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March 13, 2014

**Via Electronic Filing**

Gail L. Mount  
Chief Clerk  
North Carolinas Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-1325

**Re: Docket No. E-100, Sub 136  
Compliance Filing of Rate Schedules and Contracts**

Dear Ms. Mount:

In compliance with Ordering Paragraph No. 23 of the *Order Establishing Standard Contract Rates and Contract Terms for Qualifying Facilities* (Order), issued by the North Carolina Utilities Commission (Commission) on February 21, 2014 in Docket No. E-100, Sub 136, Duke Energy Carolinas, LLC (DEC) and Duke Energy Progress, Inc. (DEP) (collectively, the "Companies") have enclosed for filing rates schedules and standard contracts in conformity with the Commission's determinations as outlined in the Order. Specifically, included in this filing are:

**DEC**

- Schedules PP-N and PP-H, which include the avoided cost rates calculated as approved in this docket and the modification of the provisions on the availability of long-term avoided cost rates consistent with the Commission's findings and conclusions. (Attachment A)
- Standard Contract, which includes the addition of language proposed by DEC to cure the deletion of the "Note" as discussed in the Order (page 3) and the revision of the extra facilities charge to conform to that approved by the Commission in DEC's most recent rate case in Docket No. E-7, Sub 1026, (page 4). (Attachment B)

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- A public report showing DEC's annualized avoided cost rates, calculated in a manner presented in DEC's Exhibit 3 to its filing in November 2012. (Attachment C)

#### DEP

- Schedule CSP-29, which includes the avoided cost rates calculated as approved in this docket and the addition of an Option B. Schedule CSP also includes the modification of the provisions on the availability of long-term avoided cost rates consistent with the Commission's findings and conclusions. Schedule CSP-29 also reflects the monthly facilities charges approved in DEP's most recent rate case, Docket No. E-2, Sub 1023. (Attachment D)
- Terms and Conditions for the Purchase of Electric Power, which includes DEP's amendment to Section (h) to provide a 30 day "cure" period before termination of a contract with a qualifying facility (QF) in certain circumstances, as discussed in the Reply Comments filed by DEC and DEP in this docket on March 28, 2013. The Terms and Conditions for the Purchase of Electric Power also reflect the striking of the provisions that allow DEP to impose a Reduction-in-Contract-Capacity charge and a Reduction-in-Contract-Energy charge. (Attachment E)
- Application for Standard Contract by a QF or Small Power Producer, which has been modified to reflect the Commission's Order with respect to the availability of long-term fixed rates as discussed on pages 37-38 of the Order. (Attachment F)
- A public report showing DEP's annualized avoided cost rates, calculated in a manner presented in DEC's Exhibit 3 to its filing in November 2012. (Attachment G)

The Companies have provided these revised enclosures (excepting the public reports) in both blacklined and unlined formats to illustrate the revisions as required by the Commission.

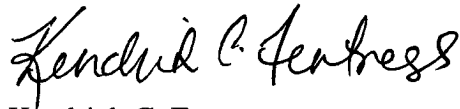
The Companies also note that the Commission has directed that, absent objections, these rate schedules and terms and conditions become effective 20 days after the date of filing, which results in these rate schedules and conditions becoming effective March 28, 2014. The Companies respectfully request that the rate schedules and terms and conditions filed herein become effective four (4) days later, on April 1, 2014. The proposed April 1 effective date eases the administrative burden associated with billing for a partial calendar month by aligning the effective date with the start of a calendar month.

Finally, the Companies have also enclosed an Affidavit from Steven B. Wheeler (Attachment H). For the reasons outlined in Mr. Wheeler's affidavit, the Companies respectfully propose that Schedule CSP-29 become effective April 1, but DEP be allowed

to begin billing for Option B on October 1, 2014. As noted by the Companies' witness Kendal Bowman in her pre-filed rebuttal testimony (Tr. Vol. 3, pp 115-116), DEP had to complete necessary metering and billing updates to be able to implement Option B. Although DEP has been diligently proceeding toward finalizing those updates, it has not completed the work required for metering and billing under Option B. DEP is able to bill any QFs that become operational before October 1, 2014, and are otherwise eligible for Option B, on Option A until October 1, 2014. As more fully explained in Mr. Wheeler's affidavit, DEP does not believe this adversely impacts those QFs. The Companies have discussed this matter with the Public Staff, and it had no objection to the Companies' proposal as described herein.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Kendrick C. Fentress". The signature is written in a cursive, flowing style.

Kendrick C. Fentress

Enclosures

cc: Parties of Record

# ATTACHMENT A

SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

AVAILABILITY (North Carolina only)

Available only to establishments located in the Company's North Carolina service territory which have hydroelectric generating facilities owned or operated by small power producers as defined in G.S. 62-3 (27a) contracting to sell generating capacity and energy not in excess of five (5) 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.

~~The Fixed Long Term Rates on this Schedule are available on an interim basis only to Customers that sign a contract with the Company on or after May 14, 2013, for delivery of power beginning on or before the earlier of thirty (30) months from the date of execution of the contract or May 1, 2017. The Fixed Long Term Rates on this Schedule are subject to true-up if the North Carolina Utilities Commission approves higher Fixed Long Term Rates in Docket No. E-100, Sub 136.~~

The Fixed Long-Term Credit rates on this Schedule are available only to otherwise eligible Customers that establish a Legally Enforceable Obligation by November 1, 2014, provided eligible Customer begins delivery no later than 30 months from February 21, 2014, the date of the North Carolina Utilities Commission's *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, issued in Docket No. E-100, Sub 136. Customers 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.

Notwithstanding the above, 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.

This Schedule is not applicable to a qualifying facility owned by a Customer, or affiliate or partner of a Customer, who sells power to the Company from another facility within one-half mile.

Service necessary for the delivery of the Customer's Net Power into the Company's system under this Schedule shall be furnished solely to the individual contracting Customer in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to the Net Capacity of the Customer's generating facilities which may be operated in parallel with the Company's system. Service necessary to supply the Customer's total load requirements other than Auxiliary Load, and service necessary to supply the Customer's Auxiliary Load when the Customer's generating facilities are not operating, shall be billed on the applicable schedule(s) of the Company. Net Power delivered to the 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 the Company, except at the option of the Company under special terms and conditions expressed in writing in the contract with the Customer.

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

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  
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 \* (One of the following two Rate options shall apply):Option A

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

North Carolina ~~Eleventh~~Twelfth Revised Leaf No. 92

Effective for service on and after ~~May 14, 2013~~ April 1, 2014

NCUC Docket No. E-100, Sub 136, Order dated ~~May 14, 2013~~ February 21, 2013

SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

## 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	4.603.42 ¢	3.363.54 ¢	3.553.74 ¢	3.923.72 ¢
ii. for all other hydroelectric facilities	2.762.05 ¢	2.022.13 ¢	2.132.24 ¢	2.232.35 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	0.94.68 ¢	0.66.70 ¢	0.70.74 ¢	0.74.78 ¢
ii. for all other hydroelectric facilities	0.55.41 ¢	0.40.42 ¢	0.42.44 ¢	0.44.47 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.44.80 ¢	4.99 ¢	5.28 ¢	5.59 ¢
b. All Off-Peak Energy per Month per kWh:	3.93.778 ¢	3.95 ¢	4.25 ¢	4.51 ¢

## 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	4.483.35 ¢	3.293.46 ¢	3.46.65 ¢	3.63.83 ¢
ii. for all other hydroelectric facilities	2.69.01 ¢	1.972.08 ¢	2.082.19 ¢	2.182.30 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	0.89.66 ¢	0.65.68 ¢	0.68.72 ¢	0.72.76 ¢
ii. for all other hydroelectric facilities	0.53.40 ¢	0.39.41 ¢	0.41.43 ¢	0.43.45 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.98.69 ¢	4.88 ¢	5.16 ¢	5.46 ¢
b. All Off-Peak Energy per Month per kWh:	3.893.69 ¢	3.87 ¢	4.16 ¢	4.42 ¢

## Option B

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

## 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	16.1612.09 ¢	11.8712.51 ¢	12.5213.20 ¢	13.1213.84 ¢
ii. for all other hydroelectric facilities	9.707.25 ¢	7.12.51 ¢	7.51.92 ¢	7.878.30 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	2.501.86 ¢	1.831.92 ¢	1.922.03 ¢	2.022.13 ¢
ii. for all other hydroelectric facilities	1.501.12 ¢	1.091.15 ¢	1.151.22 ¢	1.211.28 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.375.06 ¢	5.26 ¢	5.59 ¢	5.95 ¢
b. All Off-Peak Energy per Month per kWh:	4.294.05 ¢	4.23 ¢	4.51 ¢	4.77 ¢

## 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 Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	15.7611.81 ¢	11.6012.23 ¢	12.2312.89 ¢	12.8313.52 ¢
ii. for all other hydroelectric facilities	9.457.09 ¢	6.967.34 ¢	7.347.74 ¢	7.708.11 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
	Variable Rate	5 Years	10 Years (a)	15 Years (a)

North Carolina ~~Eleventh~~ Twelfth Revised Leaf No. 92Effective for service on and after ~~May 14, 2013~~ April 1, 2014NCUC Docket No. E-100, Sub 136, Order dated ~~May 14, 2013~~ February 21, 2013

SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

i. Hydroelectric facilities with no storage capability and no other type generation	<del>2.441.82</del> ¢	<del>1.781.88</del> ¢	<del>1.881.98</del> ¢	<del>1.972.08</del> ¢
ii. for all other hydroelectric facilities	<del>1.461.09</del> ¢	<del>1.071.13</del> ¢	<del>1.131.19</del> ¢	<del>1.181.25</del> ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	<del>5.244.94</del> ¢	5.14 ¢	5.46 ¢	5.81 ¢
b. All Off-Peak Energy per Month per kWh:	<del>4.193.97</del> ¢	4.14 ¢	4.42 ¢	4.67 ¢

Notes: (a) Contracts for the 10-Year and 15-Year Fixed Long-Term Rates are subject to a provision making the contract renewable 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.

