



Kendrick C. Fentress
Associate General Counsel

Mailing Address:
NCRH 20 / P.O. Box 1551
Raleigh, NC 27602

o: 919.546.6733
f: 919.546.2694

Kendrick.Fentress@duke-energy.com

February 2, 2016

VIA ELECTRONIC FILING

Ms. Gail L. Mount
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**Re: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC
Compliance Filing
Docket No. E-100, Sub 140**

Dear Ms. Mount:

In its *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, issued on December 17, 2015 in the aforementioned docket (“Order”), the Commission directed Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) to file new versions of their rate schedules and standard contracts in compliance with the Order within 30 days after the date of the Order. Under the Order, the rate schedules and standard contracts become effective 15 days after filing unless specific objections as to the accuracy of the calculations and conformity to the Order are filed within that 15-day period. By order issued January 15, 2016, the Commission allowed an extension of the 30 days, until February 2, to file the new rate schedules and standard contracts.

In compliance with the Order, DEC and DEP submit their revised rate schedules (Attachments 1 and 2) and Standard Contracts and Terms and Conditions (Attachments 3 and 4), both black-lined and clean, to become effective February 17, 2016.

In the Order, the Commission also directed the utilities to place the revised “LEO Form” on their websites. The Commission further directed the utilities to include on their

OFFICIAL COPY

Feb 02 2016

websites information on establishing a LEO and which departments must be contacted to negotiate interconnection agreements and Purchase Power Agreements, as well as additional language regarding interconnection requests. (Order at 52). DEC and DEP have filed the "LEO Form" with the Commission as directed by the Order and have nearly completed all of the required website updates described above, but have encountered a technical delay in finalizing the inclusion of the LEO Form on their websites. DEC and DEP intend to file information on the required updates to their websites with the Commission by no later than February 10, 2016.

Please do not hesitate to contact me if you have any questions.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Kendrick C. Fentress". The signature is fluid and cursive, with the first name being the most prominent.

Kendrick C. Fentress

Enclosure

cc: Parties of Record

Attachment 1

Duke Energy Carolinas, LLC

Revised Rate Schedules

Clean and Black-lined

SCHEDULE PP (NC)
PURCHASED POWER

OFFICIAL COPY

Feb 02 2016

AVAILABILITY (North Carolina only)

Upon Seller's completion and Company's acceptance of a Purchase Power Agreement, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54 and 18 C.F.R. §§ 292.203, 292.204, and 292.205. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. This Schedule is not available to a Qualifying Facility owned by a Customer or affiliate or partner of a Customer, who sells power to the Company from another Qualifying Facility of the same energy resource located within one-half mile, as measured from the electrical generating equipment, unless the combined capacity is equal to or less than five (5) megawatts.

Service necessary for the delivery of power from the Seller's generating facilities into Company's system shall be furnished solely to the individual contracting Seller in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to Company's purchase of energy or energy and capacity from the Customer's generating facilities up to the Contract Capacity specified in the Purchase Power Agreement which may be operated in parallel with Company's system. Power delivered to Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of Company. If Seller requires supplemental, back-up, or standby services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

All qualifying facilities have the option to sell energy to the Company on an "as available" basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy. The Variable Energy Credit shall constitute the "as available" avoided cost credit for Non-Eligible Qualifying Facilities. The Fixed Long Term Credit rates on this schedule are available only to otherwise eligible Sellers that establish a Legally Enforceable Obligation on or before the filing date of proposed rates in the next biennial avoided cost proceeding, provided eligible Seller begins delivery of power no later than thirty (30) months from the date of the order approving avoided cost rates in Docket No. E-100, Sub 140, but may be extended beyond 30 months if construction is nearly complete and Seller demonstrates that it is making a good faith effort to complete its project in a timely manner.

Sellers not qualifying for the Fixed Long Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission in that proceeding.

QUALIFYING FACILITIES ELIGIBLE FOR CAPACITY AND/OR ENERGY CREDITS

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or a generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of five (5) megawatts or less, based on the nameplate rating of the generator or other non-hydroelectric generating facilities contracting to sell generating capacity and energy not in excess of three (3) megawatts, which are interconnected directly with the Company's system and which are Qualifying Facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution facilities in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41, or to those Eligible Qualifying Facilities who were selling electricity to Company and receiving Capacity Credits under an existing Purchase Power Agreement on April 1, 2005. The availability of Fixed Long-Term and Variable Capacity Credits is subject to the following conditions:

The 5-Year, 10-Year, and 15-Year Fixed Long-Term and Variable Capacity Credits below are available to hydroelectric qualifying facilities owned or operated by small power producers as defined in G.S. 62-3(27a), non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Eligible Qualifying Facilities with Contract Capacities of five (5) megawatts or less. Other Eligible Qualifying Facilities with Contract Capacities of three (3) megawatts or less are eligible for 5-Year Fixed Long-Term and Variable Capacity Credits below.

Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term.

TYPE OF SERVICE

Company will furnish 60 Hertz service through one metering point, at one delivery point, at one of the following approximate voltages, where available, upon mutual agreement:

Single-phase, 120/240 volts; or

North Carolina Fifth (Proposed) Revised Leaf No. 90
Effective NCUC Docket No. E-100, Sub 140
Order dated

SCHEDULE PP (NC)
PURCHASED POWER

3-phase, 3-wire, 240, 480, 4160, 12470, or 24940 volts, or
3-phase voltages other than the foregoing may be available, but only at the Company's option, and provided that the size of the Customer's contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company's specifications

The type of service under this Schedule shall be determined by the Company. Prospective customers shall ascertain the available voltage by written inquiry of the Company before purchasing equipment.

RATE

The Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company at the Credits set forth below as applicable. Such payments shall be reduced by both the Administrative Charge and any applicable Interconnection Facilities Charge. The Seller may elect to receive payments under either Option A or Option B based upon the Seller's preference for on-peak time-of-use hours.

Energy and Capacity Credits

Eligible Qualifying Facilities eligible for Company's Fixed Long-Term and/or Variable Energy and Capacity Credits shall be paid based upon the Seller's interconnection with Company's distribution or transmission system for all energy delivered to Company's system as registered or computed from Company's metering facilities. The Energy and Capacity Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Agreement.

Option A

Administrative Charge

\$19.91 per month

Interconnection Facilities Charge

The Interconnection Charge for each customer is set forth in the Agreement as outlined in the Terms and Conditions; however, the \$25.00 minimum will not apply if the charge is for a meter only.

Interconnected to Distribution System:

	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
			<u>10 Years (a)</u>	<u>15 Years (a)</u>
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	3.25¢	3.37¢	3.55¢	3.73¢
ii. for all other hydroelectric and all non-hydroelectric facilities	1.95¢	2.02¢	2.13¢	2.24¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	1.63¢	1.68¢	1.78¢	1.86¢
ii. for all other hydroelectric and all non-hydroelectric facilities	0.98¢	1.01¢	1.07¢	1.12¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.05¢	4.31¢	4.87¢	5.28¢
b. All Off-Peak Energy per Month per kWh:	3.07¢	3.17¢	3.79¢	4.20¢

Interconnected to Transmission System:

	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
			<u>10 Years (a)</u>	<u>15 Years (a)</u>
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	3.18¢	3.29¢	3.47¢	3.64¢
ii. for all other hydroelectric and all non-hydroelectric facilities	1.91¢	1.97¢	2.08¢	2.18¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	1.59¢	1.64¢	1.73¢	1.82¢
ii. for all other hydroelectric and all non-hydroelectric facilities	0.95¢	0.99¢	1.04¢	1.09¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	3.95¢	4.21¢	4.76¢	5.16¢
b. All Off-Peak Energy per Month per kWh:	3.01¢	3.10¢	3.71¢	4.11¢

SCHEDULE PP (NC)
PURCHASED POWEROption B

Administrative Charge

\$ 19.91 per month

Interconnection Charge

The Interconnection Facilities Charge for each customer is set forth in the Agreement as outlined in the Terms and Conditions; however, the \$25.00 minimum will not apply if the charge is for a meter only.

Interconnected to Distribution System:

	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
			<u>10 Years (a)</u>	<u>15 Years (a)</u>
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	9.94¢	10.29¢	10.85¢	11.38¢
ii. for all other hydroelectric and all non-hydroelectric facilities	5.96¢	6.17¢	6.51¢	6.83¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	3.85¢	3.98¢	4.20¢	4.40¢
ii. for all other hydroelectric and all non-hydroelectric facilities	2.31¢	2.39¢	2.52¢	2.64¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.24¢	4.46¢	5.04¢	5.47¢
b. All Off-Peak Energy per Month per kWh:	3.34¢	3.49¢	4.09¢	4.50¢

Interconnected to Transmission System:

	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
			<u>10 Years (a)</u>	<u>15 Years (a)</u>
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	9.71¢	10.05¢	10.60¢	11.11¢
ii. for all other hydroelectric and all nonhydroelectric facilities	5.82¢	6.03¢	6.36¢	6.67¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	3.76¢	3.89¢	4.10¢	4.30¢
ii. for all other hydroelectric and all nonhydroelectric facilities	2.25¢	2.33¢	2.46¢	2.58¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.14¢	4.35¢	4.92¢	5.34¢
b. All Off-Peak Energy per Month per kWh:	3.26¢	3.42¢	4.00¢	4.41¢

RENEWABLE ENERGY CREDITS

Unless otherwise specified in the Company's agreements with the Seller, the sale of power under this schedule does not convey to the Company the right to renewable energy credits (RECs) or green tags associated with the energy delivered.

DEFINITION OF MONTH FOR BILLING PURPOSES

For Option A Rates, the On-Peak Months shall be the billing Months of June through September and December through March. The Off-Peak Months shall be the billing Months of April, May, October and November.

For Option B Rates, the Summer Months are the period from June 1 through September 30. The Non-Summer Months are the period from October 1 through May 31.

DETERMINATION OF ON-PEAK AND OFF-PEAK ENERGY

On-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during On-Peak Period Hours. Off-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during the Off-Peak Period Hours.

For Option A Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 7 A.M. and ending at 11 P.M. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours.

**SCHEDULE PP (NC)
PURCHASED POWER**

For Option B Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 1 P.M. and ending at 9 P.M. during Summer Months, and beginning at 6 A.M. and ending at 1 P.M. during Non-Summer Months. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours. All hours for the following holidays shall be considered as Off-Peak: New Year's Day, Memorial Day, Good Friday, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, and Christmas Day.

INTERCONNECTION FACILITIES CHARGE

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. Interconnection of Customer's generation to Company's system shall be in accordance with the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generation Interconnections.

POWER FACTOR CORRECTION

Unless the Seller is required by an Operating Agreement to adjust VAR production to support voltage control, when the Seller consumes VARs supplied by the Company or the Seller delivers VARs to Company, the Company may reduce the purchased energy measured in kilowatt-hours for that month by multiplying by the Average Consumed Power Factor. The Average Consumed Power Factor shall be the calculated on a monthly basis as the average kWh divided the average kVAh, where average kVAh shall be the square root of the sum of the average kWh squared plus the average consumed and delivered kVARh squared. Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of Company. If a Seller without an Operating Agreement is requested by the Company to operate pursuant to a voltage schedule by providing or absorbing VARS, the Seller shall be compensated in the same manner as sellers with Operating Agreements.

CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Purchase Power Agreement between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility.

RATE UPDATES

The Credits and Administrative Charge under this Schedule will be updated every two years. Sellers who have contracted for the Fixed Long-Term Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Rate provisions of this schedule, such credits shall be updated and changed in accordance with the Commission's revisions to such credits in the Company's biennial avoided cost proceedings.

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with the Variable or Long-Term rates selected by Seller in Company's Schedule PP and the Terms and Conditions for the Purchase of Electric Power. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of the Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part of the Agreement as though fully written herein, and shall nullify any prior provision in conflict therewith. Any change to the Rate Schedule or Terms and Conditions shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges, and all non-rate provisions.

PAYMENTS

Credit billings to the Seller shall be payable to the Seller within fifteen (15) days of the date of the bill.

Bills under this Schedule are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one percent (1%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD

Each Seller shall enter into a Purchase Power Agreement which shall specify the Contract Capacity committed for delivery throughout the term of the contract and shall specify the initial term and associated rate.

Duke Energy Carolinas, LLC

Electricity No. 4
North Carolina Fifth (Proposed) Revised Leaf No. 90
Superseding North Carolina Twelfth Revised Leaves No. 91 and 92

**SCHEDULE PP (NC)
PURCHASED POWER**

AVAILABILITY (North Carolina only)

Upon Seller's completion and Company's acceptance of a Purchase Power Agreement, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54 and 18 C.F.R. §§ 292.203, 292.204, and 292.205. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. This Schedule is not available to a Qualifying Facility owned by a Customer or affiliate or partner of a Customer, who sells power to the Company from another Qualifying Facility of the same energy resource located within one-half mile, as measured from the electrical generating equipment, unless the combined capacity is equal to or less than five (5) megawatts.

Service necessary for the delivery of power from the Seller's generating facilities into Company's system shall be furnished solely to the individual contracting Seller in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to Company's purchase of energy or energy and capacity from the Customer's generating facilities up to the Contract Capacity specified in the Purchase Power Agreement which may be operated in parallel with Company's system. Power delivered to Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of Company. If Seller requires supplemental, back-up, or standby services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

All qualifying facilities have the option to sell energy to the Company on an "as available" basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy. The Variable Energy Credit shall constitute the "as available" avoided cost credit for Non-Eligible Qualifying Facilities. The Fixed Long Term Credit rates on this schedule are available only to otherwise eligible Sellers that establish a Legally Enforceable Obligation on or before the filing date of proposed rates in the next biennial avoided cost proceeding, provided eligible Seller begins delivery of power no later than thirty (30) months from the date of the order approving avoided cost rates in Docket No. E-100, Sub 140, but may be extended beyond 30 months if construction is nearly complete and Seller demonstrates that it is making a good faith effort to complete its project in a timely manner.

Sellers not qualifying for the Fixed Long Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission in that proceeding.

QUALIFYING FACILITIES ELIGIBLE FOR CAPACITY AND/OR ENERGY CREDITS

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or a generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of five (5) megawatts or less, based on the nameplate rating of the generator or other non-hydroelectric generating facilities contracting to sell generating capacity and energy not in excess of three (3) megawatts, which are interconnected directly with the Company's system and which are Qualifying Facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution facilities in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41, or to those Eligible Qualifying Facilities who were selling electricity to Company and receiving Capacity Credits under an existing Purchase Power Agreement on April 1, 2005. The availability of Fixed Long-Term and Variable Capacity Credits is subject to the following conditions:

The 5-Year, 10-Year, and 15-Year Fixed Long-Term and Variable Capacity Credits below are available to hydroelectric qualifying facilities owned or operated by small power producers as defined in G.S. 62-3(27a), non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Eligible Qualifying Facilities with Contract Capacities of five (5) megawatts or less. Other Eligible Qualifying Facilities with Contract Capacities of three (3) megawatts or less are eligible for 5-Year Fixed Long-Term and Variable Capacity Credits below.

Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term.

TYPE OF SERVICE

Company will furnish 60 Hertz service through one metering point, at one delivery point, at one of the following approximate voltages, where available, upon mutual agreement:

Single-phase, 120/240 volts; or

North Carolina Fifth (Proposed) Revised Leaf No. 90
Effective NCUC Docket No. E-100, Sub 140
Order dated

SCHEDULE PP (NC)
PURCHASED POWER

3-phase, 3-wire, 240, 480, 4160, 12470, or 24940 volts, or
3-phase voltages other than the foregoing may be available, but only at the Company's option, and provided that the size of the Customer's contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company's specifications

The type of service under this Schedule shall be determined by the Company. Prospective customers shall ascertain the available voltage by written inquiry of the Company before purchasing equipment.

RATE

The Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company at the Credits set forth below as applicable. Such payments shall be reduced by both the Administrative Charge and any applicable Interconnection Facilities Charge. The Seller may elect to receive payments under either Option A or Option B based upon the Seller's preference for on-peak time-of-use hours.

Energy and Capacity Credits

Eligible Qualifying Facilities eligible for Company's Fixed Long-Term and/or Variable Energy and Capacity Credits shall be paid based upon the Seller's interconnection with Company's distribution or transmission system for all energy delivered to Company's system as registered or computed from Company's metering facilities. The Energy and Capacity Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Agreement.

Option A

Administrative Charge \$19.91 per month

Interconnection Facilities Charge

The Interconnection Charge for each customer is set forth in the Agreement as outlined in the Terms and Conditions; however, the \$25.00 minimum will not apply if the charge is for a meter only.

Interconnected to Distribution System:

	Variable Rate	5 Years	Fixed Long-Term Rate (a)	
			10 Years (a)	15 Years (a)
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	3.25¢	3.37¢	3.55¢	3.73¢
ii. for all other hydroelectric and all non-hydroelectric facilities	1.95¢	2.02¢	2.13¢	2.24¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	1.63¢	1.68¢	1.78¢	1.86¢
ii. for all other hydroelectric and all non-hydroelectric facilities	0.98¢	1.01¢	1.07¢	1.12¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.05¢	4.31¢	4.87¢	5.28¢
b. All Off-Peak Energy per Month per kWh:	3.07¢	3.17¢	3.79¢	4.20¢

Interconnected to Transmission System:

	Variable Rate	5 Years	Fixed Long-Term Rate (a)	
			10 Years (a)	15 Years (a)
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	3.18¢	3.29¢	3.47¢	3.64¢
ii. for all other hydroelectric and all non-hydroelectric facilities	1.91¢	1.97¢	2.08¢	2.18¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	1.59¢	1.64¢	1.73¢	1.82¢
ii. for all other hydroelectric and all non-hydroelectric facilities	0.95¢	0.99¢	1.04¢	1.09¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	3.95¢	4.21¢	4.76¢	5.16¢
b. All Off-Peak Energy per Month per kWh:	3.01¢	3.10¢	3.71¢	4.11¢

Deleted: 3.18

Deleted: 3.29

Deleted: 3.47

Deleted: 3.64

Deleted: 1.91

Deleted: 1.97

Deleted: 2.08

Deleted: 2.18

Deleted: 1.59

Deleted: 1.64

Deleted: 1.73

Deleted: 1.82

Deleted: 0.95

Deleted: 0.99

Deleted: 1.04

Deleted: 1.09

Deleted: 3.86

Deleted: 3.97

Deleted: 4.20

Deleted: 4.54

Deleted: 3.09

Deleted: 3.18

Deleted: 3.47

Deleted: 3.69

Deleted: 3.10

Deleted: 3.21

Deleted: 3.39

Deleted: 3.55

Deleted: 1.86

Deleted: 1.93

Deleted: 2.03

Deleted: 2.13

Deleted: 1.55

Deleted: 1.61

Deleted: 1.69

Deleted: 1.78

Deleted: 0.93

Deleted: 0.96

Deleted: 1.02

Deleted: 1.07

Deleted: 3.77

Deleted: 3.88

Deleted: 4.11

Deleted: 4.44

Deleted: 3.03

Deleted: 3.11

Deleted: 3.40

Deleted: 3.61

SCHEDULE PP (NC)
PURCHASED POWEROption BAdministrative Charge \$ 19.91 per monthInterconnection ChargeThe Interconnection Facilities Charge for each customer is set forth in the Agreement as outlined in the Terms and Conditions; however, the \$25.00 minimum will not apply if the charge is for a meter only.

