

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 441
COMPRESSED NATURAL GAS SERVICE

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PURPOSE:

To provide Company-owned and maintained Compressed Natural Gas (“CNG”) refueling infrastructure sited on a Customer’s Premise where the Company’s standard Distribution System operating pressures are sufficient to meet Customer’s requirements for fueling motor vehicles.

SERVICE APPLICABILITY:

Service under this Rate Schedule is available to a Customer who has entered into a Compressed Natural Gas Service Agreement (“CNG Service Agreement”) and has satisfied the prerequisites for service commencement set forth in the Customer’s CNG Service Agreement.

SERVICES PROVIDED:

Service under this Rate Schedule includes Compressed Natural Gas Service, Scheduled Maintenance, Unscheduled Maintenance, and Back-Up Service.

CNG Facilities - The Company, or its contractor, will design, plan, engineer, permit, construct, install, inspect, test, and maintain all Standard CNG Refueling Equipment installed in accordance with this Tariff. Avista reserves the right to designate the location of all gas distribution infrastructure and CNG Refueling Equipment required for such service.

Standard CNG Refueling Equipment – Standard CNG Refueling Equipment includes the following:

- Compression system, (includes remote monitoring equipment)
- Main distribution panel
- Remote feeder panel
- Transformer pad
- Compressor pad
- Remote Power Panel Pad
- Dispenser pad
- Transformer pad
- Trenches
- Compressor skid
- Dryers
- Regeneration pad
- Storage vessel(s)
- Priority panel
- Protective traffic bollards
- Fast fill meter/dispenser(s) (does not include hanging hardware)
- Approved Cascade Buffer
- Control System and remote power panel

Non-Standard CNG Refueling Equipment - Non-Standard Refueling Equipment includes any equipment related to CNG Service not identified above as Standard CNG Refueling Equipment. Examples of Non-Standard CNG Refueling Equipment include, but are not limited to, time-fill dispensers and hanging hardware. The Customer will own all Non-Standard CNG Refueling Equipment. Upon the Customer’s request, the Company may assist with the purchase, installation, and maintenance of Non-Standard Refueling Equipment. The installed cost for any Non-Standard CNG Refueling Equipment will be borne by the Customer and must be paid in full at the time the parties enter into the CNG Service Agreement. Avista is not liable for any damage to, or damage caused by, Non-Standard CNG Refueling Equipment.

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Scheduled Maintenance – Avista shall procure and furnish all materials, utilities, equipment, services, supplies, and labor necessary for the routine operation and maintenance of the CNG Facilities. Scheduled maintenance shall include, but shall not be limited to, periodic testing, adjustment, and calibration of the meter, external inspection of above-ground portions of the CNG Facilities, and the maintenance of all valves, piping, meter and instruments. Scheduled Maintenance does not include maintenance of non-standard customer-owned CNG Refueling Equipment.

Unscheduled Maintenance – Avista will furnish all materials, equipment, supplies, services, and labor necessary to perform non-routine maintenance on the CNG Facilities as needed to ensure efficient and continued operation. Such Unscheduled Maintenance shall include dispatching Company personnel, or designated contractors, to investigate any abnormality or emergency situation affecting the CNG Facilities, including the tripping of an alarm observed by the Company through its monitoring of CNG Facilities, and the repair or replacement of CNG Refueling Equipment or their components that result from normal wear or facility failure. Unscheduled Maintenance also includes equipment additions, upgrades, or replacements that the Company determines are required to comply with any changes in law, evolving industry and/or Avista engineering design, or field operational standards. Unscheduled Maintenance does not include maintenance of non-standard, Customer-owned CNG Refueling Equipment, or any other equipment that is not associated with or required for the operation the CNG Facilities.

Back-Up Service – Avista may provide CNG as a Back-Up Service when Scheduled Maintenance or Unscheduled Maintenance disrupts the flow of Natural Gas to the CNG Facilities for an extended period of time. The availability and duration of Back-Up Service is subject to Company discretion and availability. Back-Up Service may be provided via tube trailer deliveries of CNG to the Customer’s site at Avista’s discretion. The Company may limit the number of natural gas vehicles that may fuel at the CNG Facilities under this Back-Up Service provision. Back-Up Service is not available as a replacement supply source under Curtailment conditions or when Customer-owned gas supplies do not arrive at the Receipt Point. The Customer is not relieved of its obligation under this Tariff, including the Customer’s obligation to pay any charges set forth in this Tariff during the period of any service disruption resulting from Unscheduled Maintenance.