\* Unless otherwise specified in the Company's contract with the Customer, payment of credits under this Schedule do not convey to the Company the right to renewable energy credits (RECs) associated with the energy delivered to the Company by the Customer.

#### DEFINITIONS

**Nameplate Capacity:** The term "Nameplate Capacity" shall mean the maximum continuous electrical output capability of the generator(s) at any time at a power factor of ninety percent (90%).

**Net Capacity:** The term "Net Capacity" shall mean the Nameplate Capacity of the Customer's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.

**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 excitors).

**Net Power:** The term "Net Power" shall mean the total amount of electric power produced by the Customer's generating facilities less the portion of that power used to supply the generating facilities' Auxiliary Load.

**Month:** The term "Month" as used in this Schedule means the period intervening between meter readings for the purposes of monthly billing, such readings being taken once per month.

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.

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.

#### SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS

This Schedule is only applicable for installed generation systems and equipment that comply with the provisions outlined in the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generator Interconnections (hereinafter "Interconnection Procedures") as approved by the North Carolina Utilities Commission.



SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

The Customer must submit an Interconnection Request, which must be accepted by the Company, pay an application fee, comply with the liability insurance requirements of the Interconnection Procedures and enter into a specific contract providing for interconnection to the Company's system.

In order to ensure protection of the Company's system, the Company reserves the right, at its discretion, to inspect the Customer's generation system and equipment at any time upon reasonable notice to the Customer in an effort to ensure compliance with the Interconnection Procedures. The Company reserves the right to disconnect electric service to the premises if the Company determines that the Customer's generation system and equipment is not in compliance with the Interconnection Procedures and is being operated in parallel with the Company's system.

**INTERCONNECTION FACILITIES CHARGE**

The Customer shall be responsible for providing suitable control and protective devices on his equipment to assure no disturbance to other customers of the Company or to the Company itself, and to protect the Customer's facilities from all loss or damage which could result from operation with the Company's system.

The Company will furnish, install, own, and maintain interconnection facilities as necessary for service under this Schedule including: suitable control and protective devices installed on Company equipment to allow operation of the Customer's generating facilities (see exception below); metering facilities equipped to prevent reverse registration for the measurement of service under this Schedule; and any other modifications to its system required to serve the Customer under this Schedule as determined by the Company.

All such facilities shall be subject to a monthly charge under the Extra Facilities provisions of the Company's Service Regulations, provided, however, that the minimum Extra Facilities charge shall not apply. The Company reserves the right to install at any time facilities necessary for the appropriate measurement of service under this Schedule and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

When the installed generating system complies with the North Carolina Interconnection Procedures and no additional interconnection facilities are required, the Facilities Charge shown in the Rate above will be applied to cover the cost of the Company's metering and installation.

**DETERMINATION OF CAPACITY CREDITS**

Capacity Credits will be based on the energy, in kilowatt-hours, which is supplied to the Company during the On-Peak Period Hours of the Month and will be applied to the Customer's bill in the appropriate Month.

Capacity Credits are available only to qualifying facilities classified as "new capacity" in accordance with the Federal Energy Regulatory Commission's Order No. 69 in Docket No. RM79-55 and in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41.

**POWER FACTOR CORRECTION**

When the average Monthly power factor of the power supplied by the Customer to the Company is less than 90 percent or greater than 97 percent, the Company may correct the energy, in kilowatt-hours, as appropriate. 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.

**PAYMENTS**

Credit billings to the Customer shall be payable to the Customer 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 Customer shall enter into a contract which shall specify the amount of capacity committed for delivery throughout the term of the contract and shall specify one of the following as the initial term and associated rate: variable rate for five (5) years or fixed long-term rate for five (5), ten (10) or fifteen (15) years. Following the initial term, the Variable Rate as from time to time amended by the North Carolina Utilities Commission shall apply to all power purchased by the Company until superseded by a new contract.



SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

The Company reserves the right to terminate the Customer's contract under this Schedule at any time upon written notice to the Customer in the event that the Customer violates any of the terms or conditions of this Schedule or operates its generating facilities in a manner which is detrimental to the Company or any of its Customers or fails to deliver energy to the Company for six (6) consecutive months. In the event of early termination of a contract under this Schedule, the Customer will be required to pay the Company for costs due to such early termination.

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SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
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AVAILABILITY (North Carolina only)

Available only to establishments located in the Company's North Carolina service territory which have hydroelectric generating facilities owned or operated by small power producers as defined in G.S. 62-3 (27a) contracting to sell generating capacity and energy not in excess of five (5) 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.

The Fixed Long-Term Credit rates on this Schedule are available only to otherwise eligible Customers that establish a Legally Enforceable Obligation by November 1, 2014, provided eligible Customer begins delivery no later than 30 months from February 21, 2014, the date of the North Carolina Utilities Commission's *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, issued in Docket No. E-100, Sub 136. Customers 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.

Notwithstanding the above, 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.

This Schedule is not applicable to a qualifying facility owned by a Customer, or affiliate or partner of a Customer, who sells power to the Company from another facility within one-half mile.

Service necessary for the delivery of the Customer's Net Power into the Company's system under this Schedule shall be furnished solely to the individual contracting Customer in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to the Net Capacity of the Customer's generating facilities which may be operated in parallel with the Company's system. Service necessary to supply the Customer's total load requirements other than Auxiliary Load, and service necessary to supply the Customer's Auxiliary Load when the Customer's generating facilities are not operating, shall be billed on the applicable schedule(s) of the Company. Net Power delivered to the 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 the Company, except at the option of the Company under special terms and conditions expressed in writing in the contract with the Customer.

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

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  
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 \* (One of the following two Rate options shall apply):Option A

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

## Interconnected to Distribution System:

## I. Capacity Credit

a. All On-Peak Energy per On-Peak Month per kWh:

	<u>Fixed Long-Term Rate (a)</u>		
<u>Variable Rate</u>	<u>5 Years</u>	<u>10 Years (a)</u>	<u>15 Years (a)</u>

SCHEDULE PP-H (NC)  
HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

i. Hydroelectric facilities with no storage capability and no other type generation	3.42 ¢	3.54 ¢	3.74 ¢	3.92 ¢
ii. for all other hydroelectric facilities	2.05 ¢	2.13 ¢	2.24 ¢	2.35 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	0.68 ¢	0.70 ¢	0.74 ¢	0.78 ¢
ii. for all other hydroelectric facilities	0.41 ¢	0.42 ¢	0.44 ¢	0.47 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.80 ¢	4.99 ¢	5.28 ¢	5.59 ¢
b. All Off-Peak Energy per Month per kWh:	3.77 ¢	3.95 ¢	4.25 ¢	4.51 ¢
Interconnected to Transmission System:				
I. Capacity Credit	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
a. All On-Peak Energy per On-Peak Month per kWh:			<u>10 Years (a)</u>	<u>15 Years (a)</u>
i. Hydroelectric facilities with no storage capability and no other type generation	3.35 ¢	3.46 ¢	3.65 ¢	3.83 ¢
ii. for all other hydroelectric facilities	2.01 ¢	2.08 ¢	2.19 ¢	2.30 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	0.66 ¢	0.68 ¢	0.72 ¢	0.76 ¢
ii. for all other hydroelectric facilities	0.40 ¢	0.41 ¢	0.43 ¢	0.45 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.69 ¢	4.88 ¢	5.16 ¢	5.46 ¢
b. All Off-Peak Energy per Month per kWh:	3.69 ¢	3.87 ¢	4.16 ¢	4.42 ¢

Option B

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

## Interconnected to Distribution System:

I. Capacity Credit	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
a. All On-Peak Energy per Summer Month per kWh:			<u>10 Years (a)</u>	<u>15 Years (a)</u>
i. Hydroelectric facilities with no storage capability and no other type generation	12.09 ¢	12.51 ¢	13.20 ¢	13.84 ¢
ii. for all other hydroelectric facilities	7.25 ¢	7.51 ¢	7.92 ¢	8.30 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	1.86 ¢	1.92 ¢	2.03 ¢	2.13 ¢
ii. for all other hydroelectric facilities	1.12 ¢	1.15 ¢	1.22 ¢	1.28 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.06 ¢	5.26 ¢	5.59 ¢	5.95 ¢
b. All Off-Peak Energy per Month per kWh:	4.05 ¢	4.23 ¢	4.51 ¢	4.77 ¢

## Interconnected to Transmission System:

I. Capacity Credit	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
a. All On-Peak Energy per Month per kWh:			<u>10 Years (a)</u>	<u>15 Years (a)</u>
i. Hydroelectric facilities with no storage capability and no other type generation	11.81 ¢	12.23 ¢	12.89 ¢	13.52 ¢
ii. for all other hydroelectric facilities	7.09 ¢	7.34 ¢	7.74 ¢	8.11 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	1.82 ¢	1.88 ¢	1.98 ¢	2.08 ¢
ii. for all other hydroelectric facilities	1.09 ¢	1.13 ¢	1.19 ¢	1.25 ¢

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II. Energy Credit

a. All On-Peak Energy per Month per kWh:	4.94 ¢	5.14 ¢	5.46 ¢	5.81 ¢
b. All Off-Peak Energy per Month per kWh:	3.97 ¢	4.14 ¢	4.42 ¢	4.67 ¢

Notes: (a) Contracts for the 10-Year and 15-Year Fixed Long-Term Rates are subject to a provision making the contract renewable 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.

