AVU-E-06-04

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 62
COGENERATION AND SMALL POWER PRODUCTION SCHEDULE - IDAHO

AVAILABLE:

In all the electric territory served by the Company in the State of Idaho.

APPLICABLE:

To any Customer who installs and owns facilities on property owned by the Customer for the purposes of generating electric energy in parallel with the Company's system. To be eligible under this tariff the facility must qualify as a cogeneration facility or a small power production facility pursuant to Section 201 of the Public Utility Regulatory Policies Act of 1978, or be eligible for the net metering option defined on Sheet 62B. For output from qualifying facilities, this tariff will be limited to qualifying facilities with a generation capacity no more than 10 average megawatts in any given month. Customers selling electric energy from a qualifying facility to the Company under this tariff will be required to enter into a written agreement with the Company which may be subject to the approval of the Idaho Public Utilities Commission and the Washington Utilities and Transportation Commission. In addition, any such written agreement relying upon the rates in this tariff shall contain language providing for security, if applicable, against the potential overpayment existing should the Customer's generating facilities fail to perform as contracted.

DEFINITIONS:

"Customer" as used herein means any individual, partnership, corporation, association, governmental agency, political subdivision, municipality or other entity.

"Cogeneration facility" means equipment used to produce electric energy and forms of useful thermal energy (such as heat or steam), used for industrial, commercial, heating, or cooling purposes, through the sequential use of energy.

"Daily Shape Adjustment" means an adjustment to rates based on a difference between on-peak (6 am to 10pm) rates and off-peak (10 pm to 6 am) rates of $5 per megawatt hour.

"Facility," also referred to as Electrical Generating System (EGS), means the source of electricity owned by the Customer that is located on the Customer's side of the PCC, and all facilities ancillary and appurtenant thereto, including interconnection equipment, which the Customer requests to interconnect to the Company's distribution system.

"In-Service Date" means the date on which the Facility and System Modifications (if applicable) are complete and ready for service, even if the Facility is not placed in service on or by that date.

"Interconnection Service Agreement" is an agreement for interconnection service, between the Customer and the Company. The agreement also includes any amendments or supplements thereto entered into by the Customer and the Company.

SCHEDULE 62A - continued

"Market Energy Rate" means an energy price that shall be 85 percent (85%) of the weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Non-Firm Index (Dow Jones Mid-C Non-Firm Index) prices for non-firm energy.

"Net metering" means measuring the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator that is fed back to the electric utility over the applicable billing period.

"Network Distribution System (Area or Spot)" means the electrical service from a distribution system consisting of one or more primary circuits from one or more substations or transmission supply points arranged such that they collectively feed secondary circuits serving one (a spot network) or more (an area network) Avista Utilities customers.

"Point Of Common Coupling (PCC)" means the point where the Customer's local electric power system connects to the Company's distribution system, such as the electric power revenue meter or at the location of the equipment designated to interrupt, separate or disconnect the connection between the Customer and the Company.

"Qualifying Facility" is a cogeneration facility or a small power production facility which meets the PURPA criteria from qualification set forth in Subpart B of Part 292, Subchapter K, Chapter 1, Title 18, of the Code of Federal Regulations.

"Seasonal Factors" means a seasonal weighting of .84 for the period March through June, and 1.08 for the period July through February.

"Small power production facility" means the equipment used to produce electric energy solely by the use of biomass, waste, solar power, wind, water or any other renewable resource.

POWER RATES:

The Company agrees to pay the following rates for the purchase of power from Customers to whom this tariff applies. The following rates are for power delivered to the Company's system. These rates are adjusted periodically and are on file with the Idaho Public Utilities Commission.

(1) Standard Fueled Firm Energy Rate - The rates shall apply to natural gas fueled projects depending upon the on-line operation date and term of the agreement when the Customer agrees to supply firm energy deliveries under contract. The fixed component rates shall be fixed for the term of the agreement. The adjustable component rate shall be changed periodically subject to Idaho Public Utility Commission orders. Both the fixed and adjustable rate components are subject to Seasonal Factors and Daily Shape Adjustment. The resultant rate shall be applied to the project output for all kilowatt-hours up to 10 average megawatts in any given month.