Interconnected to Distribution System:

	Variable Rate	5 Years	Fixed Long-Term Rate (a)	
			10 Years (a)	15 Years (a)
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	<u>9.94¢</u>	<u>10.29¢</u>	<u>10.85¢</u>	<u>11.38¢</u>
ii. for all other hydroelectric and all non-hydroelectric facilities	<u>5.96¢</u>	<u>6.17¢</u>	<u>6.51¢</u>	<u>6.83¢</u>
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	<u>3.85¢</u>	<u>3.98¢</u>	<u>4.20¢</u>	<u>4.40¢</u>
ii. for all other hydroelectric and all non-hydroelectric facilities	<u>2.31¢</u>	<u>2.39¢</u>	<u>2.52¢</u>	<u>2.64¢</u>
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	<u>4.24¢</u>	<u>4.46¢</u>	<u>5.04¢</u>	<u>5.47¢</u>
b. All Off-Peak Energy per Month per kWh:	<u>3.34¢</u>	<u>3.49¢</u>	<u>4.09¢</u>	<u>4.50¢</u>

Interconnected to Transmission System:

	Variable Rate	5 Years	Fixed Long-Term Rate (a)	
			10 Years (a)	15 Years (a)
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	<u>9.71¢</u>	<u>10.05¢</u>	<u>10.60¢</u>	<u>11.11¢</u>
ii. for all other hydroelectric and all nonhydroelectric facilities	<u>5.82¢</u>	<u>6.03¢</u>	<u>6.36¢</u>	<u>6.67¢</u>
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	<u>3.76¢</u>	<u>3.89¢</u>	<u>4.10¢</u>	<u>4.30¢</u>
ii. for all other hydroelectric and all nonhydroelectric facilities	<u>2.25¢</u>	<u>2.33¢</u>	<u>2.46¢</u>	<u>2.58¢</u>
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	<u>4.14¢</u>	<u>4.35¢</u>	<u>4.92¢</u>	<u>5.34¢</u>
b. All Off-Peak Energy per Month per kWh:	<u>3.26¢</u>	<u>3.42¢</u>	<u>4.00¢</u>	<u>4.41¢</u>

RENEWABLE ENERGY CREDITS

Unless otherwise specified in the Company's agreements with the Seller, the sale of power under this schedule does not convey to the Company the right to renewable energy credits (RECs) or green tags associated with the energy delivered.

DEFINITION OF MONTH FOR BILLING PURPOSES

For Option A Rates, the On-Peak Months shall be the billing Months of June through September and December through March. The Off-Peak Months shall be the billing Months of April, May, October and November.

For Option B Rates, the Summer Months are the period from June 1 through September 30. The Non-Summer Months are the period from October 1 through May 31.

DETERMINATION OF ON-PEAK AND OFF-PEAK ENERGY

On-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during On-Peak Period Hours. Off-Peak Energy shall be energy, in kilowatt-hours, which is supplied to the Company during the Off-Peak Period Hours.

For Option A Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 7 A.M. and ending at 11 P.M. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours.

Deleted: 9.99

Deleted: 10.35

Deleted: 10.91...0.85

Deleted: 11.44

Deleted: 6.00

Deleted: 6.21

Deleted: 6.55

Deleted: 6.87

Deleted: 3.65

Deleted: 3.78

Deleted: 3.98

Deleted: 4.18

Deleted: 2.19

Deleted: 2.27

Deleted: 2.39

Deleted: 2.51

Deleted: 3.87

Deleted: 3.96

Deleted: 4.24

Deleted: 4.58

Deleted: 3.33

Deleted: 3.44

Deleted: 3.70

Deleted: 3.96

Deleted: 9.76

Deleted: 10.11

Deleted: 10.66

Deleted: 11.18

Deleted: 5.86

Deleted: 6.06

Deleted: 6.39...36

Deleted: 6.71

Deleted: 3.56

Deleted: 3.69

Deleted: 3.89

Deleted: 4.08

Deleted: 2.14

Deleted: 2.21

Deleted: 2.33

Deleted: 2.45

Deleted: 3.78

Deleted: 3.87

Deleted: 4.14

Deleted: 4.48

Deleted: 3.26

Deleted: 3.37

Deleted: 3.62

Deleted: 3.87

Duke Energy Carolinas, LLC

Electricity No. 4
North Carolina Fifth (Proposed) Revised Leaf No. 90
Superseding North Carolina Twelfth Revised Leaves No. 91 and 92

SCHEDULE PP (NC)
PURCHASED POWER

For Option B Rates, the On-Peak Period Hours shall be those hours, Monday through Friday, beginning at 1 P.M. and ending at 9 P.M. during Summer Months, and beginning at 6 A.M. and ending at 1 P.M. during Non-Summer Months. The Off-Peak Period Hours shall be all other weekday hours and all Saturday and Sunday hours. All hours for the following holidays shall be considered as Off-Peak: New Year's Day, Memorial Day, Good Friday, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, and Christmas Day.

INTERCONNECTION FACILITIES CHARGE

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. Interconnection of Customer's generation to Company's system shall be in accordance with the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generation Interconnections.

POWER FACTOR CORRECTION

Unless the Seller is required by an Operating Agreement to adjust VAR production to support voltage control, when the Seller consumes VARs supplied by the Company or the Seller delivers VARs to Company, the Company may reduce the purchased energy measured in kilowatt-hours for that month by multiplying by the Average Consumed Power Factor. The Average Consumed Power Factor shall be the calculated on a monthly basis as the average kWh divided the average kVAh, where average kVAh shall be the square root of the sum of the average kWh squared plus the average consumed and delivered kVARh squared. Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of Company. If a Seller without an Operating Agreement is requested by the Company to operate pursuant to a voltage schedule by providing or absorbing VARS, the Seller shall be compensated in the same manner as sellers with Operating Agreements.

CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Purchase Power Agreement between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility.

RATE UPDATES

The Credits and Administrative Charge under this Schedule will be updated every two years. Sellers who have contracted for the Fixed Long-Term Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Rate provisions of this schedule, such credits shall be updated and changed in accordance with the Commission's revisions to such credits in the Company's biennial avoided cost proceedings.

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with the Variable or Long-Term rates selected by Seller in Company's Schedule PP and the Terms and Conditions for the Purchase of Electric Power. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of the Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part of the Agreement as though fully written herein, and shall nullify any prior provision in conflict therewith. Any change to the Rate Schedule or Terms and Conditions shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges, and all non-rate provisions.

PAYMENTS

Credit billings to the Seller shall be payable to the Seller within fifteen (15) days of the date of the bill.

Bills under this Schedule are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one percent (1%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD

Each Seller shall enter into a Purchase Power Agreement which shall specify the Contract Capacity committed for delivery throughout the term of the contract and shall specify the initial term and associated rate.

Attachment 2

Duke Energy Progress, LLC

Revised Rate Schedules

Clean and Black-lined

PURCHASED POWER SCHEDULE PP-1

AVAILABILITY

Upon Seller's completion and Company's acceptance of a Purchase Power Agreement, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54 and 18 C.F.R. §§ 292.203, 292.204, and 292.205. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. This Schedule is not available to a Qualifying Facility owned by a Seller or affiliate or partner of a Seller, who sells power to the Company from another Qualifying Facility of the same energy resource located within one-half mile, as measured from the electrical generating equipment, unless the combined capacity is equal to or less than five (5) megawatts.

Service necessary for the delivery of power from the Seller's generating facilities into Company's system shall be furnished solely to the individual contracting Seller in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to Company's purchase of energy or energy and capacity from the Seller's generating facilities up to the Contract Capacity specified in the Purchase Power Agreement which may be operated in parallel with Company's system. Power delivered to Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of Company. If Seller requires supplemental, back-up, or standby services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

All qualifying facilities have the option to sell energy to the Company on an "as available" basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy. The Variable Energy Credit shall constitute the "as available" avoided cost credit for Non-Eligible Qualifying Facilities. The Fixed Long Term Credit rates on this schedule are available only to otherwise eligible Sellers that establish a Legally Enforceable Obligation on or before the filing date of proposed rates in the next biennial avoided cost proceeding, provided eligible Seller begins delivery of power no later than thirty (30) months from the date of the order approving avoided cost rates in Docket No. E-100, Sub 140, but may be extended beyond 30 months if construction is nearly complete and Seller demonstrates that it is making a good faith effort to complete its project in a timely manner.

Sellers not qualifying for the Fixed Long Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission in that proceeding.

Qualifying Facilities Eligible for Capacity and/or Energy Credits

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or a generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of five (5) megawatts or less, based on the nameplate rating of the generator or other non-hydroelectric generating facilities contracting to sell generating capacity and energy not in excess of three (3) megawatts, which are interconnected directly with the Company's system and which are Qualifying Facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution facilities in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41, or to those Eligible Qualifying Facilities who were selling electricity to Company and receiving Capacity Credits under an existing Purchase Power Agreement on April 1, 2005. The availability of Fixed Long-Term and Variable Capacity Credits is subject to the following conditions:

The 5-Year, 10-Year, and 15-Year Fixed Long-Term and Variable Capacity Credits below are available to hydroelectric qualifying facilities owned or operated by small power producers as defined in G.S. 62-3(27a), non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Eligible Qualifying Facilities with Contract Capacities of five (5) megawatts or less. Other Eligible Qualifying Facilities with Contract Capacities of three (3) megawatts or less are eligible for 5-Year Fixed Long-Term and Variable Capacity Credits below.

Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term.

APPLICABILITY

This Schedule is applicable to all electric energy and capacity supplied by Eligible Qualifying Facility to Company at one point of delivery through Company's metering facilities.

MONTHLY RATE

Monthly Payment

Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company the Credits set forth below as applicable. Such payments shall be reduced by both the Seller Charge and any applicable Interconnection Cost. Payments to Qualifying Facilities with Contract Capacities of 10 kW or less shall only be made on a calendar year basis.

Seller Charge

An Eligible Qualifying Facility shall pay to Company a Seller Charge outlined below in accordance with the Contract Capacity specified in the Purchase Power Agreement between Company and Seller:

Monthly Seller Charge	\$23.06
-----------------------	---------

Energy and Capacity Credits

Eligible Qualifying Facilities eligible for Company's Fixed Long-Term and/or Variable Energy and Capacity Credits shall be paid based upon the Seller's interconnection with Company's distribution or transmission system for all energy delivered to Company's system as registered or computed from Company's metering facilities. The Energy and Capacity Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Agreement. Company shall pay a Capacity Credit based on the on-peak kWh supplied by the Eligible Qualifying Facility based upon the season. Seller may elect to receive payments under either Option A or Option B based upon the Seller's preference for on-peak time-of-use hours.

Option A

Credits for Facilities Interconnected to Company's Distribution System:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
Energy Credits				
On-peak kWh (¢/kWh)	3.89	4.01	4.71	5.15
Off-peak kWh (¢/kWh)	3.36	3.44	4.03	4.42
Capacity Credits - For Hydro Facilities with no storage capabilities				
On-peak kWh (¢/kWh) - Summer ¹	6.19	6.41	6.77	7.10
On-peak kWh (¢/kWh) - Non-Summer ¹	2.10	2.17	2.29	2.41
Capacity Credits - For All Other Hydro and All Non-Hydro Facilities				
On-peak kWh (¢/kWh) - Summer ¹	3.72	3.85	4.06	4.26
On-peak kWh (¢/kWh) - Non-Summer ¹	1.26	1.30	1.38	1.44

Credits for Facilities Interconnected to Company's Transmission System:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
Energy Credits				
On-peak kWh (¢/kWh)	3.81	3.94	4.62	5.05
Off-peak kWh (¢/kWh)	3.32	3.41	3.99	4.37
Capacity Credits - For Hydro Facilities with no storage capabilities				
On-peak kWh (¢/kWh) - Summer ¹	6.07	6.29	6.63	6.96
On-peak kWh (¢/kWh) - Non-Summer ¹	2.06	2.13	2.25	2.36
Capacity Credits - For All Other Hydro and All Non-Hydro Facilities				
On-peak kWh (¢/kWh) - Summer ¹	3.64	3.77	3.98	4.18
On-peak kWh (¢/kWh) - Non-Summer ¹	1.24	1.28	1.35	1.42

Option B

Credits for Facilities Interconnected to Company's Distribution System:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
Energy Credits				
On-peak kWh (¢/kWh)	3.89	3.97	4.71	5.15
Off-peak kWh (¢/kWh)	3.46	3.56	4.15	4.55
Capacity Credits - For Hydro Facilities with no storage capabilities				
On-peak kWh (¢/kWh) - Summer ¹	9.33	9.66	10.19	10.70
On-peak kWh (¢/kWh) - Non-Summer ¹	3.61	3.74	3.94	4.14
Capacity Credits - For All Other Hydro and All Non-Hydro Facilities				
On-peak kWh (¢/kWh) - Summer ¹	5.60	5.80	6.11	6.42
On-peak kWh (¢/kWh) - Non-Summer ¹	2.17	2.24	2.37	2.48

Credits for Facilities Interconnected to Company's Transmission System:

	Variable <u>Credit</u>	Fixed Long-Term Credits		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
Energy Credits				
On-peak kWh (¢/kWh)	3.80	3.88	4.60	5.04
Off-peak kWh (¢/kWh)	3.42	3.52	4.10	4.50
Capacity Credits - For Hydro Facilities with no storage capabilities				
On-peak kWh (¢/kWh) - Summer ¹	9.12	9.44	9.96	10.45
On-peak kWh (¢/kWh) – Non-Summer ¹	3.53	3.65	3.86	4.05
Capacity Credits – For All Other Hydro and All Non-Hydro Facilities				
On-peak kWh (¢/kWh) - Summer ¹	5.47	5.66	5.98	6.27
On-peak kWh (¢/kWh) – Non-Summer ¹	2.12	2.19	2.31	2.43

¹ Summer months under both Options A and B are defined as the calendar months of June through September. All other months are Non-Summer for purposes of applying the capacity credits.

POWER FACTOR CORRECTION

Unless Seller is required by an Operating Agreement to adjust VAR production to support voltage control, when Seller consumes VARs supplied by the Company or Seller delivers VARs to Company, the monthly bill will be increased by a sum equal to \$0.34 multiplied by the maximum consumed or supplied reactive kilovolt-amperes (kVAR) registered by a demand meter suitable for measuring the demand used during a 15-minute interval. The Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company. If a Seller without an Operating Agreement is requested by Company to operate pursuant to a voltage schedule by providing or absorbing VARS, the Seller shall be compensated in the same manner as a Seller with an Operating Agreement.

RATE UPDATES

The Credits and Seller Charge of this Schedule will be updated every two years. Sellers who have contracted for the Fixed Long-Term Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Credit provisions of this schedule, such credits shall be updated and changed in accordance with the Commission's revisions to such credits in Company's biennial avoided cost proceedings.

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with the Variable or Long-Term rates selected by Seller in Company's Schedule PP and the Terms and Conditions for the Purchase of Electric Power. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of the Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part of the Agreement as though fully written herein, and shall nullify any prior provision in conflict therewith. Any change to the Rate Schedule or Terms and Conditions shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges, and all non-rate provisions.

DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

The on-peak and off-peak hours by summer and non-summer month are defined by calendar month as follows:

Option A Time of Use Hours

TOU Season	Summer Calendar Months of April through September	Non-Summer Calendar Months of October through March
On-peak Hours	Hours between 10:00 a.m. and 10:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.	Hours between 6:00 a.m. and 1:00 p.m., plus 4:00 p.m. through 9:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.
Off-peak Hours	The off-peak hours in any month are defined as all hours not specified above as on-peak hours.	

Option B Time of Use Hours

TOU Season	Summer Calendar Months of June through September	Non-Summer Calendar Months of October through May
On-peak Hours	Hours between 1:00 p.m. and 9:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.	Hours between 6:00 a.m. and 1:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.
Off-peak Hours	The off-peak hours in any month are defined as all hours not specified above as on-peak hours.	

¹ All hours for the following holidays will be considered as off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When one of the above holidays falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

RENEWABLE ENERGY CREDITS

Unless otherwise specified in Company's agreements with Seller, the sale of power under this schedule does not convey to Company the right to renewable energy credits (RECs) or green tags associated with the energy delivered.

CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Purchase Power Agreement between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility.

PAYMENTS

Credit billings to Seller shall be payable to the Seller within fifteen (15) days of the date of the bill. Bills under this Schedule are due and payable on the date of the bill. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one percent (1%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD

Each Seller shall enter into a Purchase Power Agreement which shall specify the Contract Capacity committed for delivery throughout the term of the contract and shall specify the initial term and associated rate.

INTERCONNECTION FACILITIES COSTS

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. When only the installation of Company's meter is required for the purchase of electric power, the \$25 minimum monthly Interconnection Facilities Charge shall not be applicable. Interconnection of Seller's generation to Company's system shall be in accordance with the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generation Interconnections.

Supersedes Schedule CSP-29

Effective for energy and capacity rendered on and after February 17, 2016

NCUC Docket No. E-100, Sub 140

PURCHASED POWER SCHEDULE PP-1

AVAILABILITY

Upon Seller's completion and Company's acceptance of a Purchase Power Agreement, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54 and 18 C.F.R. §§ 292.203, 292.204, and 292.205. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. This Schedule is not available to a Qualifying Facility owned by a Seller or affiliate or partner of a Seller, who sells power to the Company from another Qualifying Facility of the same energy resource located within one-half mile, as measured from the electrical generating equipment, unless the combined capacity is equal to or less than five (5) megawatts.

Service necessary for the delivery of power from the Seller's generating facilities into Company's system shall be furnished solely to the individual contracting Seller in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to Company's purchase of energy or energy and capacity from the Seller's generating facilities up to the Contract Capacity specified in the Purchase Power Agreement which may be operated in parallel with Company's system. Power delivered to Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of Company. If Seller requires supplemental, back-up, or standby services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

All qualifying facilities have the option to sell energy to the Company on an "as available" basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy. The Variable Energy Credit shall constitute the "as available" avoided cost credit for Non-Eligible Qualifying Facilities. The Fixed Long Term Credit rates on this schedule are available only to otherwise eligible Sellers that establish a Legally Enforceable Obligation on or before the filing date of proposed rates in the next biennial avoided cost proceeding, provided eligible Seller begins delivery of power no later than thirty (30) months from the date of the order approving avoided cost rates in Docket No. E-100, Sub 140, but may be extended beyond 30 months if construction is nearly complete and Seller demonstrates that it is making a good faith effort to complete its project in a timely manner.

Sellers not qualifying for the Fixed Long Term Credit rates remain eligible for the Variable Credit rates or the Fixed Long Term Credit rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission in that proceeding.

Qualifying Facilities Eligible for Capacity and/or Energy Credits

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or a generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of five (5) megawatts or less, based on the nameplate rating of the generator or other non-hydroelectric generating facilities contracting to sell generating capacity and energy not in excess of three (3) megawatts, which are interconnected directly with the Company's system and which are Qualifying Facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution facilities in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41, or to those Eligible Qualifying Facilities who were selling electricity to Company and receiving Capacity Credits under an existing Purchase Power Agreement on April 1, 2005. The availability of Fixed Long-Term and Variable Capacity Credits is subject to the following conditions:

The 5-Year, 10-Year, and 15-Year Fixed Long-Term and Variable Capacity Credits below are available to hydroelectric qualifying facilities owned or operated by small power producers as defined in G.S. 62-3(27a), non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Eligible Qualifying Facilities with Contract Capacities of five (5) megawatts or less. Other Eligible Qualifying Facilities with Contract Capacities of three (3) megawatts or less are eligible for 5-Year Fixed Long-Term and Variable Capacity Credits below.

Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term.

APPLICABILITY

This Schedule is applicable to all electric energy and capacity supplied by Eligible Qualifying Facility to Company at one point of delivery through Company's metering facilities.

MONTHLY RATE

Monthly Payment

Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company the Credits set forth below as applicable. Such payments shall be reduced by both the Seller Charge and any applicable Interconnection Cost. Payments to Qualifying Facilities with Contract Capacities of 10 kW or less shall only be made on a calendar year basis.

Seller Charge

An Eligible Qualifying Facility shall pay to Company a Seller Charge outlined below in accordance with the Contract Capacity specified in the Purchase Power Agreement between Company and Seller:

Monthly Seller Charge	\$23.06
-----------------------	---------

Energy and Capacity Credits

Eligible Qualifying Facilities eligible for Company's Fixed Long-Term and/or Variable Energy and Capacity Credits shall be paid based upon the Seller's interconnection with Company's distribution or transmission system for all energy delivered to Company's system as registered or computed from Company's metering facilities. The Energy and Capacity Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Agreement. Company shall pay a Capacity Credit based on the on-peak kWh supplied by the Eligible Qualifying Facility based upon the season. Seller may elect to receive payments under either Option A or Option B based upon the Seller's preference for on-peak time-of-use hours.