\* Unless otherwise specified in the Company's contract with the Customer, payment of credits under this Schedule do not convey to the Company the right to renewable energy credits (RECs) associated with the energy delivered to the Company by the Customer.

**DEFINITIONS**

**Nameplate Capacity:** The term "Nameplate Capacity" shall mean the maximum continuous electrical output capability of the generator(s) at any time at a power factor of ninety percent (90%).

**Net Capacity:** The term "Net Capacity" shall mean the Nameplate Capacity of the Customer's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.

**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).

**Net Power:** The term "Net Power" shall mean the total amount of electric power produced by the Customer's generating facilities less the portion of that power used to supply the generating facilities' Auxiliary Load.

**Month:** The term "Month" as used in this Schedule means the period intervening between meter readings for the purposes of monthly billing, such readings being taken once per month.

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.

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.

**SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS**

This Schedule is only applicable for installed generation systems and equipment that comply with the provisions outlined in the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generator Interconnections (hereinafter "Interconnection Procedures") as approved by the North Carolina Utilities Commission.

The Customer must submit an Interconnection Request, which must be accepted by the Company, pay an application fee, comply with the liability insurance requirements of the Interconnection Procedures and enter into a specific contract providing for interconnection to the Company's system.

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In order to ensure protection of the Company's system, the Company reserves the right, at its discretion, to inspect the Customer's generation system and equipment at any time upon reasonable notice to the Customer in an effort to ensure compliance with the Interconnection Procedures. The Company reserves the right to disconnect electric service to the premises if the Company determines that the Customer's generation system and equipment is not in compliance with the Interconnection Procedures and is being operated in parallel with the Company's system.

**INTERCONNECTION FACILITIES CHARGE**

The Customer shall be responsible for providing suitable control and protective devices on his equipment to assure no disturbance to other customers of the Company or to the Company itself, and to protect the Customer's facilities from all loss or damage which could result from operation with the Company's system.

The Company will furnish, install, own, and maintain interconnection facilities as necessary for service under this Schedule including: suitable control and protective devices installed on Company equipment to allow operation of the Customer's generating facilities (see exception below); metering facilities equipped to prevent reverse registration for the measurement of service under this Schedule; and any other modifications to its system required to serve the Customer under this Schedule as determined by the Company.

All such facilities shall be subject to a monthly charge under the Extra Facilities provisions of the Company's Service Regulations, provided, however, that the minimum Extra Facilities charge shall not apply. The Company reserves the right to install at any time facilities necessary for the appropriate measurement of service under this Schedule and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

When the installed generating system complies with the North Carolina Interconnection Procedures and no additional interconnection facilities are required, the Facilities Charge shown in the Rate above will be applied to cover the cost of the Company's metering and installation.

**DETERMINATION OF CAPACITY CREDITS**

Capacity Credits will be based on the energy, in kilowatt-hours, which is supplied to the Company during the On-Peak Period Hours of the Month and will be applied to the Customer's bill in the appropriate Month.

Capacity Credits are available only to qualifying facilities classified as "new capacity" in accordance with the Federal Energy Regulatory Commission's Order No. 69 in Docket No. RM79-55 and in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41.

**POWER FACTOR CORRECTION**

When the average Monthly power factor of the power supplied by the Customer to the Company is less than 90 percent or greater than 97 percent, the Company may correct the energy, in kilowatt-hours, as appropriate. 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.

**PAYMENTS**

Credit billings to the Customer shall be payable to the Customer 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 Customer shall enter into a contract which shall specify the amount of capacity committed for delivery throughout the term of the contract and shall specify one of the following as the initial term and associated rate: variable rate for five (5) years or fixed long-term rate for five (5), ten (10) or fifteen (15) years. Following the initial term, the Variable Rate as from time to time amended by the North Carolina Utilities Commission shall apply to all power purchased by the Company until superseded by a new contract.

The Company reserves the right to terminate the Customer's contract under this Schedule at any time upon written notice to the Customer in the event that the Customer violates any of the terms or conditions of this Schedule or operates its generating facilities in a manner which is detrimental to the Company or any of its Customers or fails to deliver energy to the Company for six (6) consecutive months. In

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the event of early termination of a contract under this Schedule, the Customer will be required to pay the Company for costs due to such early termination.

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SCHEDULE PP-N (NC)  
NON-HYDROELECTRIC QUALIFYING FACILITIES  
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Available only to establishments located in the Company's North Carolina service territory which have non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass contracting to sell generating capacity and energy not in excess of five (5) megawatts, 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.

~~The Fixed Long Term Rates on this Schedule are available on an interim basis only to Customers that sign a contract with the Company on or after May 14, 2013 for delivery of power beginning on or before the earlier of thirty (30) months from the date of execution of the contract or May 1, 2017. The Fixed Long Term Rates on this Schedule are subject to true-up if the North Carolina Utilities Commission approves higher Fixed Long Term Rates in Docket No. E-100, Sub 136.~~

The Fixed Long-Term Credit rates on this Schedule are available only to otherwise eligible Customers that establish a Legally Enforceable Obligation by November 1, 2014, provided eligible Customer begins delivery no later than 30 months from February 21, 2014, the date of the North Carolina Utilities Commission's Order Establishing Standard Rates and Contract Terms for Qualifying Facilities, issued in Docket No. E-100, Sub 136. Customers 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.

Notwithstanding the above, 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.

This Schedule is not applicable to a qualifying facility owned by a Customer, or affiliate or partner of a Customer, who sells power to the Company from another facility within one-half mile.

Service necessary for the delivery of the Customer's Net Power into the Company's system under this Schedule shall be furnished solely to the individual contracting Customer in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to the Net Capacity of the Customer's generating facilities which may be operated in parallel with the Company's system. Service necessary to supply the Customer's total load requirements other than Auxiliary Load, and service necessary to supply the Customer's Auxiliary Load when the Customer's generating facilities are not operating, shall be billed on the applicable schedule(s) of the Company. Net Power delivered to the 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 the Company, except at the option of the Company under special terms and conditions expressed in writing in the contract with the Customer.

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

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  
3-phase, 3-wire, 240, 480, 4160, 12470, or 24940 volts  
3-phase voltages other than the foregoing, 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 \* (One of the following two Rate options shall apply):Option A

Administrative Charge

\$ 8.17 per month



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Facilities Charge (if applicable – See Interconnection Facilities Charge)      \$ 8.03 per month

Interconnected to Distribution System:

	Variable Rate	Fixed Long-Term Rate (a)		
		5 Years	10 Years (b)	15 Years (b)
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:	<del>2.762.05</del> ¢	<del>2.022.13</del> ¢	<del>2.132.24</del> ¢	<del>2.232.35</del> ¢
b. All On-Peak Energy per Off-Peak Month per kWh:	<del>0.55-41</del> ¢	<del>0.40-42</del> ¢	<del>0.42-44</del> ¢	<del>0.44-47</del> ¢
	Variable Rate	5 Years	10 Years (b)	15 Years (b)
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	<del>5.114.80</del> ¢	4.99 ¢	5.28 ¢	5.59 ¢
b. All Off-Peak Energy per Month per kWh:	<del>3.98-3.77</del> ¢	3.95 ¢	4.25 ¢	4.51 ¢

Interconnected to Transmission System:

	Variable Rate	Fixed Long-Term Rate (a)		
		5 Years	10 Years (b)	15 Years (b)
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:	<del>2.692.01</del> ¢	<del>1.972.08</del> ¢	<del>2.082.19</del> ¢	<del>2.182.30</del> ¢
b. All On-Peak Energy per Off-Peak Month per kWh:	<del>0.53-40</del> ¢	<del>0.39-41</del> ¢	<del>0.41-43</del> ¢	<del>0.43-45</del> ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	<del>4.984.69</del> ¢	4.88 ¢	5.16 ¢	5.46 ¢
b. All Off-Peak Energy per Month per kWh:	<del>3.893.69</del> ¢	3.87 ¢	4.16 ¢	4.42 ¢

Option B

Administrative Charge      \$ 8.17 per month  
Facilities Charge (if applicable – See Interconnection Facilities Charge)      \$ 8.03 per month

Interconnected to Distribution System:

	Variable Rate	Fixed Long-Term Rate (a)		
		5 Years	10 Years (b)	15 Years (b)
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:	<del>9.707.25</del> ¢	<del>7.12-51</del> ¢	<del>7.51-92</del> ¢	<del>7.878.30</del> ¢
b. All On-Peak Energy per Non-Summer Month per kWh:	<del>1.501.12</del> ¢	<del>1.09-15</del> ¢	<del>1.15-22</del> ¢	<del>1.21-28</del> ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	<del>5.37-06</del> ¢	5.26 ¢	5.59 ¢	5.95 ¢
b. All Off-Peak Energy per Month per kWh:	<del>44.29.05</del> ¢	4.23 ¢	4.51 ¢	4.77 ¢

Interconnected to Transmission System:

	Variable Rate	Fixed Long-Term Rate (a)		
		5 Years	10 Years (b)	15 Years (b)
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:	<del>9.457.09</del> ¢	<del>6.967.34</del> ¢	<del>7.34.74</del> ¢	<del>7.78.110</del> ¢
b. All On-Peak Energy per Non-Summer Month per kWh:	<del>1.461.09</del> ¢	<del>1.07-13</del> ¢	<del>1.13-19</del> ¢	<del>1.181.25</del> ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	<del>5.244.94</del> ¢	5.14 ¢	5.46 ¢	5.81 ¢
b. All Off-Peak Energy per Month per kWh:	<del>4.193.97</del> ¢	4.14 ¢	4.42 ¢	4.67 ¢

Notes: (a) The 10-Year and 15-Year Fixed Long-Term Rates are applicable only to those qualifying facilities which are non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass contracting to sell capacity and energy not in excess of five (5) megawatts.