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INSTALLATION COSTS:

In the event new Distribution Facilities are required to provide service under this Rate Schedule, such facilities shall be installed in accordance with the Company’s Rules as outlined in its approved Tariff. For the purposes of this Rate Schedule, the Company-owned facilities beyond the meter will not be considered Distribution Facilities as they are defined in Avista’s General Rules and Regulations. Any costs for site preparation and Company-owned facilities installed beyond the meter will be included in the Monthly CNG Facilities Charge calculation.

MONTHLY CHARGES:

All costs and charges are specific to each CNG Facilities installation and shall be set forth in the CNG Service Agreement between Avista and the Customer. A description of each charge follows:

Monthly Billing Rate

Monthly CNG Facilities Charge is the amount a Customer will pay for the installation and use of the CNG Facilities, calculated as follows:

$$\text{(Actual Project Costs * Cost Recovery Factor) / 12}$$

Actual Project Costs equal the cost for all equipment associated with the provision of the CNG Facilities, and the costs to design, plan, engineer, permit, construct, install, inspect, and test the CNG Facilities, adjusted as needed for any subsequent capital additions or improvements that result from Unscheduled Maintenance. Any tax credits, refunds, grants, rebates or other monetary benefits received and recognized by the Company for accounting purposes as a result of the installation of a CNG Facilities at a Customer’s Premise will be credited, net of any applicable taxes, to the Actual Project Costs at the time of recognition, and to the extent multiple customers take service under this schedule, any benefits would be shared on a proportionate basis.

Cost Recovery Factor equals the annual percentage rate necessary to recover the incremental capital-related costs of the CNG Facilities. Incremental capital-related costs include rate of return, depreciation, interest, property taxes, and any other costs customarily relating to a utility investment. The rate of return used in the Cost Recovery Factor shall be the most recent rate of return authorized by the Commission in the Company’s general rate case. The current Cost Recovery Factor for each year of the ten year term of service is levelized at a rate of 16.5%.

Scheduled Maintenance Charge includes the costs associated with providing Scheduled Maintenance on the CNG Facilities as well as a base annual charge of \$9,600 per Customer for administrative services, which includes but is not limited to costs for management, performing Customer credit evaluations, drafting the Customer agreements and site licenses, billing, warehousing and managing inventory of spare parts, monitoring, and dispatching. In addition, the Company will conduct maintenance at the customer’s premises, and any costs associated with this maintenance will be billed on an actual time and materials basis, including overhead expenses. The rates for scheduled maintenance are provided for in the CNG Service Agreement.

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In addition to the Monthly CNG Facilities Charge and the Scheduled Maintenance Charge, the Company will bill, and the Customer will be responsible to pay, all actual costs associated with the Company’s provision of Unscheduled Maintenance and Back-Up Services.

Unscheduled Maintenance will be billed as costs are incurred at actual costs for labor and materials plus overhead expenses.

Back-Up Services will be billed as costs are incurred. The charge will also include all mobilization costs, associated time and materials, and administrative and general overheads. Sales Service Customers will be billed according to the rate, and terms and conditions of the Rate Schedule on which the Customer receives gas service as part of its service under this Tariff. For Schedule 456 Transportation Customers, an additional amount will apply for each therm of back-up gas consumed, priced at the approved Commodity and Demand Weighted Average Cost of Gas in accordance with Rate Schedule 461.

