

AVISTA CORPORATION
d/b/a Avista Utilities

SCHEDULE 87

VOLUNTARY SOLAR SELECT PROGRAM

PURPOSE & OBJECTIVES

This Schedule outlines the parameters of the Company's voluntary Solar Select Program. The objectives of the program are to (1) offer a voluntary option to purchase qualified alternative energy resources consistent with RCW 19.29A.090, (2) enable greater adoption of zero carbon dioxide resources, and (3) provide clean energy to commercial Customers at long term contracted rates.

AVAILABLE:

The Solar Select Program is available on a first-come first-serve voluntary basis to electric Customers taking service under Schedules 21, 25, or 31. The aggregate subscription under this Schedule will be limited to approximately 28 MW (DC), consisting of eight separately metered projects for a total of approximately 48,500 MWh annually.

APPLICABLE:

The Solar Select Program is applicable to all Customers receiving electric service under Schedules 21, 25, or 31 who contract with Avista to receive all or a portion of their electric service requirements from the renewable Solar Resource described within this Schedule.

ELIGIBILITY:

Customers on Schedules 21, 25, or 31 are eligible to participate in the Solar Select Program. In order to participate Customers must subscribe for a portion of their average load of the meters located at each service address they designate to receive service under Schedule 87, sign a Solar Select Program Service Agreement, and meet all necessary credit requirements determined by the Company.

DEFINITIONS

Enrollment Period means the time period in which a Customer may show interest in participating in the Solar Select Program and sign a Solar Select Program Service Agreement.

Renewable Energy is energy defined in RCW 19.29A.090, which means the electricity or thermal energy produced from generation facilities that are fueled by: (a) wind; (b) solar energy; (c) geothermal energy; (d) landfill gas; (e) wave or tidal action; (f) gas produced during the treatment of wastewater; (g) qualified hydropower; or (h) biomass energy based on animal waste or solid or liquid organic fuels from wood, forest, or field residues, or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic.

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Renewable Energy Certificates or RECs represent the environmental attributes associated with one megawatt-hour of renewable energy generated and delivered to the power grid.

Renewable Generation Incentive – Incentives available to Customers as allowed by WAC 458-20-273 (Renewable energy system cost recovery) and as determined by the Washington State University extension energy program (Program Administrator) under the provisions of RCW 82.16. See Avista tariff Schedule 97 for available incentives.

Solar Resource is a resource the Company has executed a Power Purchase Agreement (PPA) with an independent solar developer to develop who will own, operate, and maintain the solar facility, and whose Renewable Energy generation will be used to fulfill the subscriptions of the Solar Select Program.

Solar Resource Credit is a credit that Customers will receive for the energy-related power supply portion of their existing rate schedule for the load they subscribe to under the Program.

Solar Resource Rate means the rate that Customers will pay for the renewable energy subscribed to under Schedule 87, as specified in detail later in this Schedule. The Solar Resource Rate will be paid in addition to the charges under the Customer's existing electric service schedule(s).

Solar Select Program Service Agreement is an Avista document stating the terms and conditions of participation in the Solar Select Program, including but not limited to the length of the contract term, meters located at each service address they designate to participate in the Program, and effect of termination.

WREGIS means the Western Regional Energy Generation Information System, which is an independent, Renewable Energy tracking system for the region covered by the Western Electricity Coordinating Council.

ENROLLMENT

Customers who would like to participate in the Solar Select Program must execute a Solar Select Program Service Agreement once the Enrollment Period has been initiated. The Enrollment Period will begin following the approval of the Company's tariff Schedule 87 with the Washington Utilities and Transportation Commission, and will end when the Solar Select Program is fully subscribed. At the time of enrollment Customers will indicate the amount of energy they would like to purchase under the Solar Select Program.

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CONTRACT TERM

The contract term for participation in the Solar Select Program will be eight years. The expected delivery date of Renewable Energy from the Solar Resource is expected to begin on December 15, 2018, but is dependent on the actual construction of the Solar Resource.