SCHEDULE 62B Continued

(2) Optional Fueled Firm Energy Rates for Non-Levelized Contracts - These average rates shall apply to natural gas fueled projects when the Customer agrees to supply firm energy deliveries in each year as specified under a non-levelized contract. The fixed component rates shall be fixed for the term of the agreement. The adjustable component rate shall be changed periodically subject to Idaho Public Utility Commission orders. Both the fixed and adjustable rate components are subject to Seasonal Factors and Daily Shape Adjustment. The resultant rate shall be applied to the project output for all kilowatt-hours up to 10 average megawatts in any given month.

(3) Nonfirm Energy Rate - The Non-firm Energy Rate shall be applicable when the Customer agrees to provide energy deliveries on a non-firm, contracted basis. The Non-firm Energy Rate shall be the lower of the Firm Energy Rate for Non-Levelized Contracts or the Market Energy Rate. The rate is subject to a Seasonal Factor and the Daily Shape Adjustment.

(4) Standard Non-Fueled Firm Energy Rates - These rates shall apply depending upon the on-line operation date and term of the agreement when the Customer agrees to supply firm energy deliveries under contract. These rates shall only apply to non-natural gas fueled projects, (e.g., wind, solar, hydro). The rates shall be fixed for the term of the agreement. The rate is subject to a Seasonal Factor and Daily Shape Adjustment. The resultant rate shall be applied to the project output, for all kilowatt-hours up to 10 average megawatts in any given month.

(5) Optional Non-Fueled Firm Energy Rates for Non-Levelized Contracts - These average rates shall apply when the Customer agrees to supply firm energy deliveries in each year as specified under a non-levelized contract. These rates shall only apply to non-natural gas fueled projects, (e.g., wind, solar, hydro). The rates shall be fixed for the term of the agreement. The rate is subject to a Seasonal Factor and Daily Shape Adjustment. The resultant rate shall be applied to the project output, for all kilowatt-hours up to 10 average megawatts in any given month.

NET METERING OPTION:

Net metering shall be available to eligible generators who are customers of Avista Utilities on a first-come, first-served basis until the cumulative generating capacity of net metering systems equals 1.52 MW which is 0.1% (one-tenth of one percent) of the Company's retail peak demand during 1996. Customers electing this option shall be subject to the following terms and conditions.

(1) Customer eligibility - To be eligible for the net metering option, a customer-generator must own a facility for the production of electrical energy that:

SCHEDULE 62C Continued

(A) Uses as its fuel either solar, wind, biomass or hydropower, or represents fuel cell technology;
(B) Has a generating capacity of not more than twenty-five kilowatts;
(C) Is located on the customer-generator's premises;
(D) Operates in parallel with the electric utility's transmission and distribution facilities; and
(E) Is intended primarily to offset part or all of the customer-generator's requirements for electricity.

(2) Cost to customer-generator of metering and interconnection – Customers electing the net metering option shall be interconnected using a standard kilowatt-hour meter capable of registering the flow of electricity in two directions. The costs to the customer-generator include:

(A) The Company's basic charge billed under the customer's applicable standard service Schedules 1, 11, 21, 25, or 31.
(B) The Company is not liable for allowing the attachment of a net metering system, or the acts or omissions of a customer-generator, that causes injury, loss or death to a third party.

(3) Standards –The net metering system used by a customer-generator must include, at the customer's own expense, all equipment necessary to meet applicable safety, power quality, and interconnection requirements established by the National Electrical Code, National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, and Underwriters Laboratories. The Company will measure the net electricity produced or consumed during the billing period, in accordance with normal metering practices. The Company's written approval of the Customer's protection-isolation method to ensure generator disconnection in case of a power interruption from the Company is required before service is provided under this schedule.

(4) Balances of generation and usage by the customer-generator -
(A) If electricity supplied by the Company exceeds the electricity generated by the customer-generator and fed back to the Company during the billing period, the customer-generator shall be billed for the net electricity supplied by the Company at the customer's standard schedule retail rate, in accordance with normal metering practices.
(B) If electricity generated by the customer-generator exceeds the electricity supplied by the Company, the customer-generator:
(i) Shall be billed for the appropriate customer charges for that billing period, in accordance with section (2)(A), and

SCHEDULE 62D Continued

(ii) Shall be credited for the excess kilowatt-hours generated during the billing period, with this kilowatt-hour credit appearing on the bill for the following billing periods and used to reduce the bill for the following period from the Company.