Option A

Credits for Facilities Interconnected to Company's Distribution System:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
Energy Credits				
On-peak kWh (¢/kWh)	3.8965	4.013.85	4.7120	5.154.54
Off-peak kWh (¢/kWh)	3.362	3.443.42	4.033.66	34.42.99
Capacity Credits - For Hydro Facilities with no storage capabilities				
On-peak kWh (¢/kWh) - Summer ¹	6.1923	6.415	6.7781	7.104
On-peak kWh (¢/kWh) - Non-Summer ¹	2.101.99	2.1706	2.2917	2.4128
Capacity Credits - For All Other Hydro and All Non-Hydro Facilities				
On-peak kWh (¢/kWh) - Summer ¹	3.724	3.857	4.068	4.269
On-peak kWh (¢/kWh) - Non-Summer ¹	1.2619	1.3024	1.381	1.4437

Credits for Facilities Interconnected to Company's Transmission System:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
Energy Credits				
On-peak kWh (¢/kWh)	3.8158	3.9477	4.6212	5.054.46
Off-peak kWh (¢/kWh)	3.3228	3.4138	3.9962	4.373.95
Capacity Credits - For Hydro Facilities with no storage capabilities				
On-peak kWh (¢/kWh) - Summer ¹	6.0711	6.2933	6.637	6.967.00
On-peak kWh (¢/kWh) - Non-Summer ¹	2.061.95	2.1302	2.2513	2.3624
Capacity Credits - For All Other Hydro and All Non-Hydro Facilities				
On-peak kWh (¢/kWh) - Summer ¹	3.647	3.7780	3.984.00	4.1820
On-peak kWh (¢/kWh) - Non-Summer ¹	1.2417	1.281	1.3528	1.4234

Option B

Credits for Facilities Interconnected to Company's Distribution System:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
Energy Credits				
On-peak kWh (¢/kWh)	3.8978	3.971	4.7130	5.154.64
Off-peak kWh (¢/kWh)	3.4635	3.5649	4.153.74	4.5506
Capacity Credits - For Hydro Facilities with no storage capabilities				
On-peak kWh (¢/kWh) - Summer ¹	9.338	9.6672	10.1925	10.706
On-peak kWh (¢/kWh) - Non-Summer ¹	3.6143	3.7455	3.9474	4.143.93
Capacity Credits - For All Other Hydro and All Non-Hydro Facilities				
On-peak kWh (¢/kWh) - Summer ¹	5.603	5.803	6.115	6.425
On-peak kWh (¢/kWh) - Non-Summer ¹	2.1705	2.2413	2.3725	2.4836

Credits for Facilities Interconnected to Company's Transmission System:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
Energy Credits				
On-peak kWh (¢/kWh)	3. 8069	3.882	4. 6020	<u>5.044-54</u>
Off-peak kWh (¢/kWh)	3. <u>4230</u>	3. <u>5245</u>	<u>4.103-69</u>	4. <u>5004</u>
Capacity Credits - For Hydro Facilities with no storage capabilities				
On-peak kWh (¢/kWh) - Summer ¹	9.1 <u>27</u>	9. <u>4450</u>	<u>9.9610-02</u>	10. <u>4554</u>
On-peak kWh (¢/kWh) – Non-Summer ¹	3. <u>5335</u>	3. <u>6547</u>	3. <u>8666</u>	<u>4.053-84</u>
Capacity Credits – For All Other Hydro and All Non-Hydro Facilities				
On-peak kWh (¢/kWh) - Summer ¹	5. <u>4750</u>	5. <u>6670</u>	<u>5.986-04</u>	6. <u>2734</u>
On-peak kWh (¢/kWh) – Non-Summer ¹	2. <u>1204</u>	2. <u>1908</u>	2. <u>3149</u>	2. <u>4330</u>

¹ Summer months under both Options A and B are defined as the calendar months of June through September. All other months are Non-Summer for purposes of applying the capacity credits.

POWER FACTOR CORRECTION

Unless Seller is required by an Operating Agreement to adjust VAR production to support voltage control, when Seller consumes VARs supplied by the Company or Seller delivers VARs to Company, the monthly bill will be increased by a sum equal to \$0.34 multiplied by the maximum consumed or supplied reactive kilovolt-amperes (kVAR) registered by a demand meter suitable for measuring the demand used during a 15-minute interval. The Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company. If a Seller without an Operating Agreement is requested by Company to operate pursuant to a voltage schedule by providing or absorbing VARS, the Seller shall be compensated in the same manner as a Seller with an Operating Agreement.

RATE UPDATES

The Credits and Seller Charge of this Schedule will be updated every two years. Sellers who have contracted for the Fixed Long-Term Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Credit provisions of this schedule, such credits shall be updated and changed in accordance with the Commission's revisions to such credits in Company's biennial avoided cost proceedings.

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with the Variable or Long-Term rates selected by Seller in Company's Schedule PP and the Terms and Conditions for the Purchase of Electric Power. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of the Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part of the Agreement as though fully written herein, and shall nullify any prior provision in conflict therewith. Any change to the Rate Schedule or Terms and Conditions shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges, and all non-rate provisions.

DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

The on-peak and off-peak hours by summer and non-summer month are defined by calendar month as follows:

Option A Time of Use Hours

TOU Season	Summer Calendar Months of April through September	Non-Summer Calendar Months of October through March
On-peak Hours	Hours between 10:00 a.m. and 10:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.	Hours between 6:00 a.m. and 1:00 p.m., plus 4:00 p.m. through 9:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.
Off-peak Hours	The off-peak hours in any month are defined as all hours not specified above as on-peak hours.	

Option B Time of Use Hours

TOU Season	Summer Calendar Months of June through September	Non-Summer Calendar Months of October through May
On-peak Hours	Hours between 1:00 p.m. and 9:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.	Hours between 6:00 a.m. and 1:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.
Off-peak Hours	The off-peak hours in any month are defined as all hours not specified above as on-peak hours.	

¹ All hours for the following holidays will be considered as off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When one of the above holidays falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

RENEWABLE ENERGY CREDITS

Unless otherwise specified in Company's agreements with Seller, the sale of power under this schedule does not convey to Company the right to renewable energy credits (RECs) or green tags associated with the energy delivered.

CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Purchase Power Agreement between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility.

PAYMENTS

Credit billings to Seller shall be payable to the Seller within fifteen (15) days of the date of the bill. Bills under this Schedule are due and payable on the date of the bill. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one percent (1%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD

Each Seller shall enter into a Purchase Power Agreement which shall specify the Contract Capacity committed for delivery throughout the term of the contract and shall specify the initial term and associated rate.

INTERCONNECTION FACILITIES COSTS

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. When only the installation of Company's meter is required for the purchase of electric power, the \$25 minimum monthly Interconnection Facilities Charge shall not be applicable. Interconnection of Seller's generation to Company's system shall be in accordance with the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generation Interconnections.

Supersedes Schedule CSP-29

| Effective for energy and capacity rendered on and after February 17, 2016
NCUC Docket No. E-100, Sub 140

Attachment 3

Duke Energy Carolinas, LLC

**Standard Contracts and
Terms of Conditions**

Clean and Black-lined

PURCHASE POWER AGREEMENT

between

DUKE ENERGY CAROLINAS, LLC

and

SELLER NAME

“Facility Name”

Initial Delivery Date: (date interconnection facilities installed)

**PURCHASE POWER AGREEMENT BY A
QUALIFYING COGENERATOR OR SMALL POWER PRODUCER**

1 **THIS PURCHASE POWER AGREEMENT** ("Agreement") is made this _____ day
2 of _____, 20____, by and between
3
4

5 **DUKE ENERGY CAROLINAS, LLC,**
6 a North Carolina Limited Liability Company ("Company")
7

8 , and
9

10 _____,
11
12 a(n) _____ Corporation ("Seller" or "Customer"), for the
13

14 "_____,"
15

16 which Seller certifies that this facility (is/is not) "new capacity," as defined by the Federal Energy
17 Regulatory Commission (FERC), and that construction (was/was not) commenced on or after
18 November 9, 1978 and is or will be a qualifying facility as defined by the Federal Energy
19 Regulatory Commission ("FERC") pursuant to Section 210 of the Public Utility Regulatory Policies
20 Act of 1978 *[and which is or will be a hydroelectric generating facility owned and operated by a*
21 *small power producer as defined in G.S. 62-3(27a) - (if applicable)]*, consisting of
22 _____(the "Facility"),
23 which is located at _____.
24

25 (Hereinafter, the parties are also referred to individually as "Party" and collectively as "Parties").
26

27 In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their
28 successors and assigns, do hereby agree to the following:
29

30 **1. Service Requirements**
31

- 32 1.1 Seller shall sell and deliver exclusively to Company all of the electric power generated by the
33 Facility, net of the Facility's own auxiliary electrical requirements, and Company shall
34 purchase, receive, use and pay for the same, subject to the conditions contained in this
35 Agreement. Upon the completion of the installation, by Company, of its interconnection
36 facilities at the point of delivery of Seller's and Company's conductors, Seller shall become
37 responsible for the payment to Company of any and all charges that may apply, whether or not
38 Seller actually delivers any electricity to Company. If Seller requests retail electric service for
39 the Facility's auxiliary electrical requirements from Company when Seller's generation is
40 reduced, such power shall be provided to Supplier pursuant to a separate electric service
41 agreement under Company's rate tariffs appropriate for such service.
42
- 43 1.2 Electricity supplied by Seller shall be *[single (1)/three (3)]* phase, alternating at a frequency of
44 approximately sixty (60) cycles, and at a delivery voltage of approximately _____ volts,

____ wires at a sufficient power factor to maintain system operating parameters as specified by Company.

1.3 Delivery of said Seller's power shall be at a point of delivery described as follows:_____.

1.4 Based upon the alternating current rating, the Contract Capacity of Seller's generating facility, as defined in the Terms and Conditions for the Purchase of Electric Power is _____ kW/MW and estimated annual energy production of _____ kWh is the amount Seller contracts to deliver to Company and Company agrees to receive.

2. Rate Schedule

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with Company's Rate Schedule PP, Electricity No. 4, North Carolina _____ Revised Leaf No. 90, *[Variable Rate][5-year Fixed Long-Term Rate], [10-year Fixed Long-Term Rate] [15-year Fixed Long-Term Rate] Option [A][B] for [Distribution][Transmission]* ("Rate Schedule") and the Terms and Conditions for the Purchase of Electric Power, both of which are now on file with the North Carolina Utilities Commission ("Commission"), and are hereby incorporated by reference and made a part hereof as though fully set forth herein. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of said Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part hereof as though fully written herein, and shall nullify any prior provision in conflict therewith.

The language above beginning with "Said Rate Schedule" shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges (e.g., administrative charges), and all non-rate provisions.

3. Initial Delivery Date

The term of this Agreement shall begin upon the first date when energy is generated by the Facility and delivered to the Company and continuing for the term specified in the Rate Schedule paragraph above and shall automatically extend thereafter unless terminated by either party by giving not less than thirty (30) days prior written notice. The extension will be at the Variable Rates in effect at the time of extension. The term shall begin no earlier than the date the Company's Interconnection Facilities are installed and are ready to accept electricity from the Seller which is requested to be _____. The Company at its sole discretion may terminate this Agreement on _____, 20__ (30 months following the date of the order initially approving the rates selection shown above which may be extended beyond 30 months if construction is nearly complete and the Seller demonstrates that it is making a good faith effort to complete its project in a timely manner) if the Seller is unable to provide generation capacity and energy production consistent with the energy production levels specified in Provision No. 2 above.

93 **4. Interconnection Facilities**

94
95 Unless otherwise required by Company, an Interconnection Agreement pursuant to the North
96 Carolina Interconnection Procedures, Forms, And Agreements For State-Jurisdictional
97 Generator Interconnections (Interconnection Standard) shall be executed by Seller, including
98 payments of all charges and fees associated with the interconnection, before Company will
99 accept this Agreement. *(Either sentence (a) or (b) as follows is inserted into the agreement as*
100 *appropriate) (a) The Interconnection Facilities Charge shall be specified in the*
101 *Interconnection Agreement. or (b) The Interconnection Facilities Charge shall be 1.1 % of*
102 *the installed cost of metering equipment and is \$_____ per month.*

103
104 **5. Reporting Requirements**

105
106 Upon request, facilities larger than 3,000 kW may be required to provide prior notice of
107 annual, monthly, and day-ahead forecast of hourly production, as specified by the Company.
108 If the Seller is required to notify the Company of planned or unplanned outages, notification
109 should be made as soon as known. The Seller shall include the start time, the time for return
110 to service, the amount of unavailable capacity, and the reason for the outage.

111
112 Upon the acceptance hereof by Company, evidenced by the signature of its Presidents,
113 Vice-Presidents or Authorized Representatives in the block provided below, this document together
114 with attachments shall become an agreement for Seller to deliver and sell to Company and for
115 Company to receive and purchase from Seller the electricity generated and declared by Seller from
116 its above-described qualifying generating facility at the rates, in the quantities, for the term, and
117 upon the terms and conditions set forth herein.

Witness as to Seller:

_____	_____, Seller
Printed: _____	
_____	By _____
Printed: _____	Printed: _____
	Title _____
	This _____ day of _____, 20_____

ACCEPTED: DUKE ENERGY CAROLINAS LLC

Mail Payment/Bill to:

By _____	_____
Title _____	_____
This _____ day of _____, 20_____	_____

PURCHASE POWER AGREEMENT

between

DUKE ENERGY CAROLINAS, LLC

and

SELLER NAME

“Facility Name”

Initial Delivery Date: (date interconnection facilities installed)

**PURCHASE POWER AGREEMENT BY A
QUALIFYING COGENERATOR OR SMALL POWER PRODUCER**

THIS PURCHASE POWER AGREEMENT ("Agreement") is made this _____ day
of _____, 20____, by and between

DUKE ENERGY CAROLINAS, LLC,
a North Carolina Limited Liability Company ("Company")

, and

_____,
a(n) _____ Corporation ("Seller" or "Customer"), for the

"_____,"

which Seller certifies that this facility (is/is not) "new capacity," as defined by the Federal Energy Regulatory Commission (FERC), and that construction (was/was not) commenced on or after November 9, 1978 and is or will be a qualifying facility as defined by the Federal Energy Regulatory Commission ("FERC") pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978 *[and which is or will be a hydroelectric generating facility owned and operated by a small power producer as defined in G.S. 62-3(27a) - (if applicable)]*, consisting of _____ (the "Facility"), which is located at _____.

(Hereinafter, the parties are also referred to individually as "Party" and collectively as "Parties").

In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their successors and assigns, do hereby agree to the following:

1. Service Requirements

1.1 Seller shall sell and deliver exclusively to Company all of the electric power generated by the Facility, net of the Facility's own auxiliary electrical requirements, and Company shall purchase, receive, use and pay for the same, subject to the conditions contained in this Agreement. Upon the completion of the installation, by Company, of its interconnection facilities at the point of delivery of Seller's and Company's conductors, Seller shall become responsible for the payment to Company of any and all charges that may apply, whether or not Seller actually delivers any electricity to Company. If Seller requests retail electric service for the Facility's auxiliary electrical requirements from Company when Seller's generation is reduced, such power shall be provided to Supplier pursuant to a separate electric service agreement under Company's rate tariffs appropriate for such service.

1.2 Electricity supplied by Seller shall be [*single (1)/three (3)*] phase, alternating at a frequency of approximately sixty (60) cycles, and at a delivery voltage of approximately _____ volts,

_____ wires at a sufficient power factor to maintain system operating parameters as specified by Company.

1.3 Delivery of said Seller's power shall be at a point of delivery described as follows:_____

1.4 Based upon the alternating current rating, the Contract Capacity of Seller's generating facility, as defined in the Terms and Conditions for the Purchase of Electric Power is _____ kW/MW and estimated annual energy production of _____ kWh is the amount Seller contracts to deliver to Company and Company agrees to receive.

2. Rate Schedule

The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with Company's Rate Schedule PP, Electricity No. 4, North Carolina _____ Revised Leaf No. 90, [Variable Rate][5-year Fixed Long-Term Rate], [10-year Fixed Long-Term Rate] [15-year Fixed Long-Term Rate] Option [A][B] for [Distribution][Transmission] ("Rate Schedule") and the Terms and Conditions for the Purchase of Electric Power, both of which are now on file with the North Carolina Utilities Commission ("Commission"), and are hereby incorporated by reference and made a part hereof as though fully set forth herein. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of said Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part hereof as though fully written herein, and shall nullify any prior provision in conflict therewith.

The language above beginning with "Said Rate Schedule" shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, other types of charges (e.g., administrative charges), and all non-rate provisions.

3. Initial Delivery Date

The term of this Agreement shall begin upon the first date when energy is generated by the Facility and delivered to the Company and continuing for the term specified in the Rate Schedule paragraph above and shall automatically extend thereafter unless terminated by either party by giving not less than thirty (30) days prior written notice. The extension will be at the Variable Rates in effect at the time of extension. The term shall begin no earlier than the date the Company's Interconnection Facilities are installed and are ready to accept electricity from the Seller which is requested to be _____. The Company at its sole discretion may terminate this Agreement on _____, 20__ (30 months following the date of the order initially approving the rates selection shown above which may be extended beyond 30 months if construction is nearly complete and the Seller demonstrates that it is making a good faith effort to complete its project in a timely manner) if the Seller is unable to provide generation capacity and energy production consistent with the energy production levels specified in Provision No. 2 above.

Deleted: This date may be extended by upon mutual agreement by both parties.

95 **4. Interconnection Facilities**

96 Unless otherwise required by Company, an Interconnection Agreement pursuant to the North
97 Carolina Interconnection Procedures, Forms, And Agreements For State-Jurisdictional
98 Generator Interconnections (Interconnection Standard) shall be executed by Seller, including
99 payments of all charges and fees associated with the interconnection, before Company will
100 accept this Agreement. *(Either sentence (a) or (b) as follows is inserted into the agreement as*
101 *appropriate) (a) The Interconnection Facilities Charge shall be specified in the*
102 *Interconnection Agreement. or (b) The Interconnection Facilities Charge shall be 1.1 % of*
103 *the installed cost of metering equipment and is \$_____ per month.*

104
105
106 **5. Reporting Requirements**

107
108 Upon request, facilities larger than 3,000 kW may be required to provide prior notice of
109 annual, monthly, and day-ahead forecast of hourly production, as specified by the Company.
110 If the Seller is required to notify the Company of planned or unplanned outages, notification
111 should be made as soon as known. The Seller shall include the start time, the time for return
112 to service, the amount of unavailable capacity, and the reason for the outage.

113
114 Upon the acceptance hereof by Company, evidenced by the signature of its Presidents,
115 Vice-Presidents or Authorized Representatives in the block provided below, this document together
116 with attachments shall become an agreement for Seller to deliver and sell to Company and for
117 Company to receive and purchase from Seller the electricity generated and declared by Seller from
118 its above-described qualifying generating facility at the rates, in the quantities, for the term, and
119 upon the terms and conditions set forth herein.

Witness as to Seller:

_____	_____, Seller
Printed: _____	
_____	By _____
Printed: _____	Printed: _____
	Title _____
	This ____ day of _____, 20____

ACCEPTED: DUKE ENERGY CAROLINAS LLC

Mail Payment/Bill to:

By _____	_____
Title _____	_____
This ____ day of _____, 20____	_____

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

1. PURCHASE POWER AGREEMENT

These "Terms and Conditions" provide a mechanism through which Duke Energy Carolinas, LLC, hereafter called "Company," will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in the Purchased Power Schedule PP. This Purchase Power Agreement is solely for the purchase of electricity produced by Seller's generation, net of generator auxiliary requirement, and does not provide for the sale of any electric service by Company to Seller.

- (a) Description - The Purchase Power Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Purchase Power Agreement when signed by Seller and accepted by Company, (2) the applicable Schedule for the purchase of electricity as specified in the Purchase Power Agreement, and (3) these Terms and Conditions for the Purchase of Electric Power (hereinafter referred to as "Terms and Conditions"), and all changes, revisions, alterations therein, or substitutions therefor lawfully made.
- (b) Application of Terms and Conditions and Schedules - All Purchase Agreements in effect at the effective date of this tariff or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules as specified in the Purchase Power Agreement, and any changes therein, substitutions thereof, or additions thereto lawfully made, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract or by order of the state regulatory authority having jurisdiction (hereinafter "Commission").
- (c) Conflicts - In case of conflict between any provision of a Schedule and of these Terms and Conditions, the provision of the Schedule shall prevail.
- (d) Waiver - The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.
- (e) Assignment of Agreement - A Purchase Agreement between the Company and the Seller may not be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under such Agreement, without the prior written approval of Company. The Company will not unreasonably withhold consent provided that such assignment does not require any amendment to the terms and conditions of this Agreement, other than the notice provision thereof. Any assignment that the Company has not approved in writing shall be null and void and not effective for all purposes. However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.
- (f) Notification of Assignment, Transfer or Sale - In the event of an assignment of the rights and obligations accruing to the Seller under this Agreement, or in the event of any contemplated sale, transfer or assignment of the Facility or the Certificate of Public Convenience and Necessity, the Seller shall, in addition to obtaining the approvals hereof, provide a minimum of 30 days prior written notice advising the Company and the Commission of any plans for such an assignment, sale or transfer, or of any accompanying significant changes in the information required by Commission Rule R8-64, R9-65 or R8-66 which are incorporated by reference herein.
- (g) Suspension of Sales Under Agreement at the Seller's Request - If the Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

premises, the Company will, upon written request of the Seller, and for a period the Company deems as reasonably required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period.

