

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: KARL KLEIN
DEPUTY ATTORNEY GENERAL**

DATE: JANUARY 21, 2016

**SUBJECT: AVISTA’S APPLICATION FOR AN ACCOUNTING ORDER, CASE
NOS. AVU-E-16-01 AND AVU-G-16-01**

On January 13, 2016, Avista applied for an Order authorizing it to record, as a regulatory asset, the costs it incurs to offer a fee free payment program to its residential customers. The Company does not seek to recover the costs now. Rather, it requests an Accounting Order that will let it defer and record the costs so it will have the opportunity to recover those costs through future rates. The Company asks the Commission to process the Application by Modified Procedure.

APPLICATION SUMMARY

In its Application, Avista notes that it currently uses a third-party vendor to process one-time payments that customers make through Avista’s web site or by telephone. The vendor collects a \$3.50 “convenience fee” if the customer pays by checking or savings account but lacks an Avista “My Account” profile, or by credit or debit card. On the other hand, customers with a “My Account” profile may pay by phone or Avista’s web site without being charged a convenience fee. Customers also are not charged the fee if they pay by check, cash, or pay station.

Avista would like to eliminate the “convenience fee” so its residential customers may pay their bills by any method without incurring an extra charge. However, Avista does not want to create a fee free payment program if it will incur costs that will cause it and its shareholders to lose money. The Company thus seeks to defer, for later recovery from customers through rates, the costs it incurs to set up and offer the fee free payment program. The Company expects that

the deferred costs will be about \$195,000 per year on an Idaho electric allocated basis, and about \$120,000 per year on an Idaho natural gas allocated basis.

With this Application, the Company asks the Commission to approve an accounting treatment that would let the Company defer the program costs for up to 36 months from the month in which the program begins. Every six months, the Company would update the Commission on program participation rates and fees incurred. Then, after the Company has 12 to 18 months of history with the program, the Company would seek to recover the program's costs as part of a general rate case. In the rate case, the Company would ask to amortize and recover the costs from all customers over a two-year period, with no return on the unamortized balance. The Company also asks the Commission to approve this proposed ratemaking treatment.

STAFF RECOMMENDATION

Staff recommends that the case be processed by Modified Procedure, with comments due within 45 days of the Commission's notice, and reply comments (if any) due 7 days later.

COMMISSION DECISION

Does the Commission wish to process this case under Modified Procedure and set a 45-day comment deadline and 7-day reply deadline?

/s/ *Karl T. Klein*
Karl T. Klein
Deputy Attorney General

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