(b) Contracts for the 10-Year and 15-Year Fixed Long-Term Rates are subject to a provision making the contract renewable 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.

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\* Unless otherwise specified in the Company's contract with the Customer, payment of credits under this Schedule do not convey to the Company the right to renewable energy credits (RECs) associated with the energy delivered to the Company by the Customer.

**DEFINITIONS**

**Nameplate Capacity:** The term "Nameplate Capacity" shall mean the maximum continuous electrical output capability of the generator(s) at any time at a power factor of ninety percent (90%).

**Net Capacity:** The term "Net Capacity" shall mean the Nameplate Capacity of the Customer's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.

**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).

**Net Power:** The term "Net Power" shall mean the total amount of electric power produced by the Customer's generating facilities less the portion of that power used to supply the generating facilities' Auxiliary Load.

**Month:** The term "Month" as used in this Schedule means the period intervening between meter readings for the purposes of monthly billing, such readings being taken once per month.

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.

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.

**SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS**

This Schedule is only applicable for installed generation systems and equipment that comply with the provisions outlined in the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generator Interconnections (hereinafter "Interconnection Procedures") as approved by the North Carolina Utilities Commission.

The Customer must submit an Interconnection Request, which must be accepted by the Company, pay an application fee, comply with the liability insurance requirements of the Interconnection Procedures and enter into a specific contract providing for interconnection to the Company's system.

In order to ensure protection of the Company's system, the Company reserves the right, at its discretion, to inspect the Customer's generation system and equipment at any time upon reasonable notice to the Customer in an effort to ensure compliance with the Interconnection Procedures. The Company reserves the right to disconnect electric service to the premises if the Company determines that the Customer's generation system and equipment is not in compliance with the Interconnection Procedures and is being operated in parallel with the Company's system.

**INTERCONNECTION FACILITIES CHARGE**

The Customer shall be responsible for providing suitable control and protective devices on his equipment to assure no disturbance to other customers of the Company or to the Company itself, and to protect the Customer's facilities from all loss or damage which could result from operation with the Company's system.

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The Company will furnish, install, own, and maintain interconnection facilities as necessary for service under this Schedule including: suitable control and protective devices installed on Company equipment to allow operation of the Customer's generating facilities; metering facilities equipped to prevent reverse registration for the measurement of service under this Schedule; and any other modifications to its system required to serve the Customer under this Schedule as determined by the Company.

All such facilities shall be subject to a monthly charge under the Extra Facilities provisions of the Company's Service Regulations provided, however, that the minimum Extra Facilities charge shall not apply. The Company reserves the right to install at any time facilities necessary for the appropriate measurement of service under this Schedule and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

When the installed generating system complies with the North Carolina Interconnection Procedures and no additional interconnection facilities are required, the Facilities Charge shown in the Rate above will be applied to cover the cost of the Company's metering and installation.

**DETERMINATION OF CAPACITY CREDITS**

Capacity Credits will be based on the energy, in kilowatt-hours, which is supplied to the Company during the On-Peak Period Hours of the Month and will be applied to the Customer's bill in the appropriate Month.

Capacity Credits are available only to qualifying facilities classified as "new capacity" in accordance with the Federal Energy Regulatory Commission's Order No. 69 in Docket No. RM79-55 and in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41.

**POWER FACTOR CORRECTION**

When the average Monthly power factor of the power supplied by the Customer to the Company is less than 90 percent or greater than 97 percent, the Company may correct the energy, in kilowatt-hours, as appropriate. 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.

**PAYMENTS**

Credit billings to the Customer shall be payable to the Customer 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 Customer shall enter into a contract which shall specify the amount of capacity committed for delivery throughout the term of the contract and shall specify one of the following as the initial term and associated rate: variable rate for five (5) years or fixed long-term rate for five (5), ten (10) or fifteen (15) years. Following the initial term, the Variable Rate as from time to time amended by the North Carolina Utilities Commission shall apply to all power purchased by the Company until superseded by a new contract.

The Company reserves the right to terminate the Customer's contract under this Schedule at any time upon written notice to the Customer in the event that the Customer violates any of the terms or conditions of this Schedule or operates its generating facilities in a manner which is detrimental to the Company or any of its Customers or fails to deliver energy to the Company for six (6) consecutive Months. In the event of early termination of a contract under this Schedule, the Customer will be required to pay the Company for costs due to such early termination.

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AVAILABILITY (North Carolina only)

Available only to establishments located in the Company's North Carolina service territory which have non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass contracting to sell generating capacity and energy not in excess of five (5) megawatts, 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.

The Fixed Long-Term Credit rates on this Schedule are available only to otherwise eligible Customers that establish a Legally Enforceable Obligation by November 1, 2014, provided eligible Customer begins delivery no later than 30 months from February 21, 2014, the date of the North Carolina Utilities Commission's *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, issued in Docket No. E-100, Sub 136. Customers 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.

Notwithstanding the above, 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.

This Schedule is not applicable to a qualifying facility owned by a Customer, or affiliate or partner of a Customer, who sells power to the Company from another facility within one-half mile.

Service necessary for the delivery of the Customer's Net Power into the Company's system under this Schedule shall be furnished solely to the individual contracting Customer in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to the Net Capacity of the Customer's generating facilities which may be operated in parallel with the Company's system. Service necessary to supply the Customer's total load requirements other than Auxiliary Load, and service necessary to supply the Customer's Auxiliary Load when the Customer's generating facilities are not operating, shall be billed on the applicable schedule(s) of the Company. Net Power delivered to the 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 the Company, except at the option of the Company under special terms and conditions expressed in writing in the contract with the Customer.

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

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  
3-phase, 3-wire, 240, 480, 4160, 12470, or 24940 volts  
3-phase voltages other than the foregoing, 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 \* (One of the following two Rate options shall apply):Option A

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

Interconnected to Distribution System:

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PURCHASED POWER

	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (a)</u>		
		<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:	2.05 ¢	2.13 ¢	2.24 ¢	2.35 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:	0.41 ¢	0.42 ¢	0.44 ¢	0.47 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.80 ¢	4.99 ¢	5.28 ¢	5.59 ¢
b. All Off-Peak Energy per Month per kWh:	3.77 ¢	3.95 ¢	4.25 ¢	4.51 ¢

Interconnected to Transmission System:

	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (a)</u>		
		<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:	2.01 ¢	2.08 ¢	2.19 ¢	2.30 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:	0.40 ¢	0.41 ¢	0.43 ¢	0.45 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.69 ¢	4.88 ¢	5.16 ¢	5.46 ¢
b. All Off-Peak Energy per Month per kWh:	3.69 ¢	3.87 ¢	4.16 ¢	4.42 ¢

Option B

Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

Interconnected to Distribution System:

	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (a)</u>		
		<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:	7.25 ¢	7.51 ¢	7.92 ¢	8.30 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:	1.12 ¢	1.15 ¢	1.22 ¢	1.28 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.06 ¢	5.26 ¢	5.59 ¢	5.95 ¢
b. All Off-Peak Energy per Month per kWh:	4.05 ¢	4.23 ¢	4.51 ¢	4.77 ¢

Interconnected to Transmission System:

	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (a)</u>		
		<u>5 Years</u>	<u>10 Years (b)</u>	<u>15 Years (b)</u>
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:	7.09 ¢	7.34 ¢	7.74 ¢	8.11 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:	1.09 ¢	1.13 ¢	1.19 ¢	1.25 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.94 ¢	5.14 ¢	5.46 ¢	5.81 ¢
b. All Off-Peak Energy per Month per kWh:	3.97 ¢	4.14 ¢	4.42 ¢	4.67 ¢

Notes: (a) The 10-Year and 15-Year Fixed Long-Term Rates are applicable only to those qualifying facilities which are non-hydroelectric qualifying facilities fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass contracting to sell capacity and energy not in excess of five (5) megawatts.

(b) Contracts for the 10-Year and 15-Year Fixed Long-Term Rates are subject to a provision making the contract renewable 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.

\* Unless otherwise specified in the Company's contract with the Customer, payment of credits under this Schedule do not convey to the Company the right to renewable energy credits (RECs) associated with the energy delivered to the Company by the Customer.

DEFINITIONS



SCHEDULE PP-N (NC)  
NON-HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

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Mar 13 2014

**Nameplate Capacity:** The term "Nameplate Capacity" shall mean the maximum continuous electrical output capability of the generator(s) at any time at a power factor of ninety percent (90%).

**Net Capacity:** The term "Net Capacity" shall mean the Nameplate Capacity of the Customer's generating facilities, less the portion of that capacity needed to serve the generating facilities' Auxiliary Load.

**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).

**Net Power:** The term "Net Power" shall mean the total amount of electric power produced by the Customer's generating facilities less the portion of that power used to supply the generating facilities' Auxiliary Load.

**Month:** The term "Month" as used in this Schedule means the period intervening between meter readings for the purposes of monthly billing, such readings being taken once per month.

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.

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.

**SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS**

This Schedule is only applicable for installed generation systems and equipment that comply with the provisions outlined in the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generator Interconnections (hereinafter "Interconnection Procedures") as approved by the North Carolina Utilities Commission.

The Customer must submit an Interconnection Request, which must be accepted by the Company, pay an application fee, comply with the liability insurance requirements of the Interconnection Procedures and enter into a specific contract providing for interconnection to the Company's system.

In order to ensure protection of the Company's system, the Company reserves the right, at its discretion, to inspect the Customer's generation system and equipment at any time upon reasonable notice to the Customer in an effort to ensure compliance with the Interconnection Procedures. The Company reserves the right to disconnect electric service to the premises if the Company determines that the Customer's generation system and equipment is not in compliance with the Interconnection Procedures and is being operated in parallel with the Company's system.

**INTERCONNECTION FACILITIES CHARGE**

The Customer shall be responsible for providing suitable control and protective devices on his equipment to assure no disturbance to other customers of the Company or to the Company itself, and to protect the Customer's facilities from all loss or damage which could result from operation with the Company's system.

The Company will furnish, install, own, and maintain interconnection facilities as necessary for service under this Schedule including: suitable control and protective devices installed on Company equipment to allow operation of the Customer's generating facilities;

SCHEDULE PP-N (NC)  
NON-HYDROELECTRIC QUALIFYING FACILITIES  
PURCHASED POWER

metering facilities equipped to prevent reverse registration for the measurement of service under this Schedule; and any other modifications to its system required to serve the Customer under this Schedule as determined by the Company.

All such facilities shall be subject to a monthly charge under the Extra Facilities provisions of the Company's Service Regulations provided, however, that the minimum Extra Facilities charge shall not apply. The Company reserves the right to install at any time facilities necessary for the appropriate measurement of service under this Schedule and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

When the installed generating system complies with the North Carolina Interconnection Procedures and no additional interconnection facilities are required, the Facilities Charge shown in the Rate above will be applied to cover the cost of the Company's metering and installation.

**DETERMINATION OF CAPACITY CREDITS**

Capacity Credits will be based on the energy, in kilowatt-hours, which is supplied to the Company during the On-Peak Period Hours of the Month and will be applied to the Customer's bill in the appropriate Month.

Capacity Credits are available only to qualifying facilities classified as "new capacity" in accordance with the Federal Energy Regulatory Commission's Order No. 69 in Docket No. RM79-55 and in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41.

**POWER FACTOR CORRECTION**

When the average Monthly power factor of the power supplied by the Customer to the Company is less than 90 percent or greater than 97 percent, the Company may correct the energy, in kilowatt-hours, as appropriate. 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.

**PAYMENTS**

Credit billings to the Customer shall be payable to the Customer 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 Customer shall enter into a contract which shall specify the amount of capacity committed for delivery throughout the term of the contract and shall specify one of the following as the initial term and associated rate: variable rate for five (5) years or fixed long-term rate for five (5), ten (10) or fifteen (15) years. Following the initial term, the Variable Rate as from time to time amended by the North Carolina Utilities Commission shall apply to all power purchased by the Company until superseded by a new contract.

The Company reserves the right to terminate the Customer's contract under this Schedule at any time upon written notice to the Customer in the event that the Customer violates any of the terms or conditions of this Schedule or operates its generating facilities in a manner which is detrimental to the Company or any of its Customers or fails to deliver energy to the Company for six (6) consecutive Months. In the event of early termination of a contract under this Schedule, the Customer will be required to pay the Company for costs due to such early termination.



## ATTACHMENT B

**PURCHASED POWER AGREEMENT**

between

**DUKE ENERGY CAROLINAS, LLC**

and

**SUPPLIER NAME**

**“Facility Name”**

**Contract Number:** \_\_\_\_\_

**Contract Date:** \_\_\_\_\_

**Initial Delivery Date:** \_\_\_\_\_

**PURCHASED POWER AGREEMENT**

**THIS PURCHASED 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 ("Supplier" or "Customer"), for the

"\_\_\_\_\_,

which 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 \_\_\_\_\_ near \_\_\_\_\_, North Carolina.

(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 The Supplier shall sell and deliver exclusively to the Company all of the electric power generated by the Facility, net of the Facility's own auxiliary electrical requirements, and the Company shall purchase, receive, use and pay for the same, subject to the conditions contained in this Agreement. If the Supplier will receive back-up and maintenance power for the Facility's auxiliary electrical requirements from the Company, such power shall be provided to Supplier pursuant to a separate electric service agreement under the Company's rate schedule appropriate for such service.

1.2 The electric power to be delivered hereunder shall be [single (1)][three (3)] phase, alternating, at a frequency of approximately sixty (60) hertz, and at approximately \_\_\_\_\_ volts.

1.3 Delivery of said power shall be made in \_\_\_\_\_ County at or near \_\_\_\_\_, North Carolina at a delivery point described as follows:

\_\_\_\_\_  
\_\_\_\_\_

- 1 1.4 (a) The Nameplate Capacity of the Supplier's generating facilities, as defined in the attached  
2 Schedule PP-\_\_\_\_(NC) is \_\_\_\_\_ kilowatts, consisting of \_\_\_\_\_  
3 \_\_\_\_\_  
4 \_\_\_\_\_  
5 \_\_\_\_\_
- 6 (b) The Supplier shall deliver to the Company throughout the term of the Agreement  
7 approximately \_\_\_\_\_ kilowatts during On-Peak Periods as its "Capacity  
8 Commitment" as defined in Paragraph 1.4(c) below.  
9 \_\_\_\_\_
- 10 (c) The "Capacity Commitment" shall be the average capacity in kilowatts the Supplier  
11 commits to deliver to the Company during On-Peak Periods through the term of the  
12 Agreement taking into account scheduled and forced outages, fuel availability, steam  
13 requirements and any other conditions which might impact the average capacity during On-  
14 Peak Hours.  
15 \_\_\_\_\_
- 16 (d) The maximum amount of electric power to be delivered by Supplier to the Company  
17 under this Agreement shall be \_\_\_\_\_ kilowatts.  
18 \_\_\_\_\_
- 19 1.5 The Company will install and own such meter(s) as shall be necessary to measure and record  
20 the electrical energy and demand(s) delivered and received in accordance with the terms and  
21 conditions of this Agreement, such meter(s) to be located: \_\_\_\_\_  
22 \_\_\_\_\_  
23 \_\_\_\_\_
- 24 1.6 Supplier shall provide to the Company, on a monthly basis within ten (10) days of the meter  
25 reading date and in form to be mutually agreed upon by the Parties, information on the  
26 Facility's fuel costs (coal, oil natural gas, supplemental firing, etc.), if any, for the power  
27 delivered to the Company during the preceding month's billing period.  
28 \_\_\_\_\_
- 29 1.7 Supplier shall operate its Facility in compliance with all applicable operating guidelines  
30 established by the North American Electric Reliability ~~Council~~ Corporation ("NERC") and  
31 the Southeastern Electric Reliability ~~Council~~ Corporation ("SERC") or any successor thereto.  
32 \_\_\_\_\_
- 33 1.8 In the event the Company determines, based on calculations, studies, analyses, monitoring,  
34 measurement or observation, that the output of the Facility will cause or is causing the  
35 Company to be unable to provide proper voltage levels to its customers, the Supplier shall be  
36 required to comply with a voltage schedule and/or reactive power output schedule as  
37 prescribed by the Company. In the event such schedules are required by the Company, the  
38 POWER FACTOR CORRECTION paragraph of Schedule [PP-H(NC)][PP-N(NC)] attached  
39 hereto shall not apply to service under this Agreement. If the Supplier fails to comply with  
40 such schedule(s), the Company shall have the right to discontinue service and suspend  
41 purchases until the Supplier is in compliance.  
42 \_\_\_\_\_
- 43 2. Rate Schedule and Service Regulations. The sale, delivery, and use of electric power  
44 hereunder, and all services of whatever type to be rendered or performed in connection  
45 therewith, shall in all respects be subject to and in accordance with all the terms and  
46 conditions of the Company's *Rate Schedule [PP-H][PP-N], Electricity No. 4, North*

1 *Carolina* \_\_\_\_\_ *Revised Leaf No. [91][92], [Variable Rate][5-year Fixed Long-Term*  
2 *Rate], [10-year Fixed Long-Term Rate] [15-year Fixed Long-Term Rate] Option [A][B] for*  
3 *[Distribution][Transmission] Interconnection* (“Rate Schedule”) and its Service  
4 Regulations, both of which are now on file with the North Carolina Utilities Commission  
5 (“Commission”), and are hereby incorporated by reference and made a part hereof as though  
6 fully set forth herein. Said Rate Schedule and Service Regulations are subject to change,  
7 revision, alteration or substitution, either in whole or in part, upon order of said Commission  
8 or any other regulatory authority having jurisdiction, and any such change, revision, alteration  
9 or substitution shall immediately be made a part hereof as though fully written herein, and  
10 shall nullify any prior provision in conflict therewith.  
11

12 The language above beginning with “Said Rate Schedule” shall not apply to the Fixed Long-  
13 Term Rates themselves, but it shall apply to all other provisions of the Rate Schedules and  
14 Service Regulations, including but not limited to Variable Rates, other types of charges (e.g.,  
15 facilities charges), and all non-rate provisions.  
16

17 3. Initial Delivery Date.  
18

19 3.1 The Initial Delivery Date shall be the first date upon which energy is generated by the Facility  
20 and delivered to the Company, and such energy is metered by the Company. The Initial  
21 Delivery Date under this Agreement is \_\_\_\_\_, 20\_\_\_\_.  
22

23 3.2 Subject to the provisions of Paragraph 3.4 hereof, if the Initial Delivery Date does not occur  
24 within thirty (30) months from the date of execution of this Agreement, then the Company  
25 may at any time thereafter terminate this Agreement immediately upon written notice to  
26 Supplier.  
27

28 3.3 The initial delivery of electric power is dependent upon the Company securing from the  
29 manufacturers all necessary apparatus, equipment and material for the delivery of said power,  
30 and the Company shall not be required to receive said power until it shall have secured and  
31 installed such equipment, apparatus and material.  
32

33 3.4 If either Party shall be delayed or prevented from delivering or receiving electric power on the  
34 Initial Delivery Date by reason of an event or condition of force majeure as defined in  
35 Paragraph 7 hereof, then the Initial Delivery Date and the beginning of Supplier’s obligation  
36 to pay Interconnection Facilities Charges pursuant to Paragraph 5.3 hereof shall be extended  
37 for a period proportionate to such delay or prevention.  
38

39 4. Term. The term of this Agreement shall be \_\_\_\_\_ years beginning with the Initial  
40 Delivery Date. The Company shall have the right of termination provided in the attached  
41 Rate Schedule. In the event of early termination of this agreement, the Supplier shall be  
42 required to pay the Company for costs due to such early termination.  
43

44 (Continuation of Paragraph 4 applicable to all contracts on 10 and 15-year rates.)