(5) Remaining unused kWh credits - At the beginning of each calendar year, any remaining unused kilowatt-hour credit accumulated during the previous year shall be granted to the Company, without any compensation to the customer-generator.

(6) Reversion to previous service - The customer-generator, upon selecting the net metering option, may not revert to the customer-generator's previous metering system without written agreement by the Company.

INTERCONNECTION STANDARDS:

(1) General Conditions - The following states the general conditions and requirements and technical specifications for the safe and reliable operation of interconnected Customer-owned generating facilities, 25 kW or less in capacity, that are intended to generate energy to serve all or apart of the Customer's load or for purchase by the Company.

(A) Electrical Generation Systems (25kW and Smaller)
Any electrical generating facility with a maximum electrical generating capacity of 25 kW or less, including rotating machines (synchronous or induction generators) with nameplate rating of no more than 25 kVA, must comply with these standards to be eligible to connect and operate in parallel with the Company's distribution system.

(B) Application
Each Customer seeking to interconnect qualifying generation will fill out and submit an application, available on the Company's website or by contacting the Company. Information must be accurate, complete, and approved by the Company prior to installing the generating facility. Customers will be charged an interconnection application fee of $100.

(C) Application Prioritization
All generation interconnection requests for facilities 25 kW or less from Customers will be prioritized by the Company the same as any new load requests. Preference will not be given to either request type. The Company will process the application and provide interconnection in a time frame consistent with the average of other service connections.

SCHEDULE 62E Continued

(D) Interconnection Agreement
Prior to interconnection all qualifying Customers will obtain a Certificate of Completion and sign an appropriate Interconnection Agreement (documents available on the Company's website or by contacting the Company). This Agreement between the Company and the Customer outlines the interconnection standards, billing and revenue agreements, and on-going maintenance and operation requirements.

(E) Unauthorized Connections
For the purposes of public and working personnel safety, any non-approved generation interconnections discovered will be immediately disconnected from the Company's system.

(F) Dedicated Distribution Transformer
To ensure reliable service to all the Company's Customers and to minimize possible problems for other Customers, the Company will review the need for a dedicated-to-single-customer distribution transformer. Interconnecting generation under 25kW may require a separate transformer. If the Company requires a dedicated distribution transformer, the Customer shall pay for all costs of the new transformer and related facilities.

(G) Metering
(i) Net Metering: The Company shall install, own and maintain a kilowatt-hour meter, or meters as the installation may determine, capable of registering the bi-directional flow of electricity at the Point of Common Coupling at a level of accuracy that meets all applicable standards, regulations and statutes. The meter(s) may measure such parameters as time of delivery, power factor, voltage and such other parameters as the Company shall specify. The Customer shall provide space for metering equipment. It will be the Customer's responsibility to provide the current transformer enclosure (if required), meter socket(s) and junction box after the Customer has submitted his/her drawings and equipment specifications for the Company's approval. The Company may approve other generating sources for net metering but is not required to do so.

(ii) Production Metering: The Company may require separate metering for production. This meter will record all generation produced and may be billed separately from any net metering or customer usage metering. The Customer will pay all costs associated with the installation of production metering.

SCHEDULE 62F Continued

(H) Labeling
Common labeling furnished or approved by the Company and in accordance with National Electric Code (NEC) requirements must be posted on meter base, disconnects, and transformers informing working personnel that generation is operating at or is located on the premises.

(I) Insurance & Liability
For solar, wind, hydro or fuel cells no additional insurance will be necessary. For other generation facilities permitted under these standards additional insurance and indemnification may be required.
Qualifying generation must meet these interconnection standards and maintain compliance with these standards during operation.

(J) Future Modification or Expansion
Prior to any future modification or expansion of the customer-owned generating facility, the Customer will obtain the Company's review and approval. The Company reserves the right to require the Customer, at the Customer's expense, to provide corrections or additions to existing electrical devices in the event of modification of government or industry regulations and standards.

