



Avista Corp.

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February 4, 2016

Public Utility Commission of Oregon
Filing Center
201 High St SE Suite 100
PO Box 1088
Salem, OR 97308

Attention: Filing Center

RE: Docket No. UM 1759

Additional Information Regarding the Application of Avista Corporation for an Accounting Order Authorizing Accounting Treatment of Costs Related to Offering a Fee Free Payment Program for the Company's Residential Customers.

On January 12, 2016, Avista Corporation (d/b/a "Avista" or "Company") filed an application for an order authorizing the accounting and ratemaking treatment related to costs the Company will incur by offering a fee-free payment program for its residential customers to pay by any method, including credit and debit cards. Additionally, the Company filed for approval of a tariff revision on January 15, 2016 in Docket ADV 201 (Advice No. 16-02-G), which if approved, would allow the Company to offer the fee-free payment program to its residential customers.

In its original application the Company requested approval of a deferral of the costs associated with offering the fee-free payment program for up to 36 months. All costs deferred would specifically be for transactions made through the fee-free payment program and would not include any development or implementation costs. Additionally, the Company had proposed to assign system costs incurred from the program to OR, WA, and ID using a customer count allocation methodology. Lastly, the Company proposed to recover the deferred balance over a two year period from all customers.

After discussions with Commission Staff the Company has agreed to modify its proposed accounting treatment requested in the original application. The Company's revised request is as follows:

- i. Limit the deferral period to 12 months from the time the fee-free payment program is implemented and available to customers, or until the conclusion of its next general rate case and new rates go into effect.
- ii. Directly assign costs incurred by Oregon customers back to Oregon customers for recovery.
- iii. Defer 90% of the transaction fee-related costs incurred instead of 100% as originally requested.
- iv. Any twelve-month deferral period will accrue only fee-free payment Oregon-transaction costs and total no more than \$150,000.
- v. In the Company's next general rate case it will propose an estimated level of expense to be included in rates on a prospective basis with cost recovery from residential customers on Rate Schedule 410.
- vi. The Company will propose to recover the deferred balance in a subsequent filing.
- vii. The deferral would be subject to an earnings test and the three percent of the utility's gross revenues for the preceding calendar year cap limitation.

The Company believes the modified proposed request is reasonable and in the interest of its customers.

Please contact me with any questions related to this filing at (509) 495-2782.

Sincerely,

Shawn Bonfield

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