45 This Agreement shall be renewable for subsequent term(s) at the option of the Company on  
46 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 rate and other relevant factors, or (2) set by arbitration.

(Continuation of Paragraph 4 applicable to all contracts on 5, 10 and 15 year rates.)

In the event that this contract is terminated by either Party prior to the expiration of the initial term the Supplier will reimburse the Company for the total energy and capacity credits received in excess of that which would have been received under variable rates, plus interest at the rate of \_\_\_\_\_ % per annum until repaid.

5. Interconnection Facilities Charge.

5.1 (a) In accordance with the provisions of the attached Rate Schedule, the Company will furnish, install, own and maintain Interconnection Facilities, including protective devices, metering equipment, etc. to permit parallel operation of the Supplier's facilities with the Company's system. The Interconnection Facilities Charge, calculated in accordance with the Extra Facilities Provisions of the Company's Service Regulations, to be paid by the Supplier each month shall be \$ \_\_\_\_\_, which is ~~4.7~~ 1.1% of the installed cost of said Interconnection Facilities, which amount is \$ \_\_\_\_\_.

(b) The costs and charges set forth above shall be determined no later than twelve (12) months prior to the installation of the Interconnection Facilities to reflect then current costs, conditions, and service requirements.

5.2 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.

5.3 The Company shall furnish and install the Interconnection Facilities no later than the date requested by Supplier for such installation. Supplier'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 Supplier is actually supplying electric power to the Company.

5.4 The Interconnection Facilities under this agreement are only applicable for systems that comply with the *North Carolina Interconnection Procedures, Forms, And Agreements For State-Jurisdictional Generator Interconnections* (Interconnection Standard), which include requirements for compliance with the following:

1. The Institute of Electrical and Electronics Engineers (IEEE) P929 – "Recommended Practice for Utility Interface of Photovoltaic Systems" (latest edition); and IEEE 1547

“Standard for Interconnecting Distributed Resources with Electric Power Systems”, latest published edition.

2. Underwriters Laboratories (UL) 1741 – “Standard for Static Inverters and Charge Controllers for use in Photovoltaic Power Systems.” (latest edition)

3. NFPA70 – National Electrical Code (NEC), and all applicable local codes (latest editions) In order to ensure protection of the Company’s system, the Company reserves the right, at its discretion, to inspect the Customer’s photovoltaic system at any time upon reasonable notice to the Customer in an effort to ensure compliance with the Interconnection Standard. The Company reserves the right to disconnect electric service to any premises if the Company determines that the photovoltaic system is not in compliance with the Interconnection Standard and is being operated in parallel with the Company’s system.

The Customer must submit an *Interconnection Request* which must be accepted by the Company. The Customer shall be responsible for providing suitable control and protective devices on its equipment to assure no disturbance to other customers of the Company or to the Company itself, and to protect the Customer’s facilities and the Company’s facilities from all loss or damage which could result from operation in parallel with the Company’s system. The Customer shall be responsible for any costs incurred by the Company pursuant to the Interconnection Standard. The Company reserves the right to require additional interconnection facilities, furnished, installed, owned and maintained by the Company, at the Customer’s expense, if the Customer’s photovoltaic system, despite compliance with the Interconnection Standard, causes safety, reliability or power quality problems.

The Customer shall obtain and retain, for as long as the photovoltaic system is interconnected with the Company’s system, a [homeowners][comprehensive general liability] insurance policy with liability coverage in the amount of at least [\$100,000][\$300,000] per occurrence which protects the Customer from claims for bodily injury and / or property damage. This insurance shall be primary for all purposes. The Customer 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 Customer’s photovoltaic system with the Company’s system, if such insurance is not in effect.

6. Service Interruptions. The Parties do not guarantee continuous service. 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 system of the Company, 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 defined in Paragraph 7 hereof.

(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 Supplier's premises would endanger persons or property.

7. Force Majeure.

(a) 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, 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 shall be deemed to be "events or conditions of force majeure". Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

(b) Neither Party shall be responsible or liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

(i) 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;

(ii) 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;

(iii) The affected Party uses its best efforts to remedy its inability to perform;

(iv) 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,

(v) 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.

- 1 8. Offset For Charges Due to Company. The Company reserves the right to set off against any  
2 amounts due from the Company to Supplier, any amounts which are due from Supplier to the  
3 Company, including, but not limited to, unpaid charges for Interconnection Facilities or past  
4 due balances on any accounts Supplier has with the Company for other services.  
5
- 6 9. Records. In addition to the regular meter readings to be taken once each month for billing  
7 purposes, the Company may require additional meter readings, records, transfer of  
8 information, etc. as may be agreed upon by the Parties. The Company reserves the right to  
9 provide to the Commission or the FERC or any other regulatory body, upon request,  
10 information pertaining to this Agreement, including but not limited to: records of the  
11 Facility's generation output and the Company's purchases thereof (including copies of  
12 monthly statements of power purchases and data from load recorders and telemetering  
13 installed at the Facility); copies of this Agreement; and information regarding the  
14 Interconnection Facilities, as set forth in Paragraph 5 hereof. The Company will not provide  
15 any information developed solely by Supplier and designated by Supplier in writing to be  
16 "proprietary" unless required to do so by order of the Commission or the FERC or any other  
17 regulatory body or court, in which event, the Company will notify Supplier prior to supplying  
18 the proprietary information.  
19
- 20 10. Waiver. The failure of either Party to enforce or insist upon compliance with any of the terms  
21 or conditions of this Agreement shall not constitute a waiver or relinquishment of any such  
22 terms or conditions, but the same shall be and remain at all times in full force and effect.  
23
- 24 11. Assignment. The rights and obligations accruing to the Supplier under this Agreement may  
25 be assigned to another person, partnership, or corporation, subject to the Company's prior  
26 approval of the assignment of said person, firm, or corporation, which approval shall not be  
27 unreasonably or arbitrarily withheld. However, before such rights and obligations are  
28 assigned, the assignee must first obtain necessary approval from all regulatory bodies  
29 including, but not limited to, the Commission.
- 30 12. Notification of Assignment, Transfer or Sale. In the event of an assignment of the rights and  
31 obligations accruing to the Supplier under this Agreement pursuant to Paragraph 11 hereof, or  
32 in the event of any contemplated sale, transfer or assignment of the Facility or the Certificate  
33 of Public Convenience and Necessity, the Supplier shall, in addition to obtaining the  
34 approvals required by Paragraph 13 hereof, advise the Company and the Commission of any  
35 plans for such an assignment, sale or transfer, or of any accompanying significant changes in  
36 the information required by Commission Rule R1-37(b)(1), all as more fully set forth in  
37 Commission Rule R1-37, as amended, which is incorporated by reference herein.  
38
- 39 13. Regulatory Approval. This entire Agreement is contingent upon the Supplier's obtaining  
40 required approval from all regulatory bodies including, but not limited to, a Certificate of  
41 Public Convenience and Necessity or its equivalent from the Commission. The Parties hereto  
42 agree that performance under this Agreement shall not commence unless and until such  
43 approvals are obtained. If at any time during the term of this Agreement any of such required  
44 approvals expire, are withdrawn, are revoked or for any reason become invalid, the Company

1 shall allow the Supplier a reasonable period to cure the problem before giving notice of  
2 termination of this Agreement.

| (Continued on page 142)

**(Insert Purchase Power Schedule Here)**

IN WITNESS WHEREOF, on the day and year first above written, the Parties hereto have caused their official names to be hereunto subscribed by their respective Presidents, Vice Presidents or Authorized Representatives. Executed in Duplicate.

DUKE ENERGY CAROLINAS, LLC

By \_\_\_\_\_  
Director, Supply Side Resources

Print \_\_\_\_\_

(SUPPLIER NAME)

By \_\_\_\_\_

Print \_\_\_\_\_

Title \_\_\_\_\_

*NOT FOR SIGNATURE*

**PURCHASED POWER AGREEMENT**

between

**DUKE ENERGY CAROLINAS, LLC**

and

**SUPPLIER NAME**

**“Facility Name”**

**Contract Number:** \_\_\_\_\_

**Contract Date:** \_\_\_\_\_

**Initial Delivery Date:** \_\_\_\_\_

**PURCHASED POWER AGREEMENT**

**THIS PURCHASED 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 ("Supplier" or "Customer"), for the

"\_\_\_\_\_,"

which 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 \_\_\_\_\_ near \_\_\_\_\_, North Carolina.

