

AVISTA CORPORATION
dba Avista Utilities

WASHINGTON
RULES AND REGULATIONS - continued

5. DEFINITIONS: - continued

5.2 Premises:

The term "premises" as used in the Company's Rules and Regulations shall mean each building, structure, dwelling or residence of the Customer. If the Customer uses several buildings or structures in the operation of a single integrated commercial, industrial, or institution al enterprise, the Company, on request of the Customer, shall consider all such buildings or structures that are in proximity to each other to be the premises, even though intervening ownerships or public thorough fares exist. In such instances, the Customer shall own and be responsible for the installation, operation, and maintenance of all natural gas facilities on the Customer's side of the point of delivery to all structures constituting such premises including the responsibility for obtaining the rights-of-way, permits, governmental licenses or other approvals. Should the Company find that undue hardship could result from such a Customer owning natural gas facilities on the Customer's side of the point of delivery, the Company may, pursuant to a rental arrangement, provide, own, and maintain such facilities which will be comprises of only regular inventory items of the Company. If it becomes necessary for the Company to abandon any of its natural gas facilities due to several buildings or structures becoming the premises, the Customer may be required to pay for the investment in such facilities less net salvage.

5.3 Basis of Rates:

The Company's rates are based upon, and are applicable to, the furnishing of natural gas service to a Customer at a single point of delivery on its premises, through a single meter installation, at a single pressure unless otherwise specifically provided in the rate schedule or contract.

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5.4 Natural Gas Service:

Natural gas service is the availability of natural gas at the point of delivery at the pressure and for the purpose specified in the service agreement, irrespective of whether said natural gas is actually utilized by the Customer. The volume of gas delivered will be measured in cubic feet and converted to therms in accordance with Rule 5.12.

5.5 Point of Delivery:

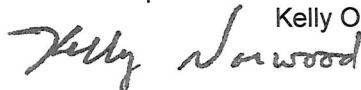
The "point of delivery" shall be the "meter location" defined in Rule 8. Service supplied to the same Customer at other points of delivery or premises, or at a different pressure shall be separately metered and billed as a separate rate application. The Company will not add, totalize, telemeter, or otherwise combine the meter readings

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RULES AND REGULATIONS - continued

6. APPLICATION AND AGREEMENT FOR SERVICE: - continued

An application for service shall be deemed to be a notice that the applicant desires service from the Company as a Customer and represents its agreement to comply with the Company's Rules and Regulations on file with the Commission and in effect at the time service is furnished. In the absence of a signed application or agreement for service, the delivery of natural gas service and the taking thereof by the Customer shall be deemed to constitute an agreement by and between the Company and the Customer for the delivery and acceptance of service under the applicable rate schedule or schedules and said Rules and Regulations.

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The Company will provide to its Customers at time of application for service and thereafter such information relative to its rates, rules and regulations as may from time to time be required by law or Commission rules and regulations.

All service shall be furnished under an agreement for a term of one year, at the option of the Company, or longer when so provided in the applicable rate schedule. When optional rate schedules are available the Customer may not change from one rate schedule to another more frequently than once in any 12-month period.

For service in large volumes or received under unusual circumstances, the Company may require the Customer to execute a special written agreement.

6.1 NEW CUSTOMER TURN-ON CHARGE (AFTER HOURS):

There will be no charge for new customer service turn-ons when customer contacts Company for such service during the hours of 8 a.m. through 4 p.m. Monday through Friday, except holidays. For new customer service turn-ons requested after 4 p.m. or at any time during holidays or weekends, there will be a charge of \$32.

When a new customer receives Company-supplied gas and electric service, a single charge of \$32 will be required for after hours service turn-ons.

7. INSTALLATION OF SERVICE PIPING AND METERS:

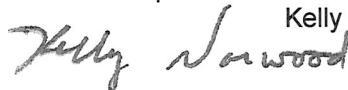
The Company, at its expense, will furnish, install and maintain the service piping to the meter location, and the meter or meters required in accordance with its filed tariff to determine the billing to be made for gas service.