- (h) Termination of Agreement at the Seller's Request - If the Seller desires to terminate the Agreement, the Company will agree to such termination if all bills for services previously rendered to Seller including any termination or other charges applicable under any Interconnection Agreement, plus any applicable termination charges, have been paid. Termination charges shall consist of any applicable termination charges for premature termination of capacity as set forth in paragraphs 4 and 6 of these Terms and Conditions. The Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Company for the delivery of electricity to Company for a term not less than the unexpired portion of Seller's Agreement.
- (i) Company's Right to Terminate or Suspend Agreement - The Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from the Seller (1) for any default or breach of Agreement by the Seller, (2) for fraudulent or unauthorized use of the Company's meter, (3) for failure to pay any applicable bills when due and payable, (4) for a condition on the Seller's side of the point of delivery actually known by the Company to be, or which the Company reasonably anticipates may be, dangerous to life or property, or Termination of the contract is at the Company's sole option and is only appropriate when the Seller either cannot or will not cure its default, or if the Seller fails to deliver energy to the Company for six (6) consecutive months.

No such termination or suspension, however, will be made by the Company without written notice delivered to the Seller, personally or by mail, stating what in particular in the Agreement has been violated, except that no notice need to be given in instances set forth in 1.(i)(2). The Company shall give Seller thirty (30) calendar days prior written notice before suspending or terminating the Agreement pursuant to provisions 1.(i)(1) and (3). The Company shall give the Seller five (5) calendar days prior written notice before suspending or terminating the Agreement pursuant to provision 1.(i)(4).

Failure of the Company to terminate the Agreement or to suspend the purchase of electricity at any time after the occurrence of grounds therefor, or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect the Company's right later to resort to any one or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

Any suspension of the purchase of electricity by the Company or termination of the Agreement upon any authorized grounds shall in no way operate to relieve the Seller of Seller's liability to compensate Company for services and/or facilities supplied, nor shall it relieve the Seller (1) of the Seller's liability for the payment of minimum monthly charges during the period of suspension, nor (2) of the Seller's liability for damages, if the Agreement has been terminated, in the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the Early Contract Termination charge as set forth in these Terms and Conditions.

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

2. CONDITIONS OF SERVICE

- (a) The Company is not obligated to purchase electricity from the Seller unless and until: (1) the Company's form of Purchase Power Agreement is executed by the Seller and accepted by the Company; (2) in cases where it is necessary to cross private property to accept delivery of electricity from the Seller, the Seller conveys or causes to be conveyed to the Company, without cost to Company, a right of way easement, satisfactory to the Company, across such private property which will provide for the construction, maintenance, and operation of the Company's lines and facilities, necessary to receive electricity from the Seller; provided, however, in the absence of a formal conveyance, the Company nevertheless, shall be vested with an easement over the Seller's premises authorizing it to do all things necessary including the construction, maintenance, and operation of its lines and facilities for such purpose; and (3) any inspection certificates or permits that may be required by law in the local area are furnished to the Company. Where not required by law, an inspection by a Company-approved inspector shall be made at the Seller's expense. In the event the Seller is unable to secure such necessary rights of way, the Seller shall reimburse the Company for all costs the Company may incur for the securing of such rights of way.

The obligation of the Company in regard to service under the Agreement are dependent upon the Company securing and retaining all necessary rights-of-way, privileges, franchises, and permits, for such service. The Company shall not be liable to any Seller in the event the Company is delayed or prevented from purchasing power by the Company failure to secure and retain such rights-of-way, privileges, franchises, and permits.

- (b) The Seller shall operate its Facility in compliance with all applicable operating guidelines established by the North American Electric Reliability Corporation ("NERC") and the SERC Reliability Corporation ("SERC") or any successor thereto.
- (c) The Seller shall submit an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. The Company shall not be required to install facilities to support interconnection of the Seller's generation or execute the Purchase Power Agreement until the Seller has signed an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections, as may be required by the Company.
- (d) If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, the Company shall have the right, upon 30 days' written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) the Company is required by governmental authority to incur expenses in the relocation or the reconstruction underground of any portion of said lines, unless the Company is reimbursed for such expense by the Sellers or customers connected thereto, or (2) the right of the Company to maintain and operate said lines is terminated, revoked, or denied by governmental authority for any reason.

3. DEFINITIONS

- (a) Nameplate Capacity: The term "Nameplate Capacity" shall mean the manufacturer's nameplate rated output capability of the generator. For multi-unit generator facilities, the "Nameplate Capacity" of the facility shall be the sum of the individual manufacturer's nameplate rated output capabilities of the generators.

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

- (b) Net Capacity: The term "Net Capacity" shall mean the Nameplate Capacity of the Seller's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.
- (c) Auxiliary Load: The term "Auxiliary Load" shall mean power used to operate auxiliary equipment in the facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).
- (d) Whenever the term "purchase" or "purchase of electricity" is used in these Terms and Conditions or other portions of the Agreement, it shall be construed to refer to the electricity supplied to the Company by the Seller.
- (e) The term "Company's conductors" shall mean the Company's wires extending from the point of connection with the Company's existing electric system to the point of delivery.
- (f) The term "Seller's conductors" shall mean the Seller's wires extending from the point of delivery to the switch box or other point where the Seller's circuits connect for the purpose of supplying the electricity produced by the Seller.
- (g) The term "'interconnection" shall mean the connection of the Company's conductors to the Seller's conductors.

4. CONTRACT CAPACITY

- (a) The Contract Capacity shall be the kW of capacity specified in the Purchase Power Agreement. This term shall mean the maximum continuous electrical output capability expressed on an alternating current basis of the generator(s) at any time, at a power factor of approximately unity, without consuming VARs supplied by Company, as measured at the Point of Delivery and shall be the maximum kW delivered to the Company during any billing period. In cases where any change is required in Company's facilities due to the actual capacity delivered exceeding the Contract Capacity or due to the Seller requesting an increase in the capacity of Company's facilities, the Company may require Seller to execute a new Agreement or amend an existing Agreement, thereby establishing a new Contract Capacity. If the Company's facilities cannot be upgraded to accept such actual or requested increase, then upon written notice, the Seller shall not exceed the existing Contract Capacity or such amount in excess thereof as the Company determines it is able to accept.
- (b) The Seller shall not change its generating capacity or contracted estimated annual kWh energy production without adequate notice to the Company, and without receiving the Company's consent, and if such unauthorized increase causes loss of or damage to the Company's facilities, the cost of making good such loss or repairing such damage shall be paid by the Seller.
- (c) The Company may require that a new Contract Capacity be determined when it reasonably appears that the capacity of the Seller's generating facility will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.
- (d) In the event that the Contract Capacity is terminated prior to the completion of the term of the Agreement, the Seller shall pay to the Company a penalty as set forth in paragraph 6, below.

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

5. CONTRACT ENERGY

The Contract Energy specified in the Purchase Power Agreement shall be the estimated total annual kilowatt-hours registered or computed by or from the Company's metering facilities for each time period during a continuous 12-month interval.

6. EARLY CONTRACT TERMINATION OR INCREASE IN CONTRACT CAPACITY

If the Seller terminates the Agreement or increases the Contract Capacity prior to the expiration of the initial (or extended) term of the Purchase Agreement, the following payment shall be made to the Company by the Seller:

Early Contract Termination – The Seller shall pay to Company the total Energy and/or Capacity credits received in excess of the sum of what would have been received under the Variable Rate for Energy and/or Capacity Credits applicable at the initial term of the contract period and as updated every two years, plus interest. The interest should be the weighted average rate for new debt issued by the Company in the calendar year previous to that in which the Agreement was commenced.

Increase In Contract Capacity – The Seller may apply to the Company to increase the Contract Capacity during the Contract Period and, upon approval by Company, future Monthly Delivered Capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to the Seller shall be determined in accordance with the Interconnection Agreement.

7. CONTRACT RENEWAL

This Agreement shall be subject to renewal for subsequent term(s) at the option of the Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

8. QUALITY OF ENERGY RECEIVED

- (a) The Seller has full responsibility for the routine maintenance of his generating and protective equipment to insure that reliable, utility grade electric energy is being delivered to the Company.
- (b) The Seller's facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by the Company. Any operating requirement is subject to modification or revision if warranted by future changes in the distribution or transmission circuit conditions.
- (c) The Seller may operate direct current generators in parallel with the Company through a synchronous inverter. The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into the Company's system. Harmonics generated by a DC generator-inverter combination must not adversely affect the Company's supply of electric service to, or the use of electric service by the Company's other customers, and any correction thereof is the full responsibility of the Seller.
- (d) In the event the Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing the Company

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

to be unable to provide proper voltage levels to its customers, the Seller shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by the Company.

- (e) The Seller shall provide the Company written notification of any changes to their generation system, support equipment such as inverters, or interconnection facilities and shall provide the Company adequate time to review such changes to ensure continued safe interconnection prior to implementation.
- (f) Failure of the Seller to comply with either (a), (b), (c), (d) or (e) above will constitute grounds for the Company to cease parallel operation with the Seller's generation equipment and constitute grounds for termination or suspension of the Agreement as set forth under paragraph 1, above.

9. BILLING

- (a) Meters will be read and bills rendered monthly. Readings are taken each month at intervals of approximately thirty (30) days.
- (b) If Company is unable to read its purchase meter for any reason, the Seller's production may be estimated by Company on the basis of Seller's production during the most recent preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.
- (c) The term "Month" or "Monthly", as used in Company's Schedules and Riders, refers to the period of time between the regular meter readings by the Company. Bills rendered for periods of less than 25 or more than 35 days as a result of rerouting of the Seller's account, and all initial and final bills rendered on a Seller's account will be prorated on the basis of a normal 30-day billing period.
- (d) Payments for capacity and/or energy will be made to the Seller based on the rate schedule stated in the Purchase Power Agreement.
- (e) The Company reserves the right to set off against any amounts due from the Company to the Seller, any amounts which are due from the Seller to the Company, including, but not limited to, unpaid charges pursuant to the Interconnection Agreement or past due balances on any accounts Seller has with Company for other services.

10. RECORDS

In addition to the regular meter readings to be taken monthly for billing purposes, Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. The Company reserves the right to provide to the Commission or the FERC or any other regulatory body, upon request, information pertaining to this Agreement, including but not limited to: records of the Facility's generation output and the Company's purchases thereof (including copies of monthly statements of power purchases and data from load recorders and telemetering installed at the Facility); copies of this Agreement. The Company will not provide any information developed solely by the Seller and designated by the Seller in writing to be "proprietary" unless required to do so by order of the Commission or the FERC or any other regulatory body or court, in which event, the Company will notify the Seller prior to supplying the proprietary information.

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

The Seller shall provide to the Company, on a monthly basis within ten (10) days of the meter reading date and in form to be mutually agreed upon by the Parties, information on the Facility's fuel costs (coal, oil natural gas, supplemental firing, etc.), if any, for the power delivered to the Company during the preceding month's billing period.

11. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, the Company will adjust the measured energy for the period of time the meter was shown to be in error, and shall, as provided in the rules and regulations of the state regulatory body having jurisdiction, pay to the Seller, or the Seller shall refund to the Company, the difference between the amount billed and the estimated amount which would have been billed had the meter accurately registered the kilowatt hours provided by the Seller. No part of any minimum service charge shall be refunded.

12. POINT OF DELIVERY

The point of delivery is the point where the Company's conductors are, or are to be, connected to the Seller's conductors. The Seller shall do all things necessary to bring its conductors to such point of delivery for connection to the Company's conductors, and shall maintain said conductors in good order at all times. If the Seller chooses to deliver power to the Company through a point of delivery where Seller presently receives power from Company, then the point of delivery for the purchase of generation shall be the same point as the point of delivery for electric service.

13. INTERCONNECTION FACILITIES

If the Seller is not subject to the terms and conditions of to the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100 Sub 101 the following conditions shall apply to Interconnection Facilities necessary to deliver the Seller's electricity to the Company. Otherwise, the terms and conditions of the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100 Sub 101 govern.

- (a) By Company: The Company shall install, own, operate, maintain, and otherwise furnish all lines and equipment located on its side of the point of delivery to permit parallel operation of the Seller's facilities with the Company's system. It shall also install and own the necessary metering equipment, and meter transformers, where necessary, for measuring the electricity delivered to the Company, though such meter may be located on the Seller's side of the point of delivery. Interconnection facilities, installed by either Company or the Seller, solely for such purpose, include, but are not limited to connection, line extension, transformation, switching equipment, protective relaying, metering, telemetering, communications, and appropriate safety equipment.

Any interconnection facilities installed by Company necessary to receive power from the Seller shall be considered Interconnection Facilities and shall be provided, if Company finds it practicable, under the following conditions:

- (1) The facilities will be of a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.
- (2) The Seller will pay to Company a Monthly Interconnection Facilities Charge based on 1.1 percent of the estimated original installed cost and rearrangement cost of all facilities,

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

- including metering, required to accept interconnection, but not less than \$25 per month. The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of the Company as the same are now on file with the Commission and may be changed or modified from time to time upon approval by the Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by the Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.
- (3) If the Company increases its investment in interconnection facilities or other special facilities required by the Seller (including conversion of the Company's primary voltage to a higher voltage), the Monthly Interconnection Facilities Charge for providing the additional facilities will be adjusted at that time. If the Monthly Interconnection Facilities Charge increases, the Seller may terminate the Interconnection Facilities in accordance with the applicable termination paragraph 1 above, or continue Interconnection Facilities under the changed conditions.
- (4) The Monthly Interconnection Facilities Charge as determined shall continue regardless of the term of the Agreement until Seller no longer has need for such facilities. In the event Seller's interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination should be calculated in accordance with 1, above.
- (5) The Seller's wiring and appurtenant structures shall provide for the location, connection, and installation of the Company's standard metering equipment or other equipment deemed necessary by the Company for the metering of Seller's electrical output. The Company shall, at its expense, be permitted to install, in the Seller's wiring or equipment, any special metering devices or equipment as deemed necessary for experimental or monitoring purposes.
- (6) The Company shall furnish and install the Interconnection Facilities no later than the date requested by the Seller for such installation. The Seller's obligation to pay the Interconnection Facilities charges shall begin on the date that such Interconnection Facilities become operational, except as provided in Paragraph 3.4 hereof, and such charges shall apply at all times thereafter during the term of this Agreement, whether or not the Seller is actually supplying electric power to the Company.
- (b) By Seller: The Seller shall install, own, operate, and maintain all lines, and equipment, exclusive of the Company's meter and meter transformers, on the Seller's side of the point of delivery. The Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on the Seller's side of the point of delivery. The Seller must conform to the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. The Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to one point of delivery and measured by a single meter. The Company's meter may be located on the Seller's side of the point of delivery, and when it is to be so located, the Seller must make suitable provisions in the Seller's wiring, at a place suitable to the Company, for the convenient installation of the type of meter the Company will use. All of the Seller's conductors installed on the Company's side of the meter and not installed in conduit must be readily visible.

The Seller shall install and maintain devices adequate to protect the Seller's equipment against irregularities on the Company's system, including devices to protect against single-phasing. The

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

Seller shall also install and maintain such devices as may be necessary to automatically disconnect the Seller's generating equipment, which is operated in parallel with the Company, when service provided by the Seller is affected by electrical disturbances on the Company's or the Seller's systems, or at any time when the Company's system is de-energized from its prime source.

- (c) Access to Premises: The duly authorized agents of the Company shall have the right of ingress and egress to the premises of the Seller at all reasonable hours for the purpose of reading meters, inspecting the Company's wiring and apparatus, changing, exchanging, or repairing the Company's property on the premises of the Seller, or removing such property at the time of or at any time after suspension of purchases or termination of this Agreement.
- (d) Protection: The Seller shall protect the Company's wiring and apparatus on the Seller's premises and shall permit no one but the Company's agents to handle same. In the event of any loss of or damage to such property of the Company caused by or arising out of carelessness, neglect, or misuse by the Seller or the Seller's employees or agents, the cost of making good such loss or repairing such damage shall be paid by the Seller. In cases where the Company's service facilities on the Seller's premises require abnormal maintenance due to the Seller's operation, the Seller shall reimburse Company for such abnormal maintenance cost.

14. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

The Parties do not guarantee continuous service but shall use reasonable diligence at all times to provide for uninterrupted acceptance and supply of electricity. They shall use reasonable diligence at all times to provide satisfactory service, and to remove the cause or causes in the event of failure, interruption, reduction or suspension of service, but neither Party shall be liable for any loss or damage resulting from such failure, interruption, reduction or suspension of service, nor shall same be a default hereunder, when due to any of the following:

- (a) An emergency action due to an adverse condition or disturbance on the Company's system, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system.
- (b) An event or condition of force majeure, as described below.
- (c) Making necessary adjustments to, changes in, or repairs on the Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from the Seller's premises would endanger persons or property.

The Seller shall be responsible for insuring the safe operation of his equipment at all times, and will install and maintain, to the Company's satisfaction, the necessary automatic equipment to prevent the backfeed of power into, or damage to the Company's de-energized system, and shall be subject to immediate disconnection of its equipment from the Company's system if the Company determines that such equipment is unsafe or adversely affects the Company's transmission/distribution system or service to its other customers.

The Seller assumes responsibility for and shall indemnify, defend, and save the Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

persons or property including personal injury or property damage to the Seller or the Seller's employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on the Seller's side of the point of delivery.

15. FORCE MAJEURE

Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements shall be deemed to be "events or conditions of force majeure". It also includes actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or failures to act prevent or delay performance; or transportation delays or accidents. Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

Neither Party shall be responsible nor liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

- (a) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;
- (b) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;
- (c) The affected Party uses its best efforts to remedy its inability to perform;
- (d) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,
- (e) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

16. INSURANCE

The Seller shall obtain and retain, for as long as the generation is interconnected with Company's system, either the applicable homeowners insurance policy with liability coverage of at least \$100,000 per occurrence or a the applicable comprehensive general liability insurance policy with liability coverage in the amount of at least \$300,000 per occurrence, which protects the Seller from claims for bodily injury and/or property damage. This insurance shall be primary for all purposes. The Seller shall provide certificates evidencing this coverage as required by the Company. The Company reserves the right to refuse to establish, or continue the interconnection of the Seller's generation with Company's system, if such insurance is not in effect.

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

17. GOVERNMENTAL RESTRICTIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or over this Agreement. This Agreement shall not become effective until all required governmental authorizations are obtained. Certification of receipt of all permits and authorizations shall be furnished by the Seller to the Company upon the Company's request. This Agreement shall not become effective unless it and all provisions thereof are authorized and permitted by such governmental agencies without change or conditions.

This Agreement shall at all times be subject to changes by such governmental agencies, and the parties shall be subject to conditions and obligations, as such governmental agencies may, from time to time, direct in the exercise of their jurisdiction, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract. Both parties agree to exert their best efforts to comply with all of the applicable rules and regulations of all governmental agencies having control over either party or this Agreement. The parties shall take all reasonable action necessary to secure all required governmental approval of this Agreement in its entirety and without change.

The delivery date, quantity, and type of electricity to be accepted for purchase by the Company, from the Seller, are subject to changes, restrictions, curtailments, or complete suspensions by Company as may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency due to war, or catastrophe, all without liability on the part of the Company therefor.

Duke Energy Carolinas, LLC

Electricity No. 4
North Carolina Original (Proposed) Leaf No. 300

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

1. PURCHASE POWER AGREEMENT

These "Terms and Conditions" provide a mechanism through which Duke Energy Carolinas, LLC, hereafter called "Company," will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in the Purchased Power Schedule PP. This Purchase Power Agreement is solely for the purchase of electricity produced by Seller's generation, net of generator auxiliary requirement, and does not provide for the sale of any electric service by Company to Seller.