SPECIAL CONDITIONS:

1. Service under this Schedule first requires a signed CNG Service Agreement under which Customer elects to take service under this Tariff for a primary term of ten years commencing on the first day of the first Billing Month following the date that the CNG Refueling Equipment is installed. At the end of the initial ten-year term of the CNG Service Agreement, the Company and Customer may choose to negotiate a new CNG Service Agreement if the Company is offering CNG Service at that time. If CNG Service is no longer available, or the Company is unable to continue the program during the term of the agreement due to Commission order, the Company will either remove the CNG Facilities or negotiate with the Customer the price and other terms and conditions to reassign ownership of the CNG Facilities.
2. The Company will not use rate-payer funded direct marketing channels to communicate the availability of CNG Service to Customers.
3. The Company or Customer may terminate service under this Rate Schedule Tariff for the reasons and in the manner set forth in the CNG Service Agreement. In the event of termination prior to the end of the ten-year initial term, Customer must pay any amounts due for the early termination of service to the Company in accordance with the terms and conditions of the CNG Service Agreement. Upon termination of service, Avista will safely cap utilities used at the CNG Facilities and remove the CNG Refueling Equipment, except for all cement concrete pads.
4. With the sole exception of the use of the fueling apparatus, the Customer may not access or modify, or allow another party to access or modify, the CNG Facilities without the express written permission of Avista.
5. The Customer shall operate the fueling apparatus in accordance with all applicable regulations and laws.

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6. The Customer shall maintain the minimum clearances around the CNG Facilities as directed by Avista.
7. The Customer shall not fuel any receptacle that is not fit and certified for transporting and, or containing compressed natural gas.
8. The Customer is solely responsible for compliance with laws related to the use of CNG in a natural gas vehicle and, if applicable, the operation as a retailer of CNG, including responsibility for payment of any state and federal highway or other taxes associated with or related to the sales and, or use of CNG under this Tariff.
9. All Applicants for CNG Service will be subject to a credit review, and if requested by Company, the Customer shall provide financial assurance in advance of construction by making a cash payment, or providing an irrevocable letter of credit or other guaranty of Customer obligation in a form acceptable to Avista for an amount equal to part or all of the costs in the CNG Service Agreement.
10. Customer shall notify Avista as soon as reasonably possible of any conditions that may affect operation of CNG Facilities, including, but not limited to, force majeure, fires, vandalism, accidents, planned construction, or power disruptions at Customer's premises and specifically on or near the Site.
11. Avista will attempt to conduct Scheduled Maintenance and Unscheduled Maintenance in a manner that minimizes disruption of the flow of Natural Gas through the CNG Facilities.
12. The Customer shall establish and maintain electricity and communication services necessary for the continual operation of the CNG Facilities. The Company may assist in the siting of the electric services on the Customer Premise.
13. The Customer shall own and maintain a lockable security fence around the site or around the CNG Facilities.
14. Unobstructed access to the Company's CNG Service Facilities, meters and other property of the Company located on the Customer's Premises must be given to the Company, its employees, its contractors, subcontractors, and agents, at all times for installation, inspection, adjustment, repair, maintenance, removal and other purposes. Failure to permit access is grounds for Disconnection of Service.
15. For the purposes of this Tariff, the Custody Transfer Point is the meter located at the point of interconnection between the Company's Distribution Facilities and the Company-owned service line to its CNG Facilities. All service under this Tariff occurs beyond the Custody Transfer Point.

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GENERAL TERMS:

Service under this tariff is governed by the terms and condition of the Service Agreement between Customer and Avista, by the terms of this Rate Schedule Tariff, by the terms of the Rate Schedule from which the Customer is receiving Natural Gas service, by any other Schedules that by their terms or by the terms of this Rate Schedule Tariff apply to Service under this Rate Schedule Tariff, by the General Rules contained in this Tariff, and by all rules and regulations prescribed by regulatory authorities as amended from time to time. In the event of inconsistent terms, the terms of this Rate Schedule Tariff and the Customer’s CNG Service Agreement shall prevail. In the event of inconsistent terms, the terms in the Customer’s CNG Service Agreement shall prevail over this Rate Schedule Tariff.

COST RECOVERY:

All of the costs associated with this optional service will be borne by those Customers taking service under the schedule, and to the extent any costs are unrecovered, Avista will not pass those costs to the general ratepayer population. Any initial program development and unrecovered ongoing incremental and shared core utility costs, not otherwise recovered through the CNG Service Agreement monthly Scheduled Maintenance Charge, will not passed on to the general ratepayer population.

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