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8.1 SERVICE ENTRANCES AND CONNECTIONS:

"Meter Location" shall be the point at which gas shall be delivered to and received by the applicant, shall be out-of-doors, if practicable, and shall be at a point designated by the Company subject to the applicant's approval, provided that the length of service piping shall not exceed, by more than ten feet, the shortest distance between the Company's distribution main and the building to be served.

The Company, in accordance with Gas Extension Policies, Schedules 151 or 152, will furnish and install the service piping between its main and the meter location.

The Customer shall exercise proper care to protect the Company's property on its premises; and in the event of loss or damage to the Company's property, arising from neglect, carelessness or misuse by the Customer, its employees, servants, or agents, the cost of necessary repairs or replacements shall be paid by the Customer. Should additional protection of Company gas facilities be required, such as protecting the gas meter from vehicular damage, this additional protective equipment shall be paid for or provided by the Customer.

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8.2 SERVICE RELOCATION:

If an existing customer's service line or meter set assembly must be relocated by the Company due to a change in federal, state or local regulations since the time the existing service was installed, the Customer will not be charged for the relocation. Where an existing service line or meter location is found to be in violation of the federal, state or local regulations due to any change made by the Customer, i.e. building construction, the cost of relocation will be paid by the Customer. A charge will not be assessed to the Customer for retired service lines or meters.

If relocation of service pipe or meter is due solely to meet the convenience of the Applicant or Customer, or is made necessary by acts of the Customer which create hazards to the main or meter or make the main or meter inaccessible, such relocation will be performed, by the utility, AT THE EXPENSE OF THE APPLICANT OR CUSTOMER. The Company shall provide the Customer an estimate of such relocation costs before the actual relocation occurs. Any structure built over an existing service line, or above or around a meter, that does not allow the utility ready access to its facilities, or allow the free upward venting of gas, should a leak ever occur, constitutes an unacceptable hazard that will require correction.

8.3 For those residential customers where the Company is installing a new gas service line or replacing an existing service, the Company will notify those customers regarding the availability of an Excess Flow Valve (EFV). An EFV is designed to restrict the flow of natural gas should the service line be severed. The charge to install an EFV shall be \$77.50, which will be billed to the customer, for installation on a new gas service line or a service line that is being replaced. Residential customers with an existing gas service line

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8.3 - continued

who request installation of an excess flow valve will be billed for actual labor and materials costs associated with the installation. The Customer will be responsible for any EFV repair or replacement costs that were not directly caused by the Company or a third-party. Installation of an excess flow valve will be made available only to single-unit residential dwellings.

9. ACCESS TO PREMISES:

The Customer shall grant all necessary permission to enable the Company to install and maintain the service on the premises of the Customer and to carry out its contract. The Company shall have the right through its agents, or other employees, to enter upon the premises of the Customer at all reasonable times for the purpose of installing, reading, inspecting, repairing, or removing the metering devices and properties of the Company. In the event the Customer is not the owner of the premises occupied, the Customer shall obtain such permission from the owner as the Company may require.

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10. REFUSAL OF SERVICE:

A. The Company may refuse to connect an applicant for service or may refuse to render additional service to a customer when such service will adversely affect service being rendered to other customers, or where the applicant or customer has not complied with state, county, or municipal codes or regulations concerning the rendition of such service.

B. The Company may refuse to serve an applicant or a customer if, in its judgment, said applicant's or customer's installation of piping or gas-burning equipment is hazardous.

C. The installation of proper protective devices on the applicant's or customer's premises, at its expense, may be required whenever the utility deems such installation necessary to protect its property or that of its customers.

D. The Company may not be required to provide service if, to do so, it would be economically unfeasible, or is not in accordance with Company line extension policies.