- (a) Description - The Purchase Power Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Purchase Power Agreement when signed by Seller and accepted by Company, (2) the applicable Schedule for the purchase of electricity as specified in the Purchase Power Agreement, and (3) these Terms and Conditions for the Purchase of Electric Power (hereinafter referred to as "Terms and Conditions"), and all changes, revisions, alterations therein, or substitutions therefor lawfully made.
- (b) Application of Terms and Conditions and Schedules - All Purchase Agreements in effect at the effective date of this tariff or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules as specified in the Purchase Power Agreement, and any changes therein, substitutions thereof, or additions thereto lawfully made, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract or by order of the state regulatory authority having jurisdiction (hereinafter "Commission").
- (c) Conflicts - In case of conflict between any provision of a Schedule and of these Terms and Conditions, the provision of the Schedule shall prevail.
- (d) Waiver - The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.
- (e) Assignment of Agreement - A Purchase Agreement between the Company and the Seller may ~~not~~ be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under such Agreement, ~~without the prior written approval of Company. The Company will not unreasonably withhold consent provided that such assignment does not require any amendment to the terms and conditions of this Agreement, other than the notice provision thereof. Any assignment that the Company has not approved in writing shall be null and void and not effective for all purposes.~~ However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.
- (f) Notification of Assignment, Transfer or Sale - In the event of an assignment of the rights and obligations accruing to the Seller under this Agreement, or in the event of any contemplated sale, transfer or assignment of the Facility or the Certificate of Public Convenience and Necessity, the Seller shall, in addition to obtaining the approvals hereof, provide a minimum of 30 days prior written notice advising the Company and the Commission of any plans for such an assignment, sale or transfer, or of any accompanying significant changes in the information required by Commission Rule R8-64, R9-65 or R8-66 which are incorporated by reference herein.
- (g) Suspension of Sales Under Agreement at the Seller's Request - If the Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his

Deleted: subject**Deleted:** to

Deleted: grant such approval upon being reasonably satisfied that the assignee will fulfill the terms of the Agreement and if, at the Company's option, a satisfactory guarantee for the payment of any applicable bills is furnished by assignee.

North Carolina Original (Proposed) Leaf No. 300

Effective

NCUC Docket No. E-100 Sub 140

Page 1 of 11

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

premises, the Company will, upon written request of the Seller, and for a period the Company deems as reasonably required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period.

- (h) Termination of Agreement at the Seller's Request - If the Seller desires to terminate the Agreement, the Company will agree to such termination if all bills for services previously rendered to Seller including any termination or other charges applicable under any Interconnection Agreement, plus any applicable termination charges, have been paid. Termination charges shall consist of any applicable termination charges for premature termination of capacity as set forth in paragraphs 4 and 6 of these Terms and Conditions. The Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Company for the delivery of electricity to Company for a term not less than the unexpired portion of Seller's Agreement.

- (i) Company's Right to Terminate or Suspend Agreement – The Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from the Seller (1) for any default or breach of Agreement by the Seller, (2) for fraudulent or unauthorized use of the Company's meter, (3) for failure to pay any applicable bills when due and payable, (4) for a condition on the Seller's side of the point of delivery actually known by the Company to be, or which the Company reasonably anticipates may be, dangerous to life or property, or Termination of the contract is at the Company's sole option and is only appropriate when the Seller either cannot or will not cure its default, or if the Seller fails to deliver energy to the Company for six (6) consecutive months.

No such termination or suspension, however, will be made by the Company without written notice delivered to the Seller, personally or by mail, stating what in particular in the Agreement has been violated, except that no notice need to be given in instances set forth in 1.(i)(2). The Company shall give Seller thirty (30) calendar days prior written notice before suspending or terminating the Agreement pursuant to provisions 1.(i)(1) and (3). The Company shall give the Seller five (5) calendar days prior written notice before suspending or terminating the Agreement pursuant to provision 1.(i)(4).

Failure of the Company to terminate the Agreement or to suspend the purchase of electricity at any time after the occurrence of grounds therefor, or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect the Company's right later to resort to any one or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

Any suspension of the purchase of electricity by the Company or termination of the Agreement upon any authorized grounds shall in no way operate to relieve the Seller of Seller's liability to compensate Company for services and/or facilities supplied, nor shall it relieve the Seller (1) of the Seller's liability for the payment of minimum monthly charges during the period of suspension, nor (2) of the Seller's liability for damages, if the Agreement has been terminated, in the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the Early Contract Termination charge as set forth in these Terms and Conditions.

Deleted: (5) due to the Seller's inability to deliver to the Company the quality and/or quantity of electricity mutually agreed to in the Purchase Agreement. The Company reserves the right, at its sole option, to terminate the Agreement if the Seller fails to deliver energy to the Company for six (6) consecutive Months.

Deleted:) and 1.(i)(4) above

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

2. CONDITIONS OF SERVICE

- (a) The Company is not obligated to purchase electricity from the Seller unless and until: (1) the Company's form of Purchase Power Agreement is executed by the Seller and accepted by the Company; (2) in cases where it is necessary to cross private property to accept delivery of electricity from the Seller, the Seller conveys or causes to be conveyed to the Company, without cost to Company, a right of way easement, satisfactory to the Company, across such private property which will provide for the construction, maintenance, and operation of the Company's lines and facilities, necessary to receive electricity from the Seller; provided, however, in the absence of a formal conveyance, the Company nevertheless, shall be vested with an easement over the Seller's premises authorizing it to do all things necessary including the construction, maintenance, and operation of its lines and facilities for such purpose; and (3) any inspection certificates or permits that may be required by law in the local area are furnished to the Company. Where not required by law, an inspection by a Company-approved inspector shall be made at the Seller's expense. In the event the Seller is unable to secure such necessary rights of way, the Seller shall reimburse the Company for all costs the Company may incur for the securing of such rights of way.

The obligation of the Company in regard to service under the Agreement are dependent upon the Company securing and retaining all necessary rights-of-way, privileges, franchises, and permits, for such service. The Company shall not be liable to any Seller in the event the Company is delayed or prevented from purchasing power by the Company failure to secure and retain such rights-of-way, privileges, franchises, and permits.

- (b) The Seller shall operate its Facility in compliance with all applicable operating guidelines established by the North American Electric Reliability Corporation ("NERC") and the SERC Reliability Corporation ("SERC") or any successor thereto.
- (c) The Seller shall submit an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. The Company shall not be required to install facilities to support interconnection of the Seller's generation or execute the Purchase Power Agreement until the Seller has signed an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections, as may be required by the Company.
- (d) If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, the Company shall have the right, upon 30 days' written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) the Company is required by governmental authority to incur expenses in the relocation or the reconstruction underground of any portion of said lines, unless the Company is reimbursed for such expense by the Sellers or customers connected thereto, or (2) the right of the Company to maintain and operate said lines is terminated, revoked, or denied by governmental authority for any reason.

3. DEFINITIONS

- (a) Nameplate Capacity: The term "Nameplate Capacity" shall mean the manufacturer's nameplate rated output capability of the generator. For multi-unit generator facilities, the "Nameplate Capacity" of the facility shall be the sum of the individual manufacturer's nameplate rated output capabilities of the generators.

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

- (b) Net Capacity: The term "Net Capacity" shall mean the Nameplate Capacity of the Seller's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.
- (c) Auxiliary Load: The term "Auxiliary Load" shall mean power used to operate auxiliary equipment in the facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).
- (d) Whenever the term "purchase" or "purchase of electricity" is used in these Terms and Conditions or other portions of the Agreement, it shall be construed to refer to the electricity supplied to the Company by the Seller.
- (e) The term "Company's conductors" shall mean the Company's wires extending from the point of connection with the Company's existing electric system to the point of delivery.
- (f) The term "Seller's conductors" shall mean the Seller's wires extending from the point of delivery to the switch box or other point where the Seller's circuits connect for the purpose of supplying the electricity produced by the Seller.
- (g) The term "interconnection" shall mean the connection of the Company's conductors to the Seller's conductors.

4. CONTRACT CAPACITY

- (a) The Contract Capacity shall be the kW of capacity specified in the Purchase Power Agreement. This term shall mean the maximum continuous electrical output capability expressed on an alternating current basis of the generator(s) at any time, at a power factor of approximately unity, without consuming VARs supplied by Company, as measured at the Point of Delivery and shall be the maximum kW delivered to the Company during any billing period. In cases where any change is required in Company's facilities due to the actual capacity delivered exceeding the Contract Capacity or due to the Seller requesting an increase in the capacity of Company's facilities, the Company may require Seller to execute a new Agreement or amend an existing Agreement, thereby establishing a new Contract Capacity. If the Company's facilities cannot be upgraded to accept such actual or requested increase, then upon written notice, the Seller shall not exceed the existing Contract Capacity or such amount in excess thereof as the Company determines it is able to accept.
- (b) The Seller shall not change its generating capacity or contracted estimated annual kWh energy production without adequate notice to the Company, and without receiving the Company's consent, and if such unauthorized increase causes loss of or damage to the Company's facilities, the cost of making good such loss or repairing such damage shall be paid by the Seller.
- (c) The Company may require that a new Contract Capacity be determined when it reasonably appears that the capacity of the Seller's generating facility will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.
- (d) In the event that the Contract Capacity is terminated prior to the completion of the term of the Agreement, the Seller shall pay to the Company a penalty as set forth in paragraph 6, below.

Deleted: , in whole or in part,

Duke Energy Carolinas, LLC

Electricity No. 4
North Carolina Original (Proposed) Leaf No. 300

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

5. CONTRACT ENERGY

The Contract Energy specified in the Purchase Power Agreement shall be the estimated total annual kilowatt-hours registered or computed by or from the Company's metering facilities for each time period during a continuous 12-month interval.

6. EARLY CONTRACT TERMINATION OR ~~INCREASE~~ IN CONTRACT CAPACITY

If the Seller terminates the Agreement or ~~increases~~ the Contract Capacity prior to the expiration of the initial (or extended) term of the Purchase Agreement, the following payment shall be made to the Company by the Seller:

Early Contract Termination – The Seller shall pay to Company the total Energy and/or Capacity credits received in excess of the sum of what would have been received under the Variable Rate for Energy and/or Capacity Credits applicable at the initial term of the contract period and as updated every two years, plus interest. The interest should be the weighted average rate for new debt issued by the Company in the calendar year previous to that in which the Agreement was commenced.

Increase In Contract Capacity – The Seller may apply to the Company to increase the Contract Capacity during the Contract Period and, upon approval by Company, future Monthly Delivered Capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to the Seller shall be determined in accordance with the Interconnection Agreement.

7. CONTRACT RENEWAL

This Agreement shall be subject to renewal for subsequent term(s) at the option of the Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

8. QUALITY OF ENERGY RECEIVED

- (a) The Seller has full responsibility for the routine maintenance of his generating and protective equipment to insure that reliable, utility grade electric energy is being delivered to the Company.
- (b) The Seller's facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by the Company. Any operating requirement is subject to modification or revision if warranted by future changes in the distribution or transmission circuit conditions.
- (c) The Seller may operate direct current generators in parallel with the Company through a synchronous inverter. The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into the Company's system. Harmonics generated by a DC generator-inverter combination must not adversely affect the Company's supply of electric service to, or the use of electric service by the Company's other customers, and any correction thereof is the full responsibility of the Seller.
- (d) In the event the Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing the Company

Deleted: CHANGES

Deleted: OR CONTRACT ENERGY

Deleted: reduces

Deleted: or Contract Energy

Deleted: Reduction in Contract Capacity or Energy - If Seller's average energy generated in the on-peak or off-peak periods or capacity during any 12-month period falls significantly below the Contract annual kilowatt-hours or Contract Capacity, the Company may petition the North Carolina Utilities Commission to invoke a Reduction-In-Contract-Energy-Charge or Reduction in Contract Capacity Charge and establish a new Contract Energy and Capacity level. If approved by the Commission, the Reduction-In-Contract-Energy-Charge shall be equal to the total Energy Credits received for all prior years of the current Contract Period, less an amount computed at the new Contract Energy level using the on-peak or off-peak energy credit contained in the Purchase Agreement, less an amount equal to the energy supplied in all prior years of the current Contract Period which is in excess of the new Contract Energy level priced at the Variable Rate for energy which was in effect at the time the energy was delivered as specified in Company's applicable purchased power rate schedule, plus interest. The reduction in Contract Capacity Charge shall be a quantity equal to the amount as calculated under the Early Contract Termination clause multiplied by the ratio of the capacity reduction to existing Contract Capacity, plus interest. The interest rate shall be the same interest rate as computed in accordance with the Early Contract Termination provision. ¶

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

to be unable to provide proper voltage levels to its customers, the Seller shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by the Company.

- (e) The Seller shall provide the Company written notification of any changes to their generation system, support equipment such as inverters, or interconnection facilities and shall provide the Company adequate time to review such changes to ensure continued safe interconnection prior to implementation.
- (f) Failure of the Seller to comply with either (a), (b), (c), (d) or (e) above will constitute grounds for the Company to cease parallel operation with the Seller's generation equipment and constitute grounds for termination or suspension of the Agreement as set forth under paragraph 1, above.

9. BILLING

- (a) Meters will be read and bills rendered monthly. Readings are taken each month at intervals of approximately thirty (30) days.
- (b) If Company is unable to read its purchase meter for any reason, the Seller's production may be estimated by Company on the basis of Seller's production during the most recent preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.
- (c) The term "Month" or "Monthly", as used in Company's Schedules and Riders, refers to the period of time between the regular meter readings by the Company. Bills rendered for periods of less than 25 or more than 35 days as a result of rerouting of the Seller's account, and all initial and final bills rendered on a Seller's account will be prorated on the basis of a normal 30-day billing period.
- (d) Payments for capacity and/or energy will be made to the Seller based on the rate schedule stated in the Purchase Power Agreement.
- (e) The Company reserves the right to set off against any amounts due from the Company to the Seller, any amounts which are due from the Seller to the Company, including, but not limited to, unpaid charges pursuant to the Interconnection Agreement or past due balances on any accounts Seller has with Company for other services.

10. RECORDS

In addition to the regular meter readings to be taken monthly for billing purposes, Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. The Company reserves the right to provide to the Commission or the FERC or any other regulatory body, upon request, information pertaining to this Agreement, including but not limited to: records of the Facility's generation output and the Company's purchases thereof (including copies of monthly statements of power purchases and data from load recorders and telemetering installed at the Facility); copies of this Agreement. The Company will not provide any information developed solely by the Seller and designated by the Seller in writing to be "proprietary" unless required to do so by order of the Commission or the FERC or any other regulatory body or court, in which event, the Company will notify the Seller prior to supplying the proprietary information.

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

The Seller shall provide to the Company, on a monthly basis within ten (10) days of the meter reading date and in form to be mutually agreed upon by the Parties, information on the Facility's fuel costs (coal, oil natural gas, supplemental firing, etc.), if any, for the power delivered to the Company during the preceding month's billing period.

11. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, the Company will adjust the measured energy for the period of time the meter was shown to be in error, and shall, as provided in the rules and regulations of the state regulatory body having jurisdiction, pay to the Seller, or the Seller shall refund to the Company, the difference between the amount billed and the estimated amount which would have been billed had the meter accurately registered the kilowatt hours provided by the Seller. No part of any minimum service charge shall be refunded.

12. POINT OF DELIVERY

The point of delivery is the point where the Company's conductors are, or are to be, connected to the Seller's conductors. The Seller shall do all things necessary to bring its conductors to such point of delivery for connection to the Company's conductors, and shall maintain said conductors in good order at all times. If the Seller chooses to deliver power to the Company through a point of delivery where Seller presently receives power from Company, then the point of delivery for the purchase of generation shall be the same point as the point of delivery for electric service.

13. INTERCONNECTION FACILITIES

If the Seller is not subject to the terms and conditions of to the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100 Sub 101, the following conditions shall apply to Interconnection Facilities necessary to deliver the Seller's electricity to the Company. Otherwise, the terms and conditions of the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100 Sub 101 govern.

Deleted: Unless otherwise addressed in a separate Interconnection Agreement,

- (a) By Company: The Company shall install, own, operate, maintain, and otherwise furnish all lines and equipment located on its side of the point of delivery to permit parallel operation of the Seller's facilities with the Company's system. It shall also install and own the necessary metering equipment, and meter transformers, where necessary, for measuring the electricity delivered to the Company, though such meter may be located on the Seller's side of the point of delivery. Interconnection facilities, installed by either Company or the Seller, solely for such purpose, include, but are not limited to connection, line extension, transformation, switching equipment, protective relaying, metering, telemetering, communications, and appropriate safety equipment.

Any interconnection facilities installed by Company necessary to receive power from the Seller shall be considered Interconnection Facilities and shall be provided, if Company finds it practicable, under the following conditions:

- (1) The facilities will be of a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.
- (2) The Seller will pay to Company a Monthly Interconnection Facilities Charge based on 1.1 percent of the estimated original installed cost and rearrangement cost of all facilities,

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

including metering, required to accept interconnection, but not less than \$25 per month. The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of the Company as the same are now on file with the Commission and may be changed or modified from time to time upon approval by the Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by the Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.

- (3) If the Company increases its investment in interconnection facilities or other special facilities required by the Seller (including conversion of the Company's primary voltage to a higher voltage), the Monthly Interconnection Facilities Charge for providing the additional facilities will be adjusted at that time. If the Monthly Interconnection Facilities Charge increases, the Seller may terminate the Interconnection Facilities in accordance with the applicable termination paragraph 1 above, or continue Interconnection Facilities under the changed conditions.
 - (4) The Monthly Interconnection Facilities Charge as determined shall continue regardless of the term of the Agreement until Seller no longer has need for such facilities. In the event Seller's interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination should be calculated in accordance with 1, above.
 - (5) The Seller's wiring and appurtenant structures shall provide for the location, connection, and installation of the Company's standard metering equipment or other equipment deemed necessary by the Company for the metering of Seller's electrical output. The Company shall, at its expense, be permitted to install, in the Seller's wiring or equipment, any special metering devices or equipment as deemed necessary for experimental or monitoring purposes.
 - (6) The Company shall furnish and install the Interconnection Facilities no later than the date requested by the Seller for such installation. The Seller's obligation to pay the Interconnection Facilities charges shall begin on the date that such Interconnection Facilities become operational, except as provided in Paragraph 3.4 hereof, and such charges shall apply at all times thereafter during the term of this Agreement, whether or not the Seller is actually supplying electric power to the Company.
- (b) By Seller: The Seller shall install, own, operate, and maintain all lines, and equipment, exclusive of the Company's meter and meter transformers, on the Seller's side of the point of delivery. The Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on the Seller's side of the point of delivery. The Seller must conform to the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. The Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to one point of delivery and measured by a single meter. The Company's meter may be located on the Seller's side of the point of delivery, and when it is to be so located, the Seller must make suitable provisions in the Seller's wiring, at a place suitable to the Company, for the convenient installation of the type of meter the Company will use. All of the Seller's conductors installed on the Company's side of the meter and not installed in conduit must be readily visible.

The Seller shall install and maintain devices adequate to protect the Seller's equipment against irregularities on the Company's system, including devices to protect against single-phasing. The

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

Seller shall also install and maintain such devices as may be necessary to automatically disconnect the Seller's generating equipment, which is operated in parallel with the Company, when service provided by the Seller is affected by electrical disturbances on the Company's or the Seller's systems, or at any time when the Company's system is de-energized from its prime source.

- (c) Access to Premises: The duly authorized agents of the Company shall have the right of ingress and egress to the premises of the Seller at all reasonable hours for the purpose of reading meters, inspecting the Company's wiring and apparatus, changing, exchanging, or repairing the Company's property on the premises of the Seller, or removing such property at the time of or at any time after suspension of purchases or termination of this Agreement.
- (d) Protection: The Seller shall protect the Company's wiring and apparatus on the Seller's premises and shall permit no one but the Company's agents to handle same. In the event of any loss of or damage to such property of the Company caused by or arising out of carelessness, neglect, or misuse by the Seller or the Seller's employees or agents, the cost of making good such loss or repairing such damage shall be paid by the Seller. In cases where the Company's service facilities on the Seller's premises require abnormal maintenance due to the Seller's operation, the Seller shall reimburse Company for such abnormal maintenance cost.

14. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

The Parties do not guarantee continuous service but shall use reasonable diligence at all times to provide for uninterrupted acceptance and supply of electricity. They shall use reasonable diligence at all times to provide satisfactory service, and to remove the cause or causes in the event of failure, interruption, reduction or suspension of service, but neither Party shall be liable for any loss or damage resulting from such failure, interruption, reduction or suspension of service, nor shall same be a default hereunder, when due to any of the following:

- (a) An emergency action due to an adverse condition or disturbance on the Company's system, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system.
- (b) An event or condition of force majeure, as described below.
- (c) Making necessary adjustments to, changes in, or repairs on the Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from the Seller's premises would endanger persons or property.