(K) The Company's System Capacity
For the overall safety and protection of the Company's system the interconnection of generation for net metering shall be limited to 0.1% of the Company's peak demand during 1996. Additionally, interconnection of qualified customer-owned generation to individual distribution feeders will be limited to 10% of the feeder's peak capacity. However, it is at the discretion of the Company to allow additional generation interconnection beyond these stated limits.

(L) Customer-Owned Equipment Protection
It is the responsibility of the Customer to protect their facilities, loads and equipment and comply with the requirements of all appropriate standards, codes, statutes and authorities.

(M) Interconnection Costs
Additional costs above and beyond the application fee, if any, will be cost based and applied as appropriate. For example costs may be incurred for transformers, production meters, and the Company's testing, qualification, and approval of non-UL 1741 listed equipment.

(2) Technical Specifications - The following sets forth the technical specifications and conditions that must be met to interconnect non-Avista Utilities-owned electric generation, 25 kW or less, for parallel operation with the distribution system of the Company.

SCHEDULE 62G Continued

(A) General Interconnection Requirements

(i) Any Facility desiring to interconnect with the Company's Electrical Power System (EPS) or modify an existing interconnection must meet all minimum specifications applicable, as set forth in the following documents and standards and requirements in this Section in their most current approved version at the time of interconnection.

(ii) The specifications and requirements listed herein are intended to mitigate possible adverse impacts caused by the Facility on the Company's equipment and personnel and on other customers of the Company. They are not intended to address protection of the Facility itself or its internal load. It is the responsibility of the Facility to comply with the requirements of all appropriate standards, codes, statutes and authorities to protect itself and its loads.

(iii) The specifications and requirements listed herein shall apply generally to the non-Avista Utilities-owned electric generation equipment to which this standard and agreement(s) apply throughout the period encompassing the Customer's installation, testing and commissioning, operation, maintenance, decommissioning and removal of said equipment. The Company may verify compliance at any time, with reasonable notice.

(iv) The Customer will comply with the following requirements in this Section. At its sole discretion, the Company may approve alternatives that satisfy the intent of, and/or may excuse compliance with, any specific elements of the requirements contained in this Section.

(a) Code and Standards. Customer shall conform to all applicable codes and standards for safe and reliable operation. Among these are the National Electric Code (NEC), National Electric Safety Code (NESC), the Institute of Electrical and Electronics Engineers (IEEE), American National Standards Institute (ANSI), and Underwriters Laboratories (UL) standards, and local, state and federal building codes. The Customer shall be responsible to obtain all applicable permit(s) for the equipment installations on their property.

(b) Safety. All safety and operating procedures for joint use equipment shall be in compliance with the Occupational Safety and Health Administration (OSHA) Standard 29, CFR 1910.269, the NEC, and the Idaho Public Utilities Commission (IDAPA) rules.

(c) Power Quality. Installations will be in compliance with all applicable standards including IEEE Standard 519-1992 Harmonic Limits.

SCHEDULE 62H Continued

(B) Inverter Based Interconnection Requirements, as Applicable

- IEEE Std 1547-2003 Standard for Interconnecting Distributed Resources with Electric Power Systems
- UL Standard 1741, Inverters, Converters, and Controllers for Use in Independent Power Systems – Equipment must be UL listed.
- IEEE Standard 929-2000, IEEE Recommended Practice for the Company's Interface of Photovoltaic (PV) Systems

(C) Non Inverter Based Interconnection Requirements

The Application for such Interconnection may require more detailed Company review, testing, and approval, at Customer cost, of the equipment proposed to be installed to ensure compliance with applicable standards including:

- IEEE Std 1547-2003 Standard for Interconnecting Distributed Resources with Electric Power Systems.
- ANSI Standard C37.90, IEEE Standard for Relays and Relay Systems Associated with Electric Power Apparatus.
- Customers proposing such interconnection may also be required to submit a power factor mitigation plan for the Company's review and approval.

