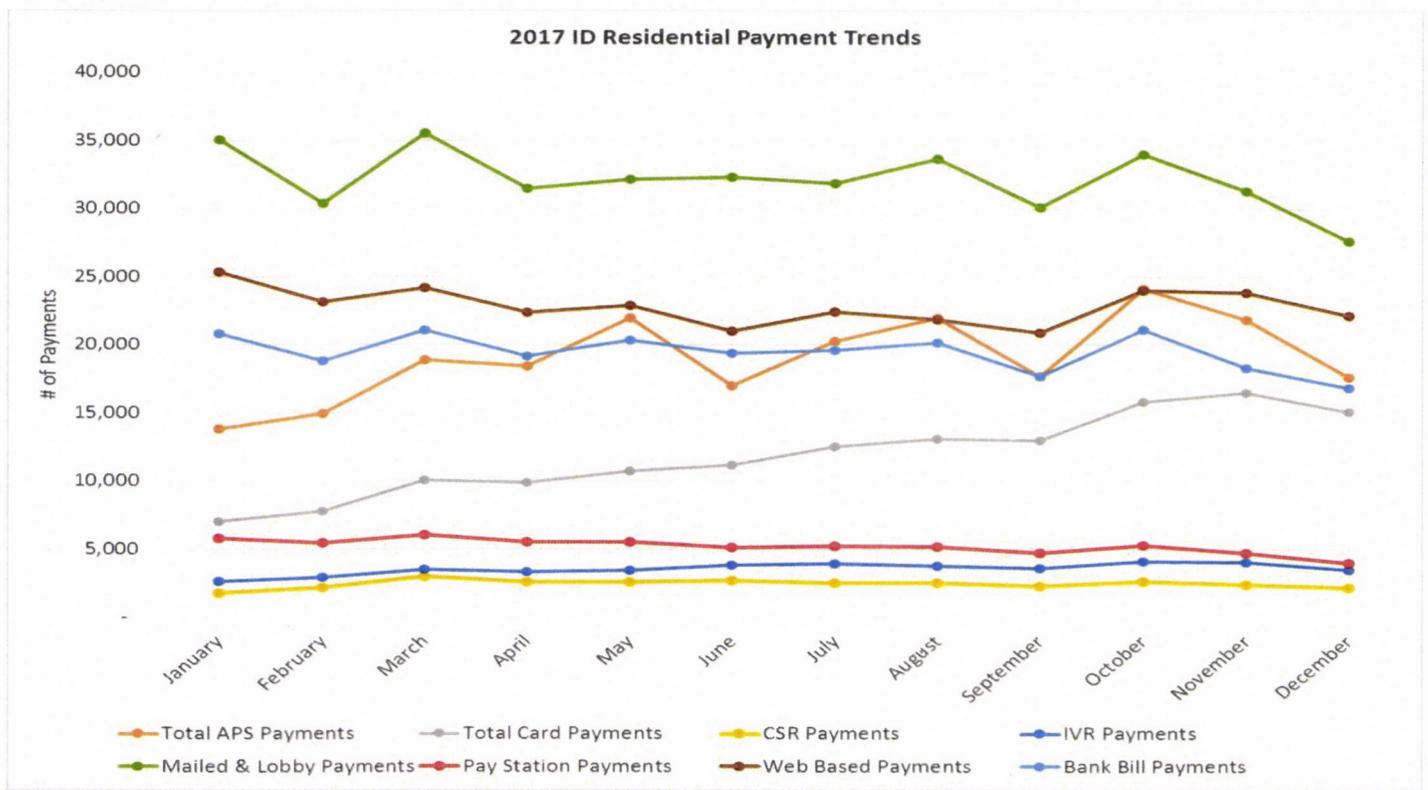
Table No. 2 below includes additional detail on certain payment channels. This information is highlighted to monitor trends in customers' payment behavior. Note that the data in Table No. 2 will not subtotal to the data in Table No. 1 as there is overlap in payment information by channel (i.e., "Total Card Payments" includes card payments made through APS, CSRs, the IVR, and web).