SOLAR RESOURCE RATE

The Solar Resource Rate is \$0.5291 per kWh.

SOLAR RESOURCE CREDIT

The Solar Resource Credit is \$0.02982 per kWh for Schedule 21, \$0.02707 per kWh for Schedule 25, and \$0.02664 per kWh for Schedule 31. The Solar Resource Credit is based on the Company's embedded cost of energy included for each individual rate schedule.

RENEWABLE GENERATION INCENTIVE

Participating Customers will receive a Renewable Generation Incentive of \$0.0231 per kWh for Schedule 21, \$0.02584 per kWh for Schedule 25, and \$0.02627 per kWh for Schedule 31, for all kWh purchased from the Solar Resource. The incentive will be provided on a monthly basis, in the form of a bill credit. The impact of the incentive results in a net cost of \$0.00 for Customers to participate in the Solar Select Program.

BILLING

Based on the amount of energy Customers contract to purchase through the Solar Select Program, as specified in their Solar Select Program Service Agreement, Customers will be billed for their share of the actual production of the Solar Resource, in addition to all other charges under the existing rate schedule(s) to which their account(s) is assigned. Each Customer's share of the output from the Solar Resource will be determined by dividing their contracted amount of energy under the Solar Select Program by the expected output of the Solar Resource.

The Customer's monthly bill will show two new line items, one for the Solar Resource Rate and the other for the Solar Resource Credit. In addition, Customers will receive their Renewable Generation Incentive as a bill credit each month.

RENEWABLE ENERGY CREDITS

Avista will acquire the RECs that are created from the Renewable Energy produced by the Solar Resource and retire them on the participating Customers' behalf in the Western Renewable Energy Generation Information System (WREGIS) unless other terms are agreed upon between the Customer and the Company.

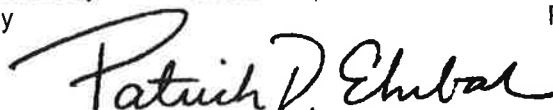
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TERMINATION

Customers may elect to terminate service under this Schedule and their Solar Select Service Agreement with 60 days' written notice to the Company. Customers who choose to discontinue their service under this Schedule will be charged for the net cost of the remaining solar energy that was to be delivered to the Customer under the remaining term contracted for of their Solar Select Program Service Agreement. The early exit fee will be calculated by taking the present value of the remaining forecasted energy obligation of the Customer's Solar Select Service Agreement, multiplied by the Solar Resource Charge minus the Solar Resource Credit.

To avoid an early termination fee the Customer may assign this Agreement to another eligible Avista utility Customer as long as such assignment is made in compliance with all terms and conditions of the Solar Select Program Service Agreement and requirements of the Solar Select Program.

As a condition of any such assignment, the Customer and the proposed assignee shall provide Avista with all requested documentation and information related to the assignment, including, but not limited to, the new Customer's name, address, email address, phone number, and utility account number.

Upon receipt of such documents and information, Avista will prepare an agreement for execution by the new Customer, except that the new term shall be only the remaining term the original Customer selected. Upon execution of such new agreement, the agreement with the original Customer will terminate with no penalty for early termination. The Customer acknowledges and agrees that Avista has no obligation to assist in identifying or qualifying any potential new customer to whom they wish to assign this Agreement to, and early termination fees will apply in the event Customer is unable to assign the Agreement.

RELOCATION WITHIN SERVICE TERRITORY

Customer agrees that if the utility service location changes to a new location within Avista's Washington service territory, Customer will take all necessary steps and provide all information and documentation required by Avista to substitute the new service location.

SPECIAL TERMS AND CONDITIONS

Customer authorizes Company to run a credit report on Customer and/or request audited financial statements for the purpose of determining the Customer's creditworthiness for participation in the Solar Select Program.

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

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