(D) Specific Interconnection Requirements

(i) Visible/Lockable Disconnect. Customer shall furnish and install on Customer's side of meter a UL approved safety disconnect switch which shall be capable of fully disconnecting the Customer's energy generating equipment from the Company's electric service. The disconnect switch shall be located adjacent to the Company's meters and shall be of the visible break type in a metal enclosure which can be secured by a padlock. The disconnect switch shall be accessible to the Company's personnel at all times. This requirement may be waived by the Company if: (1) Customer provides interconnection equipment that Customer can demonstrate, to the satisfaction of the Company, performs physical disconnection of the generating equipment supply internally; and, (2) Customer agrees that its service may be disconnected entirely if generating equipment must be physically disconnected for any reason. The Company shall have the right to disconnect the Facility from the Company's supply at the disconnect switch when necessary to maintain safe electrical operating conditions or, if the Facility does not meet required standards or, if the Facility at any time adversely affects the Company's operation of its electrical system or the quality of the Company's service to other customers.

SCHEDULE 62I Continued

(ii) Voltage and Phasing. Nominal voltage and phase configuration of Customer generation must be compatible to the Company's system at the Point of Common Coupling (PCC).

(iii) Interconnection to secondary Network Distribution System (distribution systems with multiple sources of secondary supply). Customer must provide evidence that their generation will never result in reverse current flow through the Company's Network Protectors. All instances of interconnection to secondary Distribution Networks shall require review and written pre-approval by designated Company engineering staff. Interconnection to distribution secondary area networks is not allowed. Closed Transition Transfer Switches are not allowed in secondary Network Distribution Systems.

AVISTA CORPORATION
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SCHEDULE 62
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AVAILABLE:

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APPLICABLE:

To any Customer who installs and owns facilities on property owned by the Customer for the purposes of generating electric energy in parallel with the Company's system. To be eligible under this tariff the facility must qualify as a cogeneration facility or a small power production facility pursuant to Section 201 of the Public Utility Regulatory Policies Act of 1978, or be eligible for the net metering option defined on Sheet 62~~F~~B. For output from qualifying facilities, this tariff will be limited to qualifying facilities with a generation capacity ~~under 1 megawatt~~ no more than 10 average megawatts in any given month. Customers selling electric energy from a qualifying facility to the Company under this tariff will be required to enter into a written agreement with the Company which may be subject to the approval of the Idaho Public Utilities Commission and the Washington Utilities and Transportation Commission. In addition, any such written agreement relying upon the rates in this tariff shall contain language providing for security, if applicable, against the potential overpayment existing should the Customer's generating facilities fail to perform as contracted.

DEFINITIONS:

"Customer" as used herein means any individual, partnership, corporation, association, governmental agency, political subdivision, municipality or other entity.

"Cogeneration facility" means equipment used to produce electric energy and forms of useful thermal energy (such as heat or steam), used for industrial, commercial, heating, or cooling purposes, through the sequential use of energy.

"Daily Shape Adjustment" means an adjustment to rates based on a difference between on-peak (6 am to 10pm) rates and off-peak (10 pm to 6 am) rates of $5 per megawatt hour.

"Facility," also referred to as Electrical Generating System (EGS), means the source of electricity owned by the Customer that is located on the Customer's side of the PCC, and all facilities ancillary and appurtenant thereto, including interconnection equipment, which the Customer requests to interconnect to the Company's distribution system.

"In-Service Date" means the date on which the Facility and System Modifications (if applicable) are complete and ready for service, even if the Facility is not placed in service on or by that date.

"Interconnection Service Agreement" is an agreement for interconnection service, between the Customer and the Company. The agreement also includes any amendments or supplements thereto entered into by the Customer and the Company.

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62A - continued

"Market Energy Rate" means an energy price that shall be 85 percent (85%) of the weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Non-Firm Index (Dow Jones Mid-C Non-Firm Index) prices for non-firm energy.

"Net metering" means measuring the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator that is fed back to the electric utility over the applicable billing period.

"Network Distribution System (Area or Spot)" means the electrical service from a distribution system consisting of one or more primary circuits from one or more substations or transmission supply points arranged such that they collectively feed secondary circuits serving one (a spot network) or more (an area network) Avista Utilities customers.

"Point Of Common Coupling (PCC)" means the point where the Customer's local electric power system connects to the Company's distribution system, such as the electric power revenue meter or at the location of the equipment designated to interrupt, separate or disconnect the connection between the Customer and the Company.

"Qualifying Facility" is a cogeneration facility or a small power production facility which meets the PURPA criteria from qualification set forth in Subpart B of Part 292, Subchapter K, Chapter 1, Title 18, of the Code of Federal Regulations.