Table No. 2

| Payment Method | January | February | March | April | May | June | July | August | September | October | November | December | Total |
|-----------------------------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|---------|
| APS by ACH | 13,861 | 14,970 | 18,645 | 17,937 | 21,099 | 16,087 | 18,894 | 20,186 | 15,988 | 21,585 | 19,315 | 15,414 | 213,981 |
| APS by Debit or Credit Card | - | 10 | 198 | 465 | 858 | 914 | 1,360 | 1,769 | 1,692 | 2,518 | 2,522 | 2,194 | 14,500 |
| Total APS Payments | 13,861 | 14,980 | 18,843 | 18,402 | 21,957 | 17,001 | 20,254 | 21,955 | 17,680 | 24,103 | 21,837 | 17,608 | 228,481 |
| Total Card Payments | 7,041 | 7,814 | 10,079 | 9,879 | 10,744 | 11,180 | 12,537 | 13,125 | 13,004 | 15,812 | 16,493 | 15,086 | 142,794 |
| CSR Payments | 1,793 | 2,190 | 3,019 | 2,601 | 2,602 | 2,693 | 2,534 | 2,544 | 2,297 | 2,663 | 2,418 | 2,185 | 29,539 |
| IVR Payments | 2,668 | 2,913 | 3,501 | 3,355 | 3,424 | 3,819 | 3,965 | 3,780 | 3,633 | 4,094 | 4,042 | 3,512 | 42,706 |
| Bank Bill Payments | 20,856 | 18,824 | 21,051 | 19,145 | 20,346 | 19,362 | 19,585 | 20,158 | 17,655 | 21,106 | 18,332 | 16,817 | 233,237 |
| Mailed & Lobby Payments | 35,111 | 30,422 | 35,521 | 31,467 | 32,152 | 32,298 | 31,844 | 33,671 | 30,100 | 34,010 | 31,315 | 27,611 | 385,522 |
| Pay Station Payments | 5,821 | 5,451 | 6,046 | 5,557 | 5,523 | 5,151 | 5,264 | 5,218 | 4,717 | 5,331 | 4,756 | 4,036 | 62,871 |
| Web Based Payments | 25,363 | 23,174 | 24,184 | 22,376 | 22,907 | 20,995 | 22,445 | 21,885 | 20,893 | 24,017 | 23,866 | 22,152 | 274,257 |