The Seller shall be responsible for insuring the safe operation of his equipment at all times, and will install and maintain, to the Company's satisfaction, the necessary automatic equipment to prevent the backfeed of power into, or damage to the Company's de-energized system, and shall be subject to immediate disconnection of its equipment from the Company's system if the Company determines that such equipment is unsafe or adversely affects the Company's transmission/distribution system or service to its other customers.

The Seller assumes responsibility for and shall indemnify, defend, and save the Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

persons or property including personal injury or property damage to the Seller or the Seller's employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on the Seller's side of the point of delivery.

15. FORCE MAJEURE

Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements shall be deemed to be "events or conditions of force majeure". It also includes actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or failures to act prevent or delay performance; or transportation delays or accidents. Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

Neither Party shall be responsible nor liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

- (a) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;
- (b) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;
- (c) The affected Party uses its best efforts to remedy its inability to perform;
- (d) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,
- (e) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

16. INSURANCE

The Seller shall obtain and retain, for as long as the generation is interconnected with Company's system, either the applicable homeowners insurance policy with liability coverage of at least \$100,000 per occurrence or a the applicable comprehensive general liability insurance policy with liability coverage in the amount of at least \$300,000 per occurrence, which protects the Seller from claims for bodily injury and/or property damage. This insurance shall be primary for all purposes. The Seller shall provide certificates evidencing this coverage as required by the Company. The Company reserves the right to refuse to establish, or continue the interconnection of the Seller's generation with Company's system, if such insurance is not in effect.

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

17. GOVERNMENTAL RESTRICTIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or over this Agreement. This Agreement shall not become effective until all required governmental authorizations are obtained. Certification of receipt of all permits and authorizations shall be furnished by the Seller to the Company upon the Company's request. This Agreement shall not become effective unless it and all provisions thereof are authorized and permitted by such governmental agencies without change or conditions.

This Agreement shall at all times be subject to changes by such governmental agencies, and the parties shall be subject to conditions and obligations, as such governmental agencies may, from time to time, direct in the exercise of their jurisdiction, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract. Both parties agree to exert their best efforts to comply with all of the applicable rules and regulations of all governmental agencies having control over either party or this Agreement. The parties shall take all reasonable action necessary to secure all required governmental approval of this Agreement in its entirety and without change.

The delivery date, quantity, and type of electricity to be accepted for purchase by the Company, from the Seller, are subject to changes, restrictions, curtailments, or complete suspensions by Company as may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency due to war, or catastrophe, all without liability on the part of the Company therefor.

Attachment 4

Duke Energy Progress, LLC

**Standard Contracts and
Terms and Conditions**

Clean and Black-lined

PURCHASE POWER AGREEMENT

between

DUKE ENERGY PROGRESS, LLC

and

SELLER NAME

“Facility Name”

Initial Delivery Date: _____

**PURCHASE POWER AGREEMENT BY A
QUALIFYING COGENERATOR OR SMALL POWER PRODUCER**

1 **THIS PURCHASE POWER AGREEMENT** ("Agreement") is made this _____ day
2 of _____, 20____, by and between
3
4

5 **DUKE ENERGY PROGRESS, LLC** ("Company")
6
7 , and
8
9 _____,
10

11 a(n) _____ Corporation ("Seller" or "Customer"), for the
12
13 " _____,"
14

15 which Seller certifies that this facility (is/is not) "new capacity," as defined by the Federal Energy
16 Regulatory Commission (FERC), and that construction (was/was not) commenced on or after
17 November 9, 1978 and is or will be a qualifying facility as defined by the Federal Energy
18 Regulatory Commission ("FERC") pursuant to Section 210 of the Public Utility Regulatory Policies
19 Act of 1978 *[and which is or will be a hydroelectric generating facility owned and operated by a*
20 *small power producer as defined in G.S. 62-3(27a) - (if applicable)]*, consisting of
21 _____(the "Facility"),
22 which is located at _____.
23

24 (Hereinafter, the parties are also referred to individually as "Party" and collectively as "Parties").
25

26 In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their
27 successors and assigns, do hereby agree to the following:
28

29 **1. Service Requirements**
30

- 31 1.1 Seller shall sell and deliver exclusively to Company all of the electric power generated by the
32 Facility, net of the Facility's own auxiliary electrical requirements, and Company shall
33 purchase, receive, use and pay for the same, subject to the conditions contained in this
34 Agreement. Upon the completion of the installation, by Company, of its interconnection
35 facilities at the point of delivery of Seller's and Company's conductors, Seller shall become
36 responsible for the payment to Company of any and all charges that may apply, whether or not
37 Seller actually delivers any electricity to Company. If Seller requests standby, back-up and/or
38 maintenance power for the Facility's auxiliary electrical requirements from Company, such
39 power shall be provided to Supplier pursuant to a separate electric service agreement under
40 Company's rate tariffs appropriate for such service.
41
- 42 1.2 Electricity supplied by Seller shall be *[single (1)/three (3)]* phase, alternating at a frequency of
43 approximately sixty (60) cycles, and at a delivery voltage of approximately _____
44 volts, _____ wires at a sufficient power factor to maintain system operating parameters as
45 specified by Company.

- 46
47 1.3 Delivery of said Seller's power shall be at a point of delivery described as follows:
48 _____
49
50 1.4 Based upon the alternating current rating, the Contract Capacity of Seller's generating facility,
51 as defined in the Terms and Conditions for the Purchase of Electric Power is _____
52 kW/MW and estimated annual energy production of _____ kWh is the amount Seller
53 contracts to deliver to Company and Company agrees to receive.
54

55 **2. Rate Schedule**
56

57 The sale, delivery, and use of electric power hereunder, and all services of whatever type to be
58 rendered or performed in connection therewith, shall in all respects be subject to and in
59 accordance with Company's Purchased Power Schedule PP-____ [*Variable Rate*][*5-year Fixed*
60 *Long-Term Rate*], [*10-year Fixed Long-Term Rate*] [*15-year Fixed Long-Term Rate*] Option
61 [A][B] for [Distribution][Transmission] Interconnection] ("Rate Schedule") and the Terms
62 and Conditions for the Purchase of Electric Power, both of which are now on file with the
63 North Carolina Utilities Commission ("Commission"), and are hereby incorporated by
64 reference and made a part hereof as though fully set forth herein. Said Rate Schedule and
65 Terms and Conditions for the Purchase of Electric Power are subject to change, revision,
66 alteration or substitution, either in whole or in part, upon order of said Commission or any
67 other regulatory authority having jurisdiction, and any such change, revision, alteration or
68 substitution shall immediately be made a part hereof as though fully written herein, and shall
69 nullify any prior provision in conflict therewith.
70

71 The language above beginning with "Said Rate Schedule" shall not apply to the Fixed Long-
72 Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and
73 Terms and Conditions for the Purchase of Electric Power, including but not limited to
74 Variable Rates, other types of charges (e.g., administrative charges), and all non-rate
75 provisions.
76

77 **3. Initial Delivery Date**
78

79 The term of this Agreement shall begin upon the first date when energy is generated by the
80 Facility and delivered to Company and continuing for the term specified in the Rate Schedule
81 paragraph above and shall automatically extend thereafter unless terminated by either party by
82 giving not less than thirty (30) days prior written notice. The extension will be at the Variable
83 Rates in effect at the time of extension. The term shall begin no earlier than the date
84 Company's Interconnection Facilities are installed and are ready to accept electricity from
85 Seller which is requested to be _____, 20___. Company at its sole discretion
86 may terminate this Agreement on _____, 20__ (30 months following the date of
87 the order initially approving the rates selection shown above which may be extended beyond
88 30 months if construction is nearly complete and the Seller demonstrates that it is making a
89 good faith effort to complete its project in a timely manner) if Seller is unable to provide
90 generation capacity and energy production consistent with the energy production levels
91 specified in Provision No. 2 above.
92
93
94

95 **4. Interconnection Facilities**

96
97 Unless otherwise required by Company, an Interconnection Agreement pursuant to the North
98 Carolina Interconnection Procedures, Forms, And Agreements For State-Jurisdictional
99 Generator Interconnections (Interconnection Standard) shall be executed by Seller, including
100 payments of all charges and fees associated with the interconnection, before Company will
101 accept this Agreement. *(Either sentence (a) or (b) as follows is inserted into the agreement as*
102 *appropriate)* (a) The Interconnection Facilities Charge shall be specified in the
103 Interconnection Agreement. or (b) The Interconnection Facilities Charge shall be 1.1 % of
104 the installed cost of metering equipment and is \$_____ per month.
105

106 **5. Reporting Requirements**

107
108 Upon request, facilities larger than 3,000 kW may be required to provide prior notice of
109 annual, monthly, and day-ahead forecast of hourly production, as specified by the Company.
110 If the Seller is required to notify the Company of planned or unplanned outages, notification
111 should be made as soon as known. Seller shall include the start time, the time for return to
112 service, the amount of unavailable capacity, and the reason for the outage.
113

114 Upon the acceptance hereof by Company, evidenced by the signature of its Presidents,
115 Vice-Presidents or Authorized Representatives in the block provided below, this document together
116 with attachments shall become an agreement for Seller to deliver and sell to Company and for
117 Company to receive and purchase from Seller the electricity generated and declared by Seller from
118 its above-described qualifying generating facility at the rates, in the quantities, for the term, and
119 upon the terms and conditions set forth herein.

Witness as to Seller:

_____	_____, Seller
Printed: _____	By _____
_____	Printed: _____
Printed: _____	Title _____
	This ____ day of _____, 20____

ACCEPTED: DUKE ENERGY PROGRESS, LLC

Mail Payment/Bill to:

By _____	_____
Title _____	_____
This ____ day of _____, 20____	_____

PURCHASE POWER AGREEMENT

between

DUKE ENERGY PROGRESS, ~~INC.~~ LLC

and

SELLER NAME

“Facility Name”

Initial Delivery Date: _____

**PURCHASE POWER AGREEMENT BY A
QUALIFYING COGENERATOR OR SMALL POWER PRODUCER**

1 **THIS PURCHASE POWER AGREEMENT** ("Agreement") is made this _____ day
2 of _____, 20____, by and between
3
4

5 | **DUKE ENERGY PROGRESS, ~~INC.~~LLC** ("Company")
6
7 , and
8
9 _____,
10

11 a(n) _____ Corporation ("Seller" or "Customer"), for the
12
13 " _____,"
14

15 which Seller certifies that this facility (is/is not) "new capacity," as defined by the Federal Energy
16 Regulatory Commission (FERC), and that construction (was/was not) commenced on or after
17 November 9, 1978 and is or will be a qualifying facility as defined by the Federal Energy
18 Regulatory Commission ("FERC") pursuant to Section 210 of the Public Utility Regulatory Policies
19 Act of 1978 *[and which is or will be a hydroelectric generating facility owned and operated by a*
20 *small power producer as defined in G.S. 62-3(27a) - (if applicable)]*, consisting of
21 _____(the "Facility"),
22 which is located at _____.
23

24 (Hereinafter, the parties are also referred to individually as "Party" and collectively as "Parties").
25

26 In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their
27 successors and assigns, do hereby agree to the following:
28

29 **1. Service Requirements**
30

- 31 1.1 Seller shall sell and deliver exclusively to Company all of the electric power generated by the
32 Facility, net of the Facility's own auxiliary electrical requirements, and Company shall
33 purchase, receive, use and pay for the same, subject to the conditions contained in this
34 Agreement. Upon the completion of the installation, by Company, of its interconnection
35 facilities at the point of delivery of Seller's and Company's conductors, Seller shall become
36 responsible for the payment to Company of any and all charges that may apply, whether or not
37 Seller actually delivers any electricity to Company. If Seller requests standby, back-up and/or
38 maintenance power for the Facility's auxiliary electrical requirements from Company, such
39 power shall be provided to Supplier pursuant to a separate electric service agreement under
40 Company's rate tariffs appropriate for such service.
41
42 1.2 Electricity supplied by Seller shall be *[single (1)/three (3)]* phase, alternating at a frequency of
43 approximately sixty (60) cycles, and at a delivery voltage of approximately _____
44 volts, _____ wires at a sufficient power factor to maintain system operating parameters as
45 specified by Company.

- 46
47 1.3 Delivery of said Seller's power shall be at a point of delivery described as follows:
48 _____
49
- 50 1.4 Based upon the alternating current rating, the Contract Capacity of Seller's generating facility,
51 as defined in the Terms and Conditions for the Purchase of Electric Power is _____
52 kW/MW and estimated annual energy production of _____ kWh is the amount Seller
53 contracts to deliver to Company and Company agrees to receive.
54

55 **2. Rate Schedule**

56
57 The sale, delivery, and use of electric power hereunder, and all services of whatever type to be
58 rendered or performed in connection therewith, shall in all respects be subject to and in
59 accordance with Company's Purchased Power Schedule PP-____ [*Variable Rate*][*5-year Fixed*
60 *Long-Term Rate*], [*10-year Fixed Long-Term Rate*] [*15-year Fixed Long-Term Rate*] Option
61 [A][B] for [Distribution][Transmission] Interconnection] ("Rate Schedule") and the Terms
62 and Conditions for the Purchase of Electric Power, both of which are now on file with the
63 North Carolina Utilities Commission ("Commission"), and are hereby incorporated by
64 reference and made a part hereof as though fully set forth herein. Said Rate Schedule and
65 Terms and Conditions for the Purchase of Electric Power are subject to change, revision,
66 alteration or substitution, either in whole or in part, upon order of said Commission or any
67 other regulatory authority having jurisdiction, and any such change, revision, alteration or
68 substitution shall immediately be made a part hereof as though fully written herein, and shall
69 nullify any prior provision in conflict therewith.
70

71 The language above beginning with "Said Rate Schedule" shall not apply to the Fixed Long-
72 Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and
73 Terms and Conditions for the Purchase of Electric Power, including but not limited to
74 Variable Rates, other types of charges (e.g., administrative charges), and all non-rate
75 provisions.
76

77 **3. Initial Delivery Date**

78
79 The term of this Agreement ~~is from~~ shall begin upon the first date when energy is generated
80 by the Facility and delivered to Company_____, 20____, or from the date
81 Company is first ready to accept electricity from Seller, whichever is earlier, and continuing
82 until _____, 20____ for the term specified in the Rate Schedule paragraph
83 above and shall automatically extend thereafter unless terminated by either party by giving not
84 less than thirty (30) days prior written notice. The extension will be at the Variable Rates in
85 effect at the time of extension. The term shall begin no earlier than the date Company's
86 Interconnection Facilities are installed and are ready to accept electricity from Seller which is
87 requested to be _____, 20____. Company at its sole discretion may terminate this
88 Agreement on _____, 20____ (30 months following the date of the order initially
89 approving the rates selection shown above which may be extended beyond 30 months if
90 construction is nearly complete and the Seller demonstrates that it is making a good faith
91 effort to complete its project in a timely manner) if Seller is unable to provide generation
92 capacity and energy production consistent with the energy production levels specified in
93 Provision No. 2 above. ~~This date may be extended by upon mutual agreement by both parties.~~
94

95
96 **4. Interconnection Facilities**
97

98 Unless otherwise required by Company, an Interconnection Agreement pursuant to the North
99 Carolina Interconnection Procedures, Forms, And Agreements For State-Jurisdictional
100 Generator Interconnections (Interconnection Standard) shall be executed by Seller, including
101 payments of all charges and fees associated with the interconnection, before Company will
102 accept this Agreement. *(Either sentence (a) or (b) as follows is inserted into the agreement as
103 appropriate) (a) The Interconnection Facilities Charge shall be specified in the
104 Interconnection Agreement. or (b) The Interconnection Facilities Charge shall be 1.1 % of
105 the installed cost of metering equipment and is \$_____ per month.*

106
107 **5. Reporting Requirements**
108

109 Upon request, facilities larger than 3,000 kW may be required to ~~Facilities larger than 100 kW~~
110 ~~must~~ provide prior notice of annual, monthly, and day-ahead forecast of hourly production, as
111 specified by the Company. If the Seller is required to notify the Company of planned or
112 unplanned outages, notification should be made as soon as known. Seller shall include the
113 start time, the time for return to service, the amount of unavailable capacity, and the reason for
114 the outage.
115

116 Upon the acceptance hereof by Company, evidenced by the signature of its Presidents,
117 Vice-Presidents or Authorized Representatives in the block provided below, this document together
118 with attachments shall become an agreement for Seller to deliver and sell to Company and for
119 Company to receive and purchase from Seller the electricity generated and declared by Seller from
120 its above-described qualifying generating facility at the rates, in the quantities, for the term, and
121 upon the terms and conditions set forth herein.

Witness as to Seller:

_____	_____, Seller
Printed: _____	By _____
_____	Printed: _____
Printed: _____	Title _____
	This ____ day of _____, 20____

| **ACCEPTED: DUKE ENERGY PROGRESS, INCLLC, Mail Payment/Bill to:**

By _____	_____
Title _____	_____
This ____ day of _____, 20____	_____

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

1. PURCHASE POWER AGREEMENT

These "Terms and Conditions" provide a mechanism through which Duke Energy Progress, LLC, hereafter called "Company," will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in the Purchased Power Schedule PP. This Purchase Power Agreement is solely for the purchase of electricity produced by Seller's generation, net of generator auxiliary requirement, and does not provide for the sale of any electric service by Company to Seller.

- (a) Description - The Purchase Power Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Purchase Power Agreement when signed by Seller and accepted by Company, (2) the applicable Schedule for the purchase of electricity as specified in the Purchase Power Agreement, and (3) these Terms and Conditions for the Purchase of Electric Power (hereinafter referred to as "Terms and Conditions"), and all changes, revisions, alterations therein, or substitutions therefor lawfully made.
- (b) Application of Terms and Conditions and Schedules - All Purchase Agreements in effect at the effective date of this tariff or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules as specified in the Purchase Power Agreement, and any changes therein, substitutions thereof, or additions thereto lawfully made, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract or by order of the state regulatory authority having jurisdiction (hereinafter "Commission").
- (c) Conflicts - In case of conflict between any provision of a Schedule and of these Terms and Conditions, the provision of the Schedule shall prevail.
- (d) Waiver - The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.
- (e) Assignment of Agreement - A Purchase Agreement between Company and Seller may not be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under such Agreement, without the prior written approval of Company. Company will not unreasonably withhold consent provided that such assignment does not require any amendment to the terms and conditions of this Agreement, other than the notice provision thereof. Any assignment that Company has not approved in writing shall be null and void and not effective for all purposes. However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.
- (f) Notification of Assignment, Transfer or Sale - In the event of an assignment of the rights and obligations accruing to Seller under this Agreement, or in the event of any contemplated sale, transfer or assignment of the Facility or the Certificate of Public Convenience and Necessity, the Seller shall, in addition to obtaining the approvals hereof, provide a minimum of 30 days prior written notice advising Company and the Commission of any plans for such an assignment, sale or transfer, or of any accompanying significant changes in the information required by Commission Rule R8-64, R9-65 or R8-66 which are incorporated by reference herein.
- (g) Suspension of Sales Under Agreement at Seller's Request - If Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his premises,

Company will, upon written request of Seller, and for a period Company deems as reasonably required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period.

- (h) Termination of Agreement at Seller's Request - If Seller desires to terminate the Agreement, Company will agree to such termination if all bills for services previously rendered to Seller including any termination or other charges applicable under any Interconnection Agreement, plus any applicable termination charges, have been paid. Termination charges shall consist of any applicable termination charges for premature termination of capacity as set forth in paragraphs 4 and 6 of these Terms and Conditions. Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Company for the delivery of electricity to Company for a term not less than the unexpired portion of Seller's Agreement.
- (i) Company's Right to Terminate or Suspend Agreement - Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from Seller (1) for any default or breach of Agreement by Seller, (2) for fraudulent or unauthorized use of Company's meter, (3) for failure to pay any applicable bills when due and payable, or (4) for a condition on Seller's side of the point of delivery actually known by Company to be, or which Company reasonably anticipates may be, dangerous to life or property. Termination of the contract is at Company's sole option and is only appropriate when Seller either cannot or will not cure its default or if Seller fails to deliver energy to Company for six (6) consecutive months.

No such termination or suspension, however, will be made by Company without written notice delivered to Seller, personally or by mail, stating what in particular in the Agreement has been violated, except that no notice need to be given in instances set forth in 1.(i)(2) above. Company shall give Seller thirty (30) calendar days prior written notice before suspending or terminating the Agreement pursuant to provisions 1.(i)(1) and (3). Company shall give Seller five (5) calendar days prior written notice before suspending or terminating the Agreement pursuant to provision 1.(i)(4).