"Seasonal Factors" means a seasonal weighting of .84 for the period March through June, and 1.08 for the period July through February.

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POWER RATES:

The Company agrees to pay the following rates for the purchase of power from Customers to whom this tariff applies. The following rates are for power delivered to the Company's system. These rates are adjusted ~~annually~~ periodically and are on file with the Idaho Public Utilities Commission.

(1) Standard Fueled Firm Energy Rate - The rates shall apply to natural gas fueled projects depending upon the on-line operation date and term of the agreement when the Customer agrees to supply firm energy deliveries under contract. The fixed component rate~~s~~ shall be fixed for the term of the agreement. ~~and shall be paid for all kilowatt-hours produced.~~ The adjustable component rate shall be changed periodically subject to Idaho Public Utility Commission orders. Both the fixed and adjustable rate components are subject to Seasonal Factors and Daily Shape Adjustment. The resultant rate shall be applied to the project output for all kilowatt-hours up to 10 average megawatts in any given month.

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62B Continued

(2) Optional Fueled Firm Energy Rates for Non-Levelized Contracts - These average rates shall apply to natural gas fueled projects when the Customer agrees to supply firm energy deliveries in each year as specified under a non-levelized contract. The fixed component rate~~s~~ shall be fixed for the term of the agreement. ~~and shall be paid for all kilowatt-hours produced.~~ The adjustable component rate shall be changed periodically subject to Idaho Public Utility Commission orders. Both the fixed and adjustable rate components are subject to Seasonal Factors and Daily Shape Adjustment. The resultant rate shall be applied to the project output for all kilowatt-hours up to 10 average megawatts in any given month.

~~(3) Firm Energy Adjustable Rate - The rate shall be paid to existing contracts calling for the payment of firm energy adjustable rates based upon Colstrip fuel and variable O&M costs. The rate shall be paid for all kilowatt-hours produced.~~

~~*Firm Energy Adjustable Payment~~
~~mills/kWh~~

~~*The Firm Energy Adjustable Rate will remain in effect until updated and approved by the Idaho Public Utilities Commission. The Firm Energy Adjustable Rate is equal to the total fuel and variable O&M cost of Colstrip units 3 and 4, adjusted upward by a 5% line loss factor and multiplied by the respective seasonal factor.~~

(3) ~~(4)~~ Nonfirm Energy Rate - The Nonfirm Energy Rate shall be applicable when the Customer agrees to provide energy deliveries on a nonfirm, contracted basis. ~~The Company agrees to pay the actual avoided energy cost for each month of the year. The Nonfirm Energy Rate for any month shall be the average of the hourly highest dispatchable or avoidable incremental costs incurred by the Company for each hour of the month. The hourly incremental cost shall be either the variable operating cost of a Company-owned resource or the cost of a purchase from another utility, whichever is higher. If the situation occurs where the Company is not operating any of its dispatchable resources or purchasing any power in an hour, the Company will use the lowest cost of resources available for purchase from the Pacific Northwest regional nonfirm energy pool for that hour. The rate resulting from averaging all of the hourly rates for the month will be the rate paid for all nonfirm energy for the month.~~ The Nonfirm Energy Rate shall be the lower of the Firm Energy Rate for Non-Levelized Contracts or the Market Energy Rate. The rate is subject to a Seasonal Factor and Daily Shape Adjustment.

(4) ~~(5)~~ Standard Non-Fueled Firm Energy Rates - These rates shall apply depending upon the on-line operation date and term of the agreement when the Customer agrees to supply firm energy deliveries under contract. These rates shall only

SCHEDULE 62B Continued

apply to non-~~fueled~~ natural gas fueled projects, (e.g., wind, solar, hydro). ~~These~~ rates shall be fixed for the term of the agreement. ~~and shall be paid for all kilowatt-hours produced. The rate resulting from averaging all of the hourly rates for the month will be the rate paid for all non-firm energy for the month.~~ The rate is subject to a Seasonal Factor and Daily Shape Adjustment. The resultant rate shall be applied to the project output, for all kilowatt-hours up to 10 average megawatts in any given month.