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

Chart No. 1



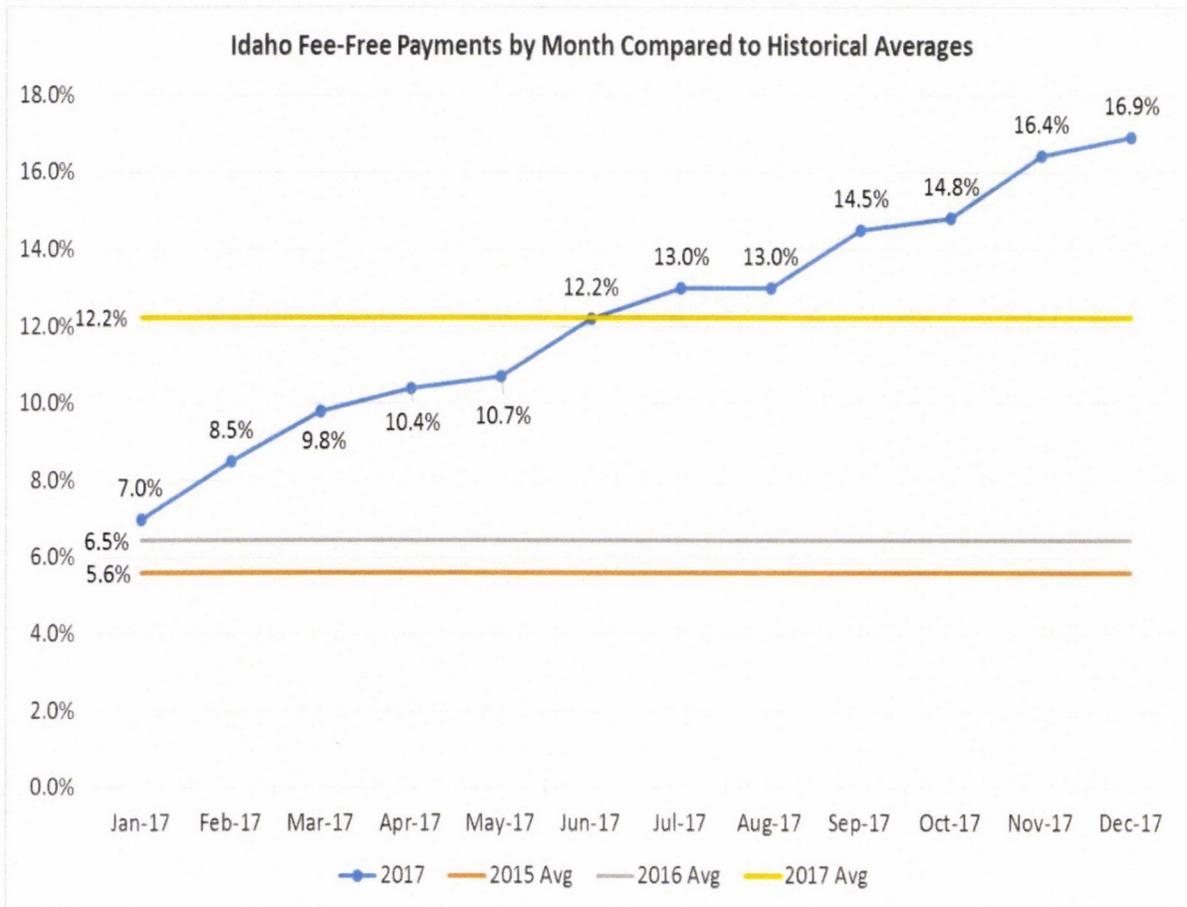
For historical comparison purposes Table No. 3 displays residential payment data from 2015 and 2016. The column labeled “Payments Subject to Convenience Fee” represents the payments that were previously charged a fee and no longer do through the Company’s fee-free payment program.

Table No. 3

| Year | # of Residential Payments | Payments Subject to Convenience Fee | % of Total |
|------|---------------------------|-------------------------------------|------------|
| 2015 | 1,273,654 | 71,375 | 5.60% |
| 2016 | 1,286,848 | 82,977 | 6.45% |

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



To date the Company has paid invoices through November, of which \$189,830 has been deferred for customer transactions through the fee-free payment program.

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

Sincerely,

Linda Gervais

Sr. Manager Regulatory Policy
Avista Utilities

Definitions

Automated Clearing House (ACH) – an electronic network for financial transactions in the United States. Payments made by checking or savings accounts.

Automatic Payment Service (APS) – payment option by which a customer can sign up to have payments automatically deducted from their checking account, savings account, debit card, or credit card on their bill due date each month.

Bank Bill Payments – payments initiated through a customer’s bank account and transferred to the Company via ACH.

Card Payments – debit and credit card payments.

Customer Service Representative (CSR) – Avista employee who works in its Customer Service Department and answers customer phone calls.

CSR Payments – payments taken by Avista’s Customer Service Representatives over the phone.

Fiserv – Avista’s payment processing vendor as of February 19, 2017.

Integrated Voice Recognition System (IVR) – Avista’s automated phone system a customer first reaches when calling the Company at 1-800-227-9187.

IVR Payments – payments received through the Company’s IVR system.

Kubra – Avista’s payment processing vendor prior to February 19, 2017.

Mailed & Lobby Payments – payments mailed to the Company or taken in one of the Company’s lobbies located in Spokane, Washington, Coeur d’Alene, Idaho, or Lewiston, Idaho. These also include payments placed in drop boxes at the Company’s office centers.

Pay Station Payments – payments made at authorized Company pay stations.

Web Based Payments – payments made on the Company’s website.