(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 The Supplier shall sell and deliver exclusively to the Company all of the electric power generated by the Facility, net of the Facility's own auxiliary electrical requirements, and the Company shall purchase, receive, use and pay for the same, subject to the conditions contained in this Agreement. If the Supplier will receive back-up and maintenance power for the Facility's auxiliary electrical requirements from the Company, such power shall be provided to Supplier pursuant to a separate electric service agreement under the Company's rate schedule appropriate for such service.

1.2 The electric power to be delivered hereunder shall be [single (1)][three (3)] phase, alternating, at a frequency of approximately sixty (60) hertz, and at approximately \_\_\_\_\_ volts.

1.3 Delivery of said power shall be made in \_\_\_\_\_ County at or near \_\_\_\_\_, North Carolina at a delivery point described as follows:

\_\_\_\_\_  
\_\_\_\_\_



- 1 1.4 (a) The Nameplate Capacity of the Supplier's generating facilities, as defined in the attached  
2 Schedule PP-\_\_\_\_(NC) is \_\_\_\_\_ kilowatts, consisting of \_\_\_\_\_  
3 \_\_\_\_\_  
4 \_\_\_\_\_  
5 \_\_\_\_\_
- 6 (b) The Supplier shall deliver to the Company throughout the term of the Agreement  
7 approximately \_\_\_\_\_ kilowatts during On-Peak Periods as its "Capacity  
8 Commitment" as defined in Paragraph 1.4(c) below.  
9 \_\_\_\_\_
- 10 (c) The "Capacity Commitment" shall be the average capacity in kilowatts the Supplier  
11 commits to deliver to the Company during On-Peak Periods through the term of the  
12 Agreement taking into account scheduled and forced outages, fuel availability, steam  
13 requirements and any other conditions which might impact the average capacity during On-  
14 Peak Hours.  
15 \_\_\_\_\_
- 16 (d) The maximum amount of electric power to be delivered by Supplier to the Company  
17 under this Agreement shall be \_\_\_\_\_ kilowatts.  
18 \_\_\_\_\_
- 19 1.5 The Company will install and own such meter(s) as shall be necessary to measure and record  
20 the electrical energy and demand(s) delivered and received in accordance with the terms and  
21 conditions of this Agreement, such meter(s) to be located: \_\_\_\_\_  
22 \_\_\_\_\_  
23 \_\_\_\_\_
- 24 1.6 Supplier shall provide to the Company, on a monthly basis within ten (10) days of the meter  
25 reading date and in form to be mutually agreed upon by the Parties, information on the  
26 Facility's fuel costs (coal, oil natural gas, supplemental firing, etc.), if any, for the power  
27 delivered to the Company during the preceding month's billing period.  
28 \_\_\_\_\_
- 29 1.7 Supplier shall operate its Facility in compliance with all applicable operating guidelines  
30 established by the North American Electric Reliability Corporation ("NERC") and the  
31 Southeastern Electric Reliability Corporation ("SERC") or any successor thereto.  
32 \_\_\_\_\_
- 33 1.8 In the event the Company determines, based on calculations, studies, analyses, monitoring,  
34 measurement or observation, that the output of the Facility will cause or is causing the  
35 Company to be unable to provide proper voltage levels to its customers, the Supplier shall be  
36 required to comply with a voltage schedule and/or reactive power output schedule as  
37 prescribed by the Company. In the event such schedules are required by the Company, the  
38 POWER FACTOR CORRECTION paragraph of Schedule [PP-H(NC)][PP-N(NC)] attached  
39 hereto shall not apply to service under this Agreement. If the Supplier fails to comply with  
40 such schedule(s), the Company shall have the right to discontinue service and suspend  
41 purchases until the Supplier is in compliance.  
42 \_\_\_\_\_
- 43 2. Rate Schedule and Service Regulations. The sale, delivery, and use of electric power  
44 hereunder, and all services of whatever type to be rendered or performed in connection  
45 therewith, shall in all respects be subject to and in accordance with all the terms and  
46 conditions of the Company's *Rate Schedule [PP-H][PP-N], Electricity No. 4, North*

1 *Carolina* \_\_\_\_\_ *Revised Leaf No. [91][92], [Variable Rate][5-year Fixed Long-Term*  
2 *Rate], [10-year Fixed Long-Term Rate] [15-year Fixed Long-Term Rate] Option [A][B] for*  
3 *[Distribution][Transmission] Interconnection* ("Rate Schedule") and its Service  
4 Regulations, both of which are now on file with the North Carolina Utilities Commission  
5 ("Commission"), and are hereby incorporated by reference and made a part hereof as though  
6 fully set forth herein. Said Rate Schedule and Service Regulations are subject to change,  
7 revision, alteration or substitution, either in whole or in part, upon order of said Commission  
8 or any other regulatory authority having jurisdiction, and any such change, revision, alteration  
9 or substitution shall immediately be made a part hereof as though fully written herein, and  
10 shall nullify any prior provision in conflict therewith.  
11

12 The language above beginning with "Said Rate Schedule" shall not apply to the Fixed Long-  
13 Term Rates themselves, but it shall apply to all other provisions of the Rate Schedules and  
14 Service Regulations, including but not limited to Variable Rates, other types of charges (e.g.,  
15 facilities charges), and all non-rate provisions.  
16

17 3. Initial Delivery Date.  
18

19 3.1 The Initial Delivery Date shall be the first date upon which energy is generated by the Facility  
20 and delivered to the Company, and such energy is metered by the Company. The Initial  
21 Delivery Date under this Agreement is \_\_\_\_\_, 20\_\_\_\_.  
22

23 3.2 Subject to the provisions of Paragraph 3.4 hereof, if the Initial Delivery Date does not occur  
24 within thirty (30) months from the date of execution of this Agreement, then the Company  
25 may at any time thereafter terminate this Agreement immediately upon written notice to  
26 Supplier.  
27

28 3.3 The initial delivery of electric power is dependent upon the Company securing from the  
29 manufacturers all necessary apparatus, equipment and material for the delivery of said power,  
30 and the Company shall not be required to receive said power until it shall have secured and  
31 installed such equipment, apparatus and material.  
32

33 3.4 If either Party shall be delayed or prevented from delivering or receiving electric power on the  
34 Initial Delivery Date by reason of an event or condition of force majeure as defined in  
35 Paragraph 7 hereof, then the Initial Delivery Date and the beginning of Supplier's obligation  
36 to pay Interconnection Facilities Charges pursuant to Paragraph 5.3 hereof shall be extended  
37 for a period proportionate to such delay or prevention.  
38

39 4. Term. The term of this Agreement shall be \_\_\_\_\_ years beginning with the Initial  
40 Delivery Date. The Company shall have the right of termination provided in the attached  
41 Rate Schedule. In the event of early termination of this agreement, the Supplier shall be  
42 required to pay the Company for costs due to such early termination.  
43

44 (Continuation of Paragraph 4 applicable to all contracts on 10 and 15-year rates.)

45 This Agreement shall be renewable for subsequent term(s) at the option of the Company on  
46 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 rate and other relevant factors, or (2) set by arbitration.

(Continuation of Paragraph 4 applicable to all contracts on 5, 10 and 15 year rates.)

In the event that this contract is terminated by either Party prior to the expiration of the initial term the Supplier will reimburse the Company for the total energy and capacity credits received in excess of that which would have been received under variable rates, plus interest at the rate of \_\_\_\_\_ % per annum until repaid.

5. Interconnection Facilities Charge.

5.1 (a) In accordance with the provisions of the attached Rate Schedule, the Company will furnish, install, own and maintain Interconnection Facilities, including protective devices, metering equipment, etc. to permit parallel operation of the Supplier's facilities with the Company's system. The Interconnection Facilities Charge, calculated in accordance with the Extra Facilities Provisions of the Company's Service Regulations, to be paid by the Supplier each month shall be \$ \_\_\_\_\_, which is 1.1% of the installed cost of said Interconnection Facilities, which amount is \$ \_\_\_\_\_.

(b) The costs and charges set forth above shall be determined no later than twelve (12) months prior to the installation of the Interconnection Facilities to reflect then current costs, conditions, and service requirements.

5.2 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.

5.3 The Company shall furnish and install the Interconnection Facilities no later than the date requested by Supplier for such installation. Supplier'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 Supplier is actually supplying electric power to the Company.

5.4 The Interconnection Facilities under this agreement are only applicable for systems that comply with the *North Carolina Interconnection Procedures, Forms, And Agreements For State-Jurisdictional Generator Interconnections* (Interconnection Standard), which include requirements for compliance with the following:

1. The Institute of Electrical and Electronics Engineers (IEEE) P929 – "Recommended Practice for Utility Interface of Photovoltaic Systems" (latest edition); and IEEE 1547

1 “Standard for Interconnecting Distributed Resources with Electric Power Systems”, latest  
2 published edition.

3  
4 2. Underwriters Laboratories (UL) 1741 – “Standard for Static Inverters and Charge  
5 Controllers for use in Photovoltaic Power Systems.” (latest edition)

6  
7 3. NFPA70 – National Electrical Code (NEC), and all applicable local codes (latest  
8 editions) In order to ensure protection of the Company’s system, the Company reserves  
9 the right, at its discretion, to inspect the Customer’s photovoltaic system at any time upon  
10 reasonable notice to the Customer in an effort to ensure compliance with the  
11 Interconnection Standard. The Company reserves the right to disconnect electric service  
12 to any premises if the Company determines that the photovoltaic system is not in  
13 compliance with the Interconnection Standard and is being operated in parallel with the  
14 Company’s system.