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Nothing in these rules shall be construed as placing upon the Company any responsibility for the condition or maintenance of the Customer's piping, current consuming devices or other equipment, and the Company shall not be held liable for any loss or damage resulting from defects in the Customer's installation and shall not be held liable for damage to persons or property arising from the use of the service on the premises of the Customer.

11. INCREASED USE:

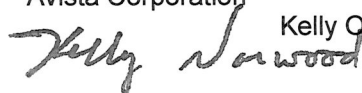
In order to prevent damage to the Company's equipment and impairment of its service, the Customer shall give the Company notice before making any

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11. INCREASED USE: - continued
additions to its connected load so that the Company, at its option, may provide such facilities as may be necessary for furnishing the increased service.

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12. PAYMENTS:


- A. One bill will be rendered, for each monthly billing period, listing charges for electric, gas, water service or other charges, to a Customer receiving one or more of such services from the Company at one premises.
- B. Monthly bills for services rendered and other charges are due and payable in full within 15 days from their date and if not so paid shall be in default. A customer may request an extension of the payment date, in writing, to adjust billing cycle to parallel receipt of income.
- C. In the event the Customer tenders a payment of less than the full amount of the monthly bill for services and/or other charges, the Company, unless otherwise directed by the Customer when payment is made, will apply said payment pro rata first to the charges in default and the remainder, if any, to the current monthly charges.
- D. Checks remitted by Customers in payment of bills are accepted conditionally. A charge of \$15.00 will be assessed the Customer for handling checks upon which payment has been refused by the bank.

13. ESTABLISHMENT OF CREDIT/DEPOSITS:

- A. Establishment of credit.
 - (1) Residential. An applicant may establish credit by demonstrating to the Company any one of the following factors. However a deposit may still be requested under the criteria outlined in subsection B (1) below.
 - (a) Prior service with the Company during the next previous 12 months for at least six consecutive months during which service was rendered and was not disconnected for failure to pay, and no more than one delinquency notice was served upon the Customer.
 - (b) Prior service with a utility of the same type as that of which service is sought with a satisfactory payment record as demonstrated in (a) above, provided that the reference may be quickly and easily checked, and the necessary information is provided.
 - (c) Consecutive employment during the entire 12 months next previous to the application for service, with no more than two employers, and the applicant is currently employed or has a stable source of income.
 - (d) Applicant owns or is purchasing the premises to be served.

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14. DISCONTINUANCE OF SERVICE:

A. By Customer/Notice

A Customer shall be required to give notice to the Company of its intentions to discontinue service.

B. Grounds for Termination by Company

The Company reserves the right to discontinue service for any of the following reasons:

- (1) For nonpayment of delinquent bills for gas service, or for nonpayment of any other proper charges, or installments, including deposit.
- (2) For the use of gas for any property or purpose other than that described in the application for service.
- (3) Under the flat rate service, for addition to such property or fixtures, or increase in the use to be made of gas supply without notice to the Company.
- (4) For willful waste of gas through improper or imperfect pipes, fixtures, or otherwise.
- (5) For failure to maintain in good order, connections, service pipes, or fixtures owned by the Customer.
- (6) For tampering with any service pipe, meter, stop-cock, or seal, or any other appliances of the Company.
- (7) In case of vacation of premises by the Customer.
- (8) For refusal of reasonable access to property to the owner or employee of the Company for the purpose of inspecting the facilities, or for testing, reading, maintaining or removing meters.
- (9) For fraudulent use of service. Whenever a fraudulent obtaining or use of service is detected, the Company may discontinue service without notice, unless the Customer makes immediate payment for the estimated amount of service that was fraudulently taken and all costs resulting from such fraudulent use. If a second offense as to fraudulent obtaining or use is detected, the Company may refuse to reestablish service subject to appeal to the Commission.
- (10) For violation of rules.
- (11) For payment of a delinquent balance with a check that is dishonored by a bank or other financial institution. If the customer pays with a dishonored check after the Company has issued appropriate notice, pursuant to subsection 13C, no further notice is required

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