Failure of Company to terminate the Agreement or to suspend the purchase of electricity at any time after the occurrence of grounds therefor, or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect Company's right later to resort to any one or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

Any suspension of the purchase of electricity by Company or termination of the Agreement upon any authorized grounds shall in no way operate to relieve Seller of Seller's liability to compensate Company for services and/or facilities supplied, nor shall it relieve Seller (1) of Seller's liability for the payment of minimum monthly charges during the period of suspension, nor (2) of Seller's liability for damages, if the Agreement has been terminated, in the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the Early Contract Termination charge as set forth in these Terms and Conditions.

2. CONDITIONS OF SERVICE

- (a) Company is not obligated to purchase electricity from Seller unless and until: (1) Company's form of Purchase Power Agreement is executed by Seller and accepted by Company; (2) in cases where it is necessary to cross private property to accept delivery of electricity from Seller, Seller conveys or causes to be conveyed to Company, without cost to Company, a right-of-way easement, satisfactory to Company, across such private property which will provide for the construction, maintenance, and operation of Company's lines and facilities, necessary to receive electricity from Seller; provided, however, in the absence of a formal conveyance, Company nevertheless, shall be vested with an easement over Seller's premises authorizing it to do all

things necessary including the construction, maintenance, and operation of its lines and facilities for such purpose; and (3) any inspection certificates or permits that may be required by law in the local area are furnished to Company. Where not required by law, an inspection by a Company-approved inspector shall be made at Seller's expense. In the event Seller is unable to secure such necessary rights of way, Seller shall reimburse Company for all costs Company may incur for the securing of such rights of way.

The obligation of Company in regard to service under the Agreement are dependent upon Company securing and retaining all necessary rights-of-way, privileges, franchises, and permits, for such service. Company shall not be liable to any Seller in the event Company is delayed or prevented from purchasing power by Company failure to secure and retain such rights-of-way, privileges, franchises, and permits.

- (b) Seller shall operate its Facility in compliance with all applicable operating guidelines established by the North American Electric Reliability Corporation ("NERC") and the SERC Reliability Corporation ("SERC") or any successor thereto.
- (c) Seller shall submit an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. Company shall not be required to install facilities to support interconnection of Seller's generation or execute the Purchase Power Agreement until Seller has signed an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections, as may be required by Company.
- (d) If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, Company shall have the right, upon 30 days' written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) Company is required by governmental authority to incur expenses in the relocation or the reconstruction underground of any portion of said lines, unless Company is reimbursed for such expense by Sellers or customers connected thereto, or (2) the right of Company to maintain and operate said lines is terminated, revoked, or denied by governmental authority for any reason.

3. DEFINITIONS

- (a) Nameplate Capacity: The term "Nameplate Capacity" shall mean the manufacturer's nameplate rated output capability of the generator. For multi-unit generator facilities, the "Nameplate Capacity" of the facility shall be the sum of the individual manufacturer's nameplate rated output capabilities of the generators.
- (b) Net Capacity: The term "Net Capacity" shall mean the Nameplate Capacity of the Seller's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.
- (c) Auxiliary Load: The term "Auxiliary Load" shall mean power used to operate auxiliary equipment in the facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).
- (d) Whenever the term "purchase" or "purchase of electricity" is used in these Terms and Conditions or other portions of the Agreement, it shall be construed to refer to the electricity supplied to Company by Seller.
- (e) The term "Company's conductors" shall mean Company's wires extending from the point of connection with Company's existing electric system to the point of delivery.

- (f) The term "Seller's conductors" shall mean Seller's wires extending from the point of delivery to the switch box or other point where Seller's circuits connect for the purpose of supplying the electricity produced by Seller.
- (g) The term "interconnection" shall mean the connection of Company's conductors to Seller's conductors.

4. CONTRACT CAPACITY

- (a) The Contract Capacity shall be the kW of capacity specified in the Purchase Power Agreement. This term shall mean the maximum continuous electrical output capability expressed on an alternating current basis of the generator(s) at any time, at a power factor of approximately unity, without consuming VARs supplied by Company, as measured at the Point of Delivery and shall be the maximum kW delivered to Company during any billing period. In cases where any change is required in Company's facilities due to the actual capacity delivered exceeding the Contract Capacity or due to Seller requesting an increase in the capacity of Company's facilities, Company may require Seller to execute a new Agreement or amend an existing Agreement, thereby establishing a new Contract Capacity. If Company's facilities cannot be upgraded to accept such actual or requested increase, then upon written notice, Seller shall not exceed the existing Contract Capacity or such amount in excess thereof as Company determine it is able to accept.
- (b) Seller shall not change its generating capacity or contracted estimated annual kWh energy production without adequate notice to Company, and without receiving Company's consent, and if such unauthorized increase causes loss of or damage to Company's facilities, the cost of making good such loss or repairing such damage shall be paid by Seller.
- (c) Company may require that a new Contract Capacity be determined when it reasonably appears that the capacity of Seller's generating facility will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.
- (d) In the event that the Contract Capacity is terminated prior to the completion of the term of the Agreement, the Seller shall pay to Company a penalty as set forth in paragraph 6, below.

5. CONTRACT ENERGY

The Contract Energy specified in the Purchase Power Agreement shall be the estimated total annual kilowatt-hours registered or computed by or from Company's metering facilities for each time period during a continuous 12-month interval.

6. EARLY CONTRACT TERMINATION OR INCREASE IN CONTRACT CAPACITY

If Seller terminates the Agreement or seeks to increase the Contract Capacity prior to the expiration of the initial (or extended) term of the Purchase Agreement:

Early Contract Termination – Seller shall pay to Company the total Energy and/or Capacity credits received in excess of the sum of what would have been received under the Variable Rate for Energy and/or Capacity Credits applicable at the initial term of the contract period and as updated every two years, plus interest. The interest should be the weighted average rate for new debt issued by the Company in the calendar year previous to that in which the Agreement was commenced.

Increase In Contract Capacity – Seller may apply to Company to increase the Contract Capacity during the Contract Period and, upon approval by Company, future Monthly Delivered Capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to Seller shall be determined in accordance with the Interconnection Agreement.

7. CONTRACT RENEWAL

This Agreement shall be subject to renewal for subsequent term(s) at the option of Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

8. QUALITY OF ENERGY RECEIVED

- (a) Seller has full responsibility for the routine maintenance of his generating and protective equipment to insure that reliable, utility grade electric energy is being delivered to Company.
- (b) Seller's facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by Company. Any operating requirement is subject to modification or revision if warranted by future changes in the distribution or transmission circuit conditions.
- (c) Seller may operate direct current generators in parallel with Company through a synchronous inverter. The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into the Company's system. Harmonics generated by a DC generator-inverter combination must not adversely affect Company's supply of electric service to, or the use of electric service by Company's other customers, and any correction thereof is the full responsibility of Seller.
- (d) In the event Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing the Company to be unable to provide proper voltage levels to its customers, Seller shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by Company.
- (e) Seller shall provide Company written notification of any changes to their generation system, support equipment such as inverters, or interconnection facilities and shall provide Company adequate time to review such changes to ensure continued safe interconnection prior to implementation.
- (f) Failure of Seller to comply with either (a), (b), (c), (d) or (e) above will constitute grounds for Company to cease parallel operation with Seller's generation equipment and constitute grounds for termination or suspension of the Agreement as set forth under paragraph 1, above.

9. BILLING

- (a) Meters will be read and bills rendered monthly. Readings are taken each month at intervals of approximately thirty (30) days.
- (b) If Company is unable to read its purchase meter for any reason, Seller's production may be estimated by Company on the basis of Seller's production during the most recent preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.
- (c) The term "Month" or "Monthly", as used in Company's Schedules and Riders, refers to the period of time between the regular meter readings by the Company, except that if the period covered by an initial or final bill, or due to rerouting of the meter reading schedule, is more 33 or less than 27 days, the bill will be prorated based on a 30-day billing month.
- (d) Payments for capacity and/or energy will be made to Seller based on the rate schedule stated in the Purchase Power Agreement.

- (e) Company reserves the right to set off against any amounts due from the Company to Seller, any amounts which are due from Seller to Company, including, but not limited to, unpaid charges pursuant to the Interconnection Agreement or past due balances on any accounts Seller has with Company for other services.

10. RECORDS

In addition to the regular meter readings to be taken monthly for billing purposes, Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. Company reserves the right to provide to the Commission or the FERC or any other regulatory body, upon request, information pertaining to this Agreement, including but not limited to: records of the Facility's generation output and Company's purchases thereof (including copies of monthly statements of power purchases and data from load recorders and telemetering installed at the Facility); copies of this Agreement. The Company will not provide any information developed solely by Seller and designated by Seller in writing to be "proprietary" unless required to do so by order of the Commission or the FERC or any other regulatory body or court, in which event, the Company will notify Seller prior to supplying the proprietary information.

Seller shall provide to Company, on a monthly basis within ten (10) days of the meter reading date and in form to be mutually agreed upon by the Parties, information on the Facility's fuel costs (coal, oil natural gas, supplemental firing, etc.), if any, for the power delivered to Company during the preceding month's billing period.

11. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, Company will adjust the measured energy for the period of time the meter was shown to be in error, and shall, as provided in the rules and regulations of the state regulatory body having jurisdiction, pay to Seller, or Seller shall refund to Company, the difference between the amount billed and the estimated amount which would have been billed had the meter accurately registered the kilowatt hours provided by Seller. No part of any minimum service charge shall be refunded.

12. POINT OF DELIVERY

The point of delivery is the point where Company's conductors are, or are to be, connected to Seller's conductors. Seller shall do all things necessary to bring its conductors to such point of delivery for connection to Company's conductors, and shall maintain said conductors in good order at all times. If Seller chooses to deliver power to Company through a point of delivery where Seller presently receives power from Company, then the point of delivery for the purchase of generation shall be the same point as the point of delivery for electric service.

13. INTERCONNECTION FACILITIES

If Seller is not subject to the terms and conditions of the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100, Sub 101, the following conditions shall apply to Interconnection Facilities necessary to deliver Seller's electricity to Company. Otherwise, the terms and conditions of the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100, Sub 101 govern.

- (a) By Company: Company shall install, own, operate, maintain, and otherwise furnish all lines and equipment located on its side of the point of delivery to permit parallel operation of the Seller's facilities with the Company's system. It shall also install and own the necessary metering equipment, and meter transformers, where necessary, for measuring the electricity

delivered to Company, though such meter may be located on Seller's side of the point of delivery. Interconnection facilities, installed by either Company or Seller, solely for such purpose, include, but are not limited to connection, line extension, transformation, switching equipment, protective relaying, metering, telemetering, communications, and appropriate safety equipment.

Any interconnection facilities installed by Company necessary to receive power from Seller shall be considered additional facilities and shall be provided, if Company finds it practicable, under the following conditions:

- (1) The facilities will be of a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.
- (2) Seller will pay to Company a Monthly Interconnection Facilities Charge of 1.3 percent of the estimated original installed cost and rearrangement cost of all facilities, including metering, required to accept interconnection, but not less than \$25 per month.. The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of the Company as the same are now on file with the Commission and may be changed or modified from time to time upon approval by the Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by the Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.
- (3) If Company increases its investment, other than replacement of existing equipment with equipment of equal capacity and kind, in interconnection facilities or other special facilities required by Seller (including conversion of the Company's primary voltage to a higher voltage), the Monthly Interconnection Facilities Charge for providing the interconnection facilities will be adjusted at that time. Seller may terminate the interconnection facilities in accordance with the applicable termination paragraph 1 above, or continue the interconnection facilities under the changed conditions.
- (4) In lieu of the Monthly Interconnection Facilities Charge of 1.3 percent, Seller may elect to make a contribution equal to the total interconnection facilities investment, plus associated tax gross-ups. After such payment, the Monthly Interconnection Facilities Charge for the interconnection facilities will be 0.5 percent of said payment.
- (5) The Monthly Interconnection Facilities Charge as determined shall continue regardless of the term of the Agreement until Seller no longer has need for such facilities. In the event Seller's interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination should be calculated in accordance with 1, above.
- (6) Seller's wiring and appurtenant structures shall provide for the location, connection, and installation of Company's standard metering equipment or other equipment deemed necessary by Company for the metering of Seller's electrical output. Company shall, at its expense, be permitted to install, in Seller's wiring or equipment, any special metering devices or equipment as deemed necessary for experimental or monitoring purposes.
- (7) Company shall furnish and install the Interconnection Facilities no later than the date requested by Seller for such installation. Seller's obligation to pay the Interconnection Facilities charges shall begin on the date that such Interconnection Facilities become operational, except as provided in Paragraph 3.4 hereof, and such charges shall apply at all times thereafter during the term of this Agreement, whether or not Seller is actually supplying electric power to Company.

- (b) By Seller: Seller shall install, own, operate, and maintain all lines, and equipment, exclusive of Company's meter and meter transformers, on Seller's side of the point of delivery. Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on Seller's side of the point of delivery. Seller must conform to the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to one point of delivery and measured by a single meter. Company's meter may be located on Seller's side of the point of delivery, and when it is to be so located, Seller must make suitable provisions in Seller's wiring, at a place suitable to Company, for the convenient installation of the type of meter Company will use. All of Seller's conductors installed on the Company's side of the meter and not installed in conduit must be readily visible.

Seller shall install and maintain devices adequate to protect Seller's equipment against irregularities on Company's system, including devices to protect against single-phasing. Seller shall also install and maintain such devices as may be necessary to automatically disconnect Seller's generating equipment, which is operated in parallel with Company, when service provided by Seller is affected by electrical disturbances on Company's or Seller's systems, or at any time when Company's system is de-energized from its prime source.

- (c) Access to Premises: The duly authorized agents of Company shall have the right of ingress and egress to the premises of Seller at all reasonable hours for the purpose of reading meters, inspecting Company's wiring and apparatus, changing, exchanging, or repairing Company's property on the premises of Seller, or removing such property at the time of or at any time after suspension of purchases or termination of this Agreement.
- (d) Protection: Seller shall protect Company's wiring and apparatus on Seller's premises and shall permit no one but Company's agents to handle same. In the event of any loss of or damage to such property of Company caused by or arising out of carelessness, neglect, or misuse by Seller or Seller's employees or agents, the cost of making good such loss or repairing such damage shall be paid by Seller. In cases where Company's service facilities on Seller's premises require abnormal maintenance due to Seller's operation, Seller shall reimburse Company for such abnormal maintenance cost.

14. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

The Parties do not guarantee continuous service but shall use reasonable diligence at all times to provide for uninterrupted acceptance and supply of electricity. They shall use reasonable diligence at all times to provide satisfactory service, and to remove the cause or causes in the event of failure, interruption, reduction or suspension of service, but neither Party shall be liable for any loss or damage resulting from such failure, interruption, reduction or suspension of service, nor shall same be a default hereunder, when due to any of the following:

- (a) An emergency action due to an adverse condition or disturbance on Company's system, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system.
- (b) An event or condition of force majeure, as described below.
- (c) Making necessary adjustments to, changes in, or repairs on Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from Seller's premises would endanger persons or property.

Seller shall be responsible for insuring the safe operation of his equipment at all times, and will install and maintain, to Company's satisfaction, the necessary automatic equipment to prevent the backfeed of power into, or damage to Company's de-energized system, and shall be subject to immediate disconnection of its equipment from Company's system if Company determines that such equipment is unsafe or adversely affects Company's transmission/distribution system or service to its other customers.

Seller assumes responsibility for and shall indemnify, defend, and save Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to persons or property including personal injury or property damage to Seller or Seller's employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on Seller's side of the point of delivery.

15. FORCE MAJEURE

Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements shall be deemed to be "events or conditions of force majeure". It also includes actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or failures to act prevent or delay performance; or transportation delays or accidents. Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

Neither Party shall be responsible nor liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

- (a) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;
- (b) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;
- (c) The affected Party uses its best efforts to remedy its inability to perform;
- (d) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,
- (e) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

16. INSURANCE

Seller shall obtain and retain, for as long as the generation is interconnected with Company's system, either the applicable homeowners insurance policy with liability coverage of at least \$100,000 per occurrence or the applicable comprehensive general liability insurance policy with liability coverage in the amount of at least \$300,000 per occurrence, which protects Seller from claims for bodily injury and/or property damage. This insurance shall be primary for all purposes. Seller shall provide certificates evidencing this coverage as required by Company. Company reserves the right to refuse

to establish, or continue the interconnection of Seller's generation with Company's system, if such insurance is not in effect.

17. GOVERNMENTAL RESTRICTIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or over this Agreement. This Agreement shall not become effective until all required governmental authorizations are obtained. Certification of receipt of all permits and authorizations shall be furnished by Seller to Company upon Company's request. This Agreement shall not become effective unless it and all provisions thereof are authorized and permitted by such governmental agencies without change or conditions.

This Agreement shall at all times be subject to changes by such governmental agencies, and the parties shall be subject to conditions and obligations, as such governmental agencies may, from time to time, direct in the exercise of their jurisdiction, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract. Both parties agree to exert their best efforts to comply with all of the applicable rules and regulations of all governmental agencies having control over either party or this Agreement. The parties shall take all reasonable action necessary to secure all required governmental approval of this Agreement in its entirety and without change.

The delivery date, quantity, and type of electricity to be accepted for purchase by Company, from Seller, are subject to changes, restrictions, curtailments, or complete suspensions by Company as may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency due to war, or catastrophe, all without liability on the part of the Company therefor.

Supersedes: April 1, 2014

Effective: February 17, 2016

NCUC Docket No E-100, Sub 140

TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

1. PURCHASE POWER AGREEMENT

These "Terms and Conditions" provide a mechanism through which Duke Energy Progress, ~~Inc.~~ LLC, hereafter called "Company," will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in the Purchased Power Schedule PP. This Purchase Power Agreement is solely for the purchase of electricity produced by Seller's generation, net of generator auxiliary requirement, and does not provide for the sale of any electric service by Company to Seller.

- (a) Description - The Purchase Power Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Purchase Power Agreement when signed by Seller and accepted by Company, (2) the applicable Schedule for the purchase of electricity as specified in the Purchase Power Agreement, and (3) these Terms and Conditions for the Purchase of Electric Power (hereinafter referred to as "Terms and Conditions"), and all changes, revisions, alterations therein, or substitutions therefor lawfully made.
- (b) Application of Terms and Conditions and Schedules - All Purchase Agreements in effect at the effective date of this tariff or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules as specified in the Purchase Power Agreement, and any changes therein, substitutions thereof, or additions thereto lawfully made, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract or by order of the state regulatory authority having jurisdiction (hereinafter "Commission").
- (c) Conflicts - In case of conflict between any provision of a Schedule and of these Terms and Conditions, the provision of the Schedule shall prevail.
- (d) Waiver - The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.
- (e) Assignment of Agreement - A Purchase Agreement between Company and Seller may not be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under such Agreement, ~~subject to without~~ the prior written approval of Company. Company will not ~~unreasonably withhold consent provided that such assignment does not require any amendment to the terms and conditions of this Agreement, other than the notice provision thereof. Any assignment that Company has not approved in writing shall be null and void and not effective for all purposes grant such approval upon being reasonably satisfied that the assignee will fulfill the terms of the Agreement and if, at the Company's option, a satisfactory guarantee for the payment of any applicable bills is furnished by assignee.~~ However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.
- (f) Notification of Assignment, Transfer or Sale - In the event of an assignment of the rights and obligations accruing to Seller under this Agreement, or in the event of any contemplated sale, transfer or assignment of the Facility or the Certificate of Public Convenience and Necessity, the Seller shall, in addition to obtaining the approvals hereof, provide a minimum of 30 days prior written notice advising Company and the Commission of any plans for such an assignment, sale or transfer, or of any accompanying significant changes in the information required by Commission Rule R8-64, R9-65 or R8-66 which are incorporated by reference herein.