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(1) Customer eligibility - To be eligible for the net metering option, a customer-generator must own a facility for the production of electrical energy that:

SCHEDULE 62C – continued

(A) Uses as its fuel either solar, wind, biomass or hydropower, or represents fuel cell technology;
(B) Has a generating capacity of not more than twenty-five kilowatts;
(C) Is located on the customer-generator's premises;
(D) Operates in parallel with the electric utility's transmission and distribution facilities; and
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(B) If electricity generated by the customer-generator exceeds the electricity supplied by the Company, the customer-generator:
(i) Shall be billed for the appropriate customer charges for that billing period, in accordance with section (2)(A), and

SCHEDULE 62D – Continued

(ii) Shall be credited for the excess kilowatt-hours generated during the billing period, with this kilowatt-hour credit appearing on the bill for the following billing periods and used to reduce the bill for the following period from the Company.

(5) Remaining unused ~~kw~~Wh credits - At the beginning of each calendar year, any remaining unused kilowatt-hour credit accumulated during the previous year shall be granted to the Company, without any compensation to the customer-generator.

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INTERCONNECTION STANDARDS:

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SCHEDULE 62E – Continued

(D) Interconnection Agreement

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To ensure reliable service to all the Company's Customers and to minimize possible problems for other Customers, the Company will review the need for a dedicated-to-single-customer distribution transformer. Interconnecting generation under 25kW may require a separate transformer. If the Company requires a dedicated distribution transformer, the Customer shall pay for all costs of the new transformer and related facilities.

(G) Metering

(i) Net Metering: The Company shall install, own and maintain a kilowatt-hour meter, or meters as the installation may determine, capable of registering the bi-directional flow of electricity at the Point of Common Coupling at a level of accuracy that meets all applicable standards, regulations and statutes. The meter(s) may measure such parameters as time of delivery, power factor, voltage and such other parameters as the Company shall specify. The Customer shall provide space for metering equipment. It will be the Customer's responsibility to provide the current transformer enclosure (if required), meter socket(s) and junction box after the Customer has submitted his/her drawings and equipment specifications for the Company's approval. The Company may approve other generating sources for net metering but is not required to do so.

(ii) Production Metering: The Company may require separate metering for production. This meter will record all generation produced and may be billed separately from any net metering or customer usage metering. The Customer will pay all costs associated with the installation of production metering.

SCHEDULE 62F – Continued

(H) Labeling Common labeling furnished or approved by the Company and in accordance with National Electric Code (NEC) requirements must be posted on meter base, disconnects, and transformers informing working personnel that generation is operating at or is located on the premises.

(I) Insurance & Liability
For solar, wind, hydro or fuel cells no additional insurance will be necessary. For other generation facilities permitted under these standards additional insurance and indemnification may be required. Qualifying generation must meet these interconnection standards and maintain compliance with these standards during operation.

(J) Future Modification or Expansion
Prior to any future modification or expansion of the customer-owned generating facility, the Customer will obtain the Company's review and approval. The Company reserves the right to require the Customer, at the Customer's expense, to provide corrections or additions to existing electrical devices in the event of modification of government or industry regulations and standards.

(K) The Company's System Capacity
For the overall safety and protection of the Company's system the interconnection of generation for net metering shall be limited to 0.1% of the Company's peak demand during 1996. Additionally, interconnection of qualified customer-owned generation to individual distribution feeders will be limited to 10% of the feeder's peak capacity. However, it is at the discretion of the Company to allow additional generation interconnection beyond these stated limits.

(L) Customer-Owned Equipment Protection
It is the responsibility of the Customer to protect their facilities, loads and equipment and comply with the requirements of all appropriate standards, codes, statutes and authorities.

(M) Interconnection Costs
Additional costs above and beyond the application fee, if any, will be cost based and applied as appropriate. For example costs may be incurred for transformers, production meters, and the Company's testing, qualification, and approval of non-UL 1741 listed equipment.

(2) Technical Specifications - The following sets forth the technical specifications and conditions that must be met to interconnect non-Avista Utilities-owned electric generation, 25 kW or less, for parallel operation with the distribution system of the Company.

SCHEDULE 62G –Continued

(A) General Interconnection Requirements

(i) Any Facility desiring to interconnect with the Company's Electrical Power System (EPS) or modify an existing interconnection must meet all minimum specifications applicable, as set forth in the following documents and standards and requirements in this Section in their most current approved version at the time of interconnection.