- (g) Suspension of Sales Under Agreement at Seller's Request - If Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his premises, Company will, upon written request of Seller, and for a period Company deems as reasonably required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period.
- (h) Termination of Agreement at Seller's Request - If Seller desires to terminate the Agreement, Company will agree to such termination if all bills for services previously rendered to Seller including any termination or other charges applicable under any Interconnection Agreement, plus any applicable termination charges, have been paid. Termination charges shall consist of any applicable termination charges for premature termination of capacity as set forth in paragraphs 4 and 6 of these Terms and Conditions. Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Company for the delivery of electricity to Company for a term not less than the unexpired portion of Seller's Agreement.
- (i) Company's Right to Terminate or Suspend Agreement - Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from Seller (1) for any default or breach of Agreement by Seller, (2) for fraudulent or unauthorized use of Company's meter, (3) for failure to pay any applicable bills when due and payable, or (4) for a condition on Seller's side of the point of delivery actually known by Company to be, or which Company reasonably anticipates may be, dangerous to life or property, ~~or (5) due to Seller's inability to deliver to Company the quality and/or quantity of electricity mutually agreed to in the Purchase Agreement. Company reserves the right, at its sole option, to terminate the Agreement if Seller fails to deliver energy to Company for six (6) consecutive months. Termination of the contract is at Company's sole option and is only appropriate when Seller either cannot or will not cure its default or if Seller fails to deliver energy to Company for six (6) consecutive months.~~

No such termination or suspension, however, will be made by Company without written notice delivered to Seller, personally or by mail, stating what in particular in the Agreement has been violated, except that no notice need to be given in instances set forth in 1.(i)(2) ~~and 1.(i)(4)~~ above. Company shall give Seller thirty (30) calendar days prior written notice before suspending or terminating the Agreement pursuant to provisions 1.(i)(1) and (3). Company shall give Seller five (5) calendar days prior written notice before suspending or terminating the Agreement pursuant to provision 1.(i)(4).

Failure of Company to terminate the Agreement or to suspend the purchase of electricity at any time after the occurrence of grounds therefor, or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect Company's right later to resort to any one or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

Any suspension of the purchase of electricity by Company or termination of the Agreement upon any authorized grounds shall in no way operate to relieve Seller of Seller's liability to compensate Company for services and/or facilities supplied, nor shall it relieve Seller (1) of Seller's liability for the payment of minimum monthly charges during the period of suspension, nor (2) of Seller's liability for damages, if the Agreement has been terminated, in the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the Early Contract Termination charge as set forth in these Terms and Conditions.

2. CONDITIONS OF SERVICE

- (a) Company is not obligated to purchase electricity from Seller unless and until: (1) Company's form of Purchase Power Agreement is executed by Seller and accepted by Company; (2) in cases where it is necessary to cross private property to accept delivery of electricity from Seller, Seller

conveys or causes to be conveyed to Company, without cost to Company, a right-of-way easement, satisfactory to Company, across such private property which will provide for the construction, maintenance, and operation of Company's lines and facilities, necessary to receive electricity from Seller; provided, however, in the absence of a formal conveyance, Company nevertheless, shall be vested with an easement over Seller's premises authorizing it to do all things necessary including the construction, maintenance, and operation of its lines and facilities for such purpose; and (3) any inspection certificates or permits that may be required by law in the local area are furnished to Company. Where not required by law, an inspection by a Company-approved inspector shall be made at Seller's expense. In the event Seller is unable to secure such necessary rights of way, Seller shall reimburse Company for all costs Company may incur for the securing of such rights of way.

The obligation of Company in regard to service under the Agreement are dependent upon Company securing and retaining all necessary rights-of-way, privileges, franchises, and permits, for such service. Company shall not be liable to any Seller in the event Company is delayed or prevented from purchasing power by Company failure to secure and retain such rights-of-way, privileges, franchises, and permits.

- (b) Seller shall operate its Facility in compliance with all applicable operating guidelines established by the North American Electric Reliability Corporation ("NERC") and the SERC Reliability Corporation ("SERC") or any successor thereto.
- (c) Seller shall submit an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. Company shall not be required to install facilities to support interconnection of Seller's generation or execute the Purchase Power Agreement until Seller has signed an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections, as may be required by Company.
- (d) If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, Company shall have the right, upon 30 days' written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) Company is required by governmental authority to incur expenses in the relocation or the reconstruction underground of any portion of said lines, unless Company is reimbursed for such expense by Sellers or customers connected thereto, or (2) the right of Company to maintain and operate said lines is terminated, revoked, or denied by governmental authority for any reason.

3. DEFINITIONS

- (a) Nameplate Capacity: The term "Nameplate Capacity" shall mean the manufacturer's nameplate rated output capability of the generator. For multi-unit generator facilities, the "Nameplate Capacity" of the facility shall be the sum of the individual manufacturer's nameplate rated output capabilities of the generators.
- (b) Net Capacity: The term "Net Capacity" shall mean the Nameplate Capacity of the Seller's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.
- (c) Auxiliary Load: The term "Auxiliary Load" shall mean power used to operate auxiliary equipment in the facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

- (d) Whenever the term "purchase" or "purchase of electricity" is used in these Terms and Conditions or other portions of the Agreement, it shall be construed to refer to the electricity supplied to Company by Seller.
- (e) The term "Company's conductors" shall mean Company's wires extending from the point of connection with Company's existing electric system to the point of delivery.
- (f) The term "Seller's conductors" shall mean Seller's wires extending from the point of delivery to the switch box or other point where Seller's circuits connect for the purpose of supplying the electricity produced by Seller.
- (g) The term "interconnection" shall mean the connection of Company's conductors to Seller's conductors.

4. CONTRACT CAPACITY

- (a) The Contract Capacity shall be the kW of capacity specified in the Purchase Power Agreement. This term shall mean the maximum continuous electrical output capability expressed on an alternating current basis of the generator(s) at any time, at a power factor of approximately unity, without consuming VARs supplied by Company, as measured at the Point of Delivery and shall be the maximum kW delivered to Company during any billing period. In cases where any change is required in Company's facilities due to the actual capacity delivered exceeding the Contract Capacity or due to Seller requesting an increase in the capacity of Company's facilities, Company may require Seller to execute a new Agreement or amend an existing Agreement, thereby establishing a new Contract Capacity. If Company's facilities cannot be upgraded to accept such actual or requested increase, then upon written notice, Seller shall not exceed the existing Contract Capacity or such amount in excess thereof as Company determine it is able to accept.
- (b) Seller shall not change its generating capacity or contracted estimated annual kWh energy production without adequate notice to Company, and without receiving Company's consent, and if such unauthorized increase causes loss of or damage to Company's facilities, the cost of making good such loss or repairing such damage shall be paid by Seller.
- (c) Company may require that a new Contract Capacity be determined when it reasonably appears that the capacity of Seller's generating facility will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.
- (d) In the event that the Contract Capacity is terminated, ~~in whole or in part~~, prior to the completion of the term of the Agreement, the Seller shall pay to Company a penalty as set forth in paragraph 6, below.

5. CONTRACT ENERGY

The Contract Energy specified in the Purchase Power Agreement shall be the estimated total annual kilowatt-hours registered or computed by or from Company's metering facilities for each time period during a continuous 12-month interval.

6. EARLY CONTRACT TERMINATION OR ~~CHANGES-INCREASE~~ IN CONTRACT CAPACITY OR CONTRACT ENERGY

If Seller terminates the Agreement or ~~reduces~~ seeks to increase the Contract Capacity ~~or Contract Energy~~ prior to the expiration of the initial (or extended) term of the Purchase Agreement, ~~the following payment shall be made to Company by Seller:~~

Early Contract Termination – Seller shall pay to Company the total Energy and/or Capacity credits received in excess of the sum of what would have been received under the Variable Rate

for Energy and/or Capacity Credits applicable at the initial term of the contract period and as updated every two years, plus interest. The interest should be the weighted average rate for new debt issued by the Company in the calendar year previous to that in which the Agreement was commenced.

~~Reduction in Contract Capacity or Energy – If Seller's capacity or average energy generated in the on-peak or off-peak periods during any 12-month period falls significantly below the Contract Capacity of contracted annual kilowatt-hours, the Company may petition the North Carolina Utilities Commission to invoke a Reduction In Contract Energy Charge or Reduction in Contract Capacity Charge and establish a new Contract Energy and Capacity level. If approved by the Commission, the Reduction In Contract Energy Charge shall be equal to the total Energy Credits received for all prior years of the current Contract Period, less an amount computed at the new Contract Energy level using the on-peak or off-peak energy credit contained in the Purchase Agreement, less an amount equal to the energy supplied in all prior years of the current Contract Period which is in excess of the new Contract Energy level priced at the Variable Rate for energy which was in effect at the time the energy was delivered as specified in Company's applicable purchased power rate schedule, plus interest. The reduction in Contract Capacity Charge shall be a quantity equal to the amount as calculated under the Early Contract Termination clause multiplied by the ratio of the capacity reduction to existing Contract Capacity, plus interest. The interest rate shall be the same interest rate as computed in accordance with the Early Contract Termination provision.~~

Increase In Contract Capacity – Seller may apply to Company to increase the Contract Capacity during the Contract Period and, upon approval by Company, future Monthly Delivered Capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to Seller shall be determined in accordance with the Interconnection Agreement.

7. CONTRACT RENEWAL

This Agreement shall be subject to renewal for subsequent term(s) at the option of Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

8. QUALITY OF ENERGY RECEIVED

- (a) Seller has full responsibility for the routine maintenance of his generating and protective equipment to insure that reliable, utility grade electric energy is being delivered to Company.
- (b) Seller's facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by Company. Any operating requirement is subject to modification or revision if warranted by future changes in the distribution or transmission circuit conditions.
- (c) Seller may operate direct current generators in parallel with Company through a synchronous inverter. The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into the Company's system. Harmonics generated by a DC generator-inverter combination must not adversely affect Company's supply of electric service to, or the use of electric service by Company's other customers, and any correction thereof is the full responsibility of Seller.
- (d) In the event Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing the Company

to be unable to provide proper voltage levels to its customers, Seller shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by Company.

- (e) Seller shall provide Company written notification of any changes to their generation system, support equipment such as inverters, or interconnection facilities and shall provide Company adequate time to review such changes to ensure continued safe interconnection prior to implementation.
- (f) Failure of Seller to comply with either (a), (b), (c), (d) or (e) above will constitute grounds for Company to cease parallel operation with Seller's generation equipment and constitute grounds for termination or suspension of the Agreement as set forth under paragraph 1, above.

9. BILLING

- (a) Meters will be read and bills rendered monthly. Readings are taken each month at intervals of approximately thirty (30) days.
- (b) If Company is unable to read its purchase meter for any reason, Seller's production may be estimated by Company on the basis of Seller's production during the most recent preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.
- (c) The term "Month" or "Monthly", as used in Company's Schedules and Riders, refers to the period of time between the regular meter readings by the Company, except that if the period covered by an initial or final bill, or due to rerouting of the meter reading schedule, is more 33 or less than 27 days, the bill will be prorated based on a 30-day billing month.
- (d) Payments for capacity and/or energy will be made to Seller based on the rate schedule stated in the Purchase Power Agreement.
- (e) Company reserves the right to set off against any amounts due from the Company to Seller, any amounts which are due from Seller to Company, including, but not limited to, unpaid charges pursuant to the Interconnection Agreement or past due balances on any accounts Seller has with Company for other services.

10. RECORDS

In addition to the regular meter readings to be taken monthly for billing purposes, Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. Company reserves the right to provide to the Commission or the FERC or any other regulatory body, upon request, information pertaining to this Agreement, including but not limited to: records of the Facility's generation output and Company's purchases thereof (including copies of monthly statements of power purchases and data from load recorders and telemetering installed at the Facility); copies of this Agreement. The Company will not provide any information developed solely by Seller and designated by Seller in writing to be "proprietary" unless required to do so by order of the Commission or the FERC or any other regulatory body or court, in which event, the Company will notify Seller prior to supplying the proprietary information.

Seller shall provide to Company, on a monthly basis within ten (10) days of the meter reading date and in form to be mutually agreed upon by the Parties, information on the Facility's fuel costs (coal, oil natural gas, supplemental firing, etc.), if any, for the power delivered to Company during the preceding month's billing period.

11. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, Company will adjust the measured energy for the period of time the meter was shown to be in error, and shall, as provided in the rules and regulations of the state regulatory body having jurisdiction, pay to Seller, or Seller shall refund to Company, the difference between the amount billed and the estimated amount which would have been billed had the meter accurately registered the kilowatt hours provided by Seller. No part of any minimum service charge shall be refunded.

12. POINT OF DELIVERY

The point of delivery is the point where Company's conductors are, or are to be, connected to Seller's conductors. Seller shall do all things necessary to bring its conductors to such point of delivery for connection to Company's conductors, and shall maintain said conductors in good order at all times. If Seller chooses to deliver power to Company through a point of delivery where Seller presently receives power from Company, then the point of delivery for the purchase of generation shall be the same point as the point of delivery for electric service.

13. INTERCONNECTION FACILITIES

If Seller is not subject to the terms and conditions of the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100, Sub 101~~Unless otherwise addressed in a separate Interconnection Agreement~~, the following conditions shall apply to Interconnection Facilities necessary to deliver Seller's electricity to Company. Otherwise, the terms and conditions of the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100, Sub 101 govern.

- (a) By Company: Company shall install, own, operate, maintain, and otherwise furnish all lines and equipment located on its side of the point of delivery to permit parallel operation of the Seller's facilities with the Company's system. It shall also install and own the necessary metering equipment, and meter transformers, where necessary, for measuring the electricity delivered to Company, though such meter may be located on Seller's side of the point of delivery. Interconnection facilities, installed by either Company or Seller, solely for such purpose, include, but are not limited to connection, line extension, transformation, switching equipment, protective relaying, metering, telemetering, communications, and appropriate safety equipment.

Any interconnection facilities installed by Company necessary to receive power from Seller shall be considered additional facilities and shall be provided, if Company finds it practicable, under the following conditions:

- (1) The facilities will be of a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.
- (2) Seller will pay to Company a Monthly Interconnection Facilities Charge of 1.3 percent of the estimated original installed cost and rearrangement cost of all facilities, including metering, required to accept interconnection, but not less than \$25 per month.. The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of the Company as the same are now on file with the Commission and may be changed or modified from time to time upon approval by the Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by the Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.

- (3) If Company increases its investment, other than replacement of existing equipment with equipment of equal capacity and kind, in interconnection facilities or other special facilities required by Seller (including conversion of the Company's primary voltage to a higher voltage), the Monthly Interconnection Facilities Charge for providing the interconnection facilities will be adjusted at that time. Seller may terminate the interconnection facilities in accordance with the applicable termination paragraph 1 above, or continue the interconnection facilities under the changed conditions.
 - (4) In lieu of the Monthly Interconnection Facilities Charge of 1.3 percent, Seller may elect to make a contribution equal to the total interconnection facilities investment, plus associated tax gross-ups. After such payment, the Monthly Interconnection Facilities Charge for the interconnection facilities will be 0.5 percent of said payment.
 - (5) The Monthly Interconnection Facilities Charge as determined shall continue regardless of the term of the Agreement until Seller no longer has need for such facilities. In the event Seller's interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination should be calculated in accordance with 1, above.
 - (6) Seller's wiring and appurtenant structures shall provide for the location, connection, and installation of Company's standard metering equipment or other equipment deemed necessary by Company for the metering of Seller's electrical output. Company shall, at its expense, be permitted to install, in Seller's wiring or equipment, any special metering devices or equipment as deemed necessary for experimental or monitoring purposes.
 - (7) Company shall furnish and install the Interconnection Facilities no later than the date requested by Seller for such installation. Seller's obligation to pay the Interconnection Facilities charges shall begin on the date that such Interconnection Facilities become operational, except as provided in Paragraph 3.4 hereof, and such charges shall apply at all times thereafter during the term of this Agreement, whether or not Seller is actually supplying electric power to Company.
- (b) By Seller: Seller shall install, own, operate, and maintain all lines, and equipment, exclusive of Company's meter and meter transformers, on Seller's side of the point of delivery. Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on Seller's side of the point of delivery. Seller must conform to the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to one point of delivery and measured by a single meter. Company's meter may be located on Seller's side of the point of delivery, and when it is to be so located, Seller must make suitable provisions in Seller's wiring, at a place suitable to Company, for the convenient installation of the type of meter Company will use. All of Seller's conductors installed on the Company's side of the meter and not installed in conduit must be readily visible.
- Seller shall install and maintain devices adequate to protect Seller's equipment against irregularities on Company's system, including devices to protect against single-phasing. Seller shall also install and maintain such devices as may be necessary to automatically disconnect Seller's generating equipment, which is operated in parallel with Company, when service provided by Seller is affected by electrical disturbances on Company's or Seller's systems, or at any time when Company's system is de-energized from its prime source.
- (c) Access to Premises: The duly authorized agents of Company shall have the right of ingress and egress to the premises of Seller at all reasonable hours for the purpose of reading meters, inspecting Company's wiring and apparatus, changing, exchanging, or repairing Company's

property on the premises of Seller, or removing such property at the time of or at any time after suspension of purchases or termination of this Agreement.

- (d) Protection: Seller shall protect Company's wiring and apparatus on Seller's premises and shall permit no one but Company's agents to handle same. In the event of any loss of or damage to such property of Company caused by or arising out of carelessness, neglect, or misuse by Seller or Seller's employees or agents, the cost of making good such loss or repairing such damage shall be paid by Seller. In cases where Company's service facilities on Seller's premises require abnormal maintenance due to Seller's operation, Seller shall reimburse Company for such abnormal maintenance cost.

14. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

The Parties do not guarantee continuous service but shall use reasonable diligence at all times to provide for uninterrupted acceptance and supply of electricity. They shall use reasonable diligence at all times to provide satisfactory service, and to remove the cause or causes in the event of failure, interruption, reduction or suspension of service, but neither Party shall be liable for any loss or damage resulting from such failure, interruption, reduction or suspension of service, nor shall same be a default hereunder, when due to any of the following:

- (a) An emergency action due to an adverse condition or disturbance on Company's system, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system.
- (b) An event or condition of force majeure, as described below.
- (c) Making necessary adjustments to, changes in, or repairs on Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from Seller's premises would endanger persons or property.

Seller shall be responsible for insuring the safe operation of his equipment at all times, and will install and maintain, to Company's satisfaction, the necessary automatic equipment to prevent the backfeed of power into, or damage to Company's de-energized system, and shall be subject to immediate disconnection of its equipment from Company's system if Company determines that such equipment is unsafe or adversely affects Company's transmission/distribution system or service to its other customers.

Seller assumes responsibility for and shall indemnify, defend, and save Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to persons or property including personal injury or property damage to Seller or Seller's employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on Seller's side of the point of delivery.

15. FORCE MAJEURE

Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements shall be deemed to be "events or conditions of force majeure". It also includes actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or

failures to act prevent or delay performance; or transportation delays or accidents. Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

Neither Party shall be responsible nor liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

- (a) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;
- (b) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;
- (c) The affected Party uses its best efforts to remedy its inability to perform;
- (d) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,
- (e) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

16. INSURANCE

Seller shall obtain and retain, for as long as the generation is interconnected with Company's system, either the applicable homeowners insurance policy with liability coverage of at least \$100,000 per occurrence or the applicable comprehensive general liability insurance policy with liability coverage in the amount of at least \$300,000 per occurrence, which protects Seller from claims for bodily injury and/or property damage. This insurance shall be primary for all purposes. Seller shall provide certificates evidencing this coverage as required by Company. Company reserves the right to refuse to establish, or continue the interconnection of Seller's generation with Company's system, if such insurance is not in effect.

17. GOVERNMENTAL RESTRICTIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or over this Agreement. This Agreement shall not become effective until all required governmental authorizations are obtained. Certification of receipt of all permits and authorizations shall be furnished by Seller to Company upon Company's request. This Agreement shall not become effective unless it and all provisions thereof are authorized and permitted by such governmental agencies without change or conditions.

This Agreement shall at all times be subject to changes by such governmental agencies, and the parties shall be subject to conditions and obligations, as such governmental agencies may, from time to time, direct in the exercise of their jurisdiction, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract. Both parties agree to exert their best efforts to comply with all of the applicable rules and regulations of all governmental agencies having control over either party or this Agreement. The parties shall take all reasonable action necessary to secure all required governmental approval of this Agreement in its entirety and without change.

The delivery date, quantity, and type of electricity to be accepted for purchase by Company, from Seller, are subject to changes, restrictions, curtailments, or complete suspensions by Company as may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of

any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency due to war, or catastrophe, all without liability on the part of the Company therefor.

Supersedes: April 1, 2014

Effective: ~~_____~~ February 17, 2016

NCUC Docket No E-100, Sub 140

OFFICIAL COPY

Feb 02 2016

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Compliance Filing, in Docket No. E-100, Sub 140, has been served on all parties of record either by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid.

This the 2nd day of February, 2016.



Kendrick C. Fentress
Associate General Counsel
Duke Energy Corporation
P.O. Box 1551/ NCRH 20
Raleigh, North Carolina 27602
Tel: 919.546.6733
Kendrick.Fentress@duke-energy.com