(ii) The specifications and requirements listed herein are intended to mitigate possible adverse impacts caused by the Facility on the Company's equipment and personnel and on other customers of the Company. They are not intended to address protection of the Facility itself or its internal load. It is the responsibility of the Facility to comply with the requirements of all appropriate standards, codes, statutes and authorities to protect itself and its loads.

(iii) The specifications and requirements listed herein shall apply generally to the non-Avista Utilities-owned electric generation equipment to which this standard and agreement(s) apply throughout the period encompassing the Customer's installation, testing and commissioning, operation, maintenance, decommissioning and removal of said equipment. The Company may verify compliance at any time, with reasonable notice.

(iv) The Customer will comply with the following requirements in this Section. At its sole discretion, the Company may approve alternatives that satisfy the intent of, and/or may excuse compliance with, any specific elements of the requirements contained in this Section.

(a) Code and Standards. Customer shall conform to all applicable codes and standards for safe and reliable operation. Among these are the National Electric Code (NEC), National Electric Safety Code (NESC), the Institute of Electrical and Electronics Engineers (IEEE), American National Standards Institute (ANSI), and Underwriters Laboratories (UL) standards, and local, state and federal building codes. The Customer shall be responsible to obtain all applicable permit(s) for the equipment installations on their property.

(b) Safety. All safety and operating procedures for joint use equipment shall be in compliance with the Occupational Safety and Health Administration (OSHA) Standard 29, CFR 1910.269, the NEC, and the Idaho Public Utilities Commission (IDAPA) rules.

(c) Power Quality. Installations will be in compliance with all applicable standards including IEEE Standard 519-1992 Harmonic Limits.

SCHEDULE 62H – Continued

(B) Inverter Based Interconnection Requirements, as Applicable

- IEEE Std 1547-2003 Standard for Interconnecting Distributed Resources with Electric Power Systems
- UL Standard 1741, Inverters, Converters, and Controllers for Use in Independent Power Systems – Equipment must be UL listed.
- IEEE Standard 929-2000, IEEE Recommended Practice for the Company's Interface of Photovoltaic (PV) Systems

(C) Non Inverter Based Interconnection Requirements

The Application for such Interconnection may require more detailed Company review, testing, and approval, at Customer cost, of the equipment proposed to be installed to ensure compliance with applicable standards including:

- IEEE Std 1547-2003 Standard for Interconnecting Distributed Resources with Electric Power Systems.
- ANSI Standard C37.90, IEEE Standard for Relays and Relay Systems Associated with Electric Power Apparatus.
- Customers proposing such interconnection may also be required to submit a power factor mitigation plan for the Company's review and approval.

(D) Specific Interconnection Requirements

(i) Visible/Lockable Disconnect. Customer shall furnish and install on Customer's side of meter a UL approved safety disconnect switch which shall be capable of fully disconnecting the Customer's energy generating equipment from the Company's electric service. The disconnect switch shall be located adjacent to the Company's meters and shall be of the visible break type in a metal enclosure which can be secured by a padlock. The disconnect switch shall be accessible to the Company's personnel at all times. This requirement may be waived by the Company if: (1) Customer provides interconnection equipment that Customer can demonstrate, to the satisfaction of the Company, performs physical disconnection of the generating equipment supply internally; and, (2) Customer agrees that its service may be disconnected entirely if generating equipment must be physically disconnected for any reason. The Company shall have the right to disconnect the Facility from the Company's supply at the disconnect switch when necessary to maintain safe electrical operating conditions or, if the Facility does not meet required standards or, if the Facility at any time adversely affects the Company's operation of its electrical system or the quality of the Company's service to other customers.

SCHEDULE 62I – Continued

(ii) Voltage and Phasing. Nominal voltage and phase configuration of Customer generation must be compatible to the Company's system at the Point of Common Coupling (PCC).

(iii) Interconnection to secondary Network Distribution System (distribution systems with multiple sources of secondary supply). Customer must provide evidence that their generation will never result in reverse current flow through the Company's Network Protectors. All instances of interconnection to secondary Distribution Networks shall require review and written pre-approval by designated Company engineering staff. Interconnection to distribution secondary area networks is not allowed. Closed Transition Transfer Switches are not allowed in secondary Network Distribution Systems.