15  
16 The Customer must submit an *Interconnection Request* which must be accepted by the  
17 Company. The Customer shall be responsible for providing suitable control and protective  
18 devices on its equipment to assure no disturbance to other customers of the Company or to  
19 the Company itself, and to protect the Customer’s facilities and the Company’s facilities  
20 from all loss or damage which could result from operation in parallel with the Company’s  
21 system. The Customer shall be responsible for any costs incurred by the Company pursuant  
22 to the Interconnection Standard. The Company reserves the right to require additional  
23 interconnection facilities, furnished, installed, owned and maintained by the Company, at  
24 the Customer’s expense, if the Customer’s photovoltaic system, despite compliance with  
25 the Interconnection Standard, causes safety, reliability or power quality problems.

26  
27 The Customer shall obtain and retain, for as long as the photovoltaic system is  
28 interconnected with the Company’s system, a [homeowners][comprehensive general  
29 liability] insurance policy with liability coverage in the amount of at least  
30 [\$100,000][\$300,000] per occurrence which protects the Customer from claims for bodily  
31 injury and / or property damage. This insurance shall be primary for all purposes. The  
32 Customer shall provide certificates evidencing this coverage as required by the Company.  
33 The Company reserves the right to refuse to establish, or continue the interconnection of  
34 the Customer’s photovoltaic system with the Company’s system, if such insurance is not in  
35 effect.

36  
37 6. Service Interruptions. The Parties do not guarantee continuous service. They shall use  
38 reasonable diligence at all times to provide satisfactory service, and to remove the cause or  
39 causes in the event of failure, interruption, reduction or suspension of service, but neither  
40 Party shall be liable for any loss or damage resulting from such failure, interruption, reduction  
41 or suspension of service, nor shall same be a default hereunder, when due to any of the  
42 following:

43  
44 (a) An emergency action due to an adverse condition or disturbance on the system of the  
45 Company, or on any other system directly or indirectly interconnected with it, which requires  
46 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 defined in Paragraph 7 hereof.

(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 Supplier's premises would endanger persons or property.

7. Force Majeure.

(a) 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, 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 shall be deemed to be "events or conditions of force majeure". Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

(b) Neither Party shall be responsible or liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

(i) 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;

(ii) 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;

(iii) The affected Party uses its best efforts to remedy its inability to perform;

(iv) 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,

(v) 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.



- 1 8. Offset For Charges Due to Company. The Company reserves the right to set off against any  
2 amounts due from the Company to Supplier, any amounts which are due from Supplier to the  
3 Company, including, but not limited to, unpaid charges for Interconnection Facilities or past  
4 due balances on any accounts Supplier has with the Company for other services.  
5
- 6 9. Records. In addition to the regular meter readings to be taken once each month for billing  
7 purposes, the Company may require additional meter readings, records, transfer of  
8 information, etc. as may be agreed upon by the Parties. The Company reserves the right to  
9 provide to the Commission or the FERC or any other regulatory body, upon request,  
10 information pertaining to this Agreement, including but not limited to: records of the  
11 Facility's generation output and the Company's purchases thereof (including copies of  
12 monthly statements of power purchases and data from load recorders and telemetering  
13 installed at the Facility); copies of this Agreement; and information regarding the  
14 Interconnection Facilities, as set forth in Paragraph 5 hereof. The Company will not provide  
15 any information developed solely by Supplier and designated by Supplier in writing to be  
16 "proprietary" unless required to do so by order of the Commission or the FERC or any other  
17 regulatory body or court, in which event, the Company will notify Supplier prior to supplying  
18 the proprietary information.  
19
- 20 10. Waiver. The failure of either Party to enforce or insist upon compliance with any of the terms  
21 or conditions of this Agreement shall not constitute a waiver or relinquishment of any such  
22 terms or conditions, but the same shall be and remain at all times in full force and effect.  
23
- 24 11. Assignment. The rights and obligations accruing to the Supplier under this Agreement may  
25 be assigned to another person, partnership, or corporation, subject to the Company's prior  
26 approval of the assignment of said person, firm, or corporation, which approval shall not be  
27 unreasonably or arbitrarily withheld. However, before such rights and obligations are  
28 assigned, the assignee must first obtain necessary approval from all regulatory bodies  
29 including, but not limited to, the Commission.
- 30 12. Notification of Assignment, Transfer or Sale. In the event of an assignment of the rights and  
31 obligations accruing to the Supplier under this Agreement pursuant to Paragraph 11 hereof, or  
32 in the event of any contemplated sale, transfer or assignment of the Facility or the Certificate  
33 of Public Convenience and Necessity, the Supplier shall, in addition to obtaining the  
34 approvals required by Paragraph 13 hereof, advise the Company and the Commission of any  
35 plans for such an assignment, sale or transfer, or of any accompanying significant changes in  
36 the information required by Commission Rule R1-37(b)(1), all as more fully set forth in  
37 Commission Rule R1-37, as amended, which is incorporated by reference herein.  
38
- 39 13. Regulatory Approval. This entire Agreement is contingent upon the Supplier's obtaining  
40 required approval from all regulatory bodies including, but not limited to, a Certificate of  
41 Public Convenience and Necessity or its equivalent from the Commission. The Parties hereto  
42 agree that performance under this Agreement shall not commence unless and until such  
43 approvals are obtained. If at any time during the term of this Agreement any of such required  
44 approvals expire, are withdrawn, are revoked or for any reason become invalid, the Company

1 shall allow the Supplier a reasonable period to cure the problem before giving notice of  
2 termination of this Agreement.

| (Continued on page 142)



**(Insert Purchase Power Schedule Here)**

Mar 13 2014 OFFICIAL COPY

IN WITNESS WHEREOF, on the day and year first above written, the Parties hereto have caused their official names to be hereunto subscribed by their respective Presidents, Vice Presidents or Authorized Representatives. Executed in Duplicate.

DUKE ENERGY CAROLINAS, LLC

By \_\_\_\_\_  
Director, Supply Side Resources

Print \_\_\_\_\_

(SUPPLIER NAME)

By \_\_\_\_\_

Print \_\_\_\_\_

Title \_\_\_\_\_

*NOT FOR SIGNATURE*

## ATTACHMENT C

DUKE ENERGY CAROLINAS, LLC  
"Option A" (PP-N and PP-H)  
Rates (Annualized)  
Cents per KWH

Page 1 of 4

Performance Adjustment Factor: 1.200

Line No.	Description	Variable	Fixed Long-Term Rates			
		Rate	5 Years	10 Years	15 Years	
INTERCONNECTED TO: DISTRIBUTION SYSTEM						
1	Energy Credit	On-Peak	4.80	4.99	5.28	5.59
2		Off-Peak	3.77	3.95	4.25	4.51
3	Capacity Credit	On-Peak Month	2.05	2.13	2.24	2.35
4		Off-Peak Month	0.41	0.42	0.44	0.47
5	Annualized Energy		4.26	4.45	4.74	5.02
6	Annualized Capacity		<u>0.72</u>	<u>0.74</u>	<u>0.78</u>	<u>0.82</u>
7	Annualized Total		4.98	5.19	5.52	5.84

INTERCONNECTED TO: TRANSMISSION SYSTEM

8	Energy Credit On-Peak	4.69	4.88	5.16	5.46
9	Off-Peak	3.69	3.87	4.16	4.42
10	Capacity Credit On-Peak Month	2.01	2.08	2.19	2.30
11	Off-Peak Month	0.40	0.41	0.43	0.45
12	Annualized Energy	4.18	4.35	4.64	4.91
13	Annualized Capacity	<u>0.70</u>	<u>0.72</u>	<u>0.76</u>	<u>0.80</u>
14	Annualized Total	4.88	5.07	5.40	5.71

NOTE: Calculation of Annualized Numbers

Annualized Energy	$(\text{on-peak rate} \times 4160 + \text{offpeak rate} \times 4600) / 8760$
Annualized Capacity	$(\text{on-peak month rate} \times 2773 + \text{off-peak month rate} \times 1387) / 8760$
Annualized Total	Capacity + Energy

DUKE ENERGY CAROLINAS, LLC  
 "Option B" (PP-N and PP-H)  
 Rates (Annualized)  
 Cents per KWH

Page 2 of 4

Performance Adjustment Factor: 1.200

Line No.	Description	Variable Rate	Fixed Long-Term Rates			
			5 Years	10 Years	15 Years	
INTERCONNECTED TO: DISTRIBUTION SYSTEM						
1	Energy Credit	On-Peak	5.06	5.26	5.59	5.95
2		Off-Peak	4.05	4.23	4.51	4.77
3	Capacity Credit	On-Peak Month	7.25	7.51	7.92	8.30
4		Off-Peak Month	1.12	1.15	1.22	1.28
5	Annualized Energy		4.26	4.45	4.74	5.02
6	Annualized Capacity		<u>0.72</u>	<u>0.74</u>	<u>0.78</u>	<u>0.82</u>
7	Annualized Total		4.98	5.19	5.52	5.84

INTERCONNECTED TO: TRANSMISSION SYSTEM

8	Energy Credit On-Peak	4.94	5.14	5.46	5.81
9	Off-Peak	3.97	4.14	4.42	4.67
10	Capacity Credit On-Peak Month	7.09	7.34	7.74	8.11
11	Off-Peak Month	1.09	1.13	1.19	1.25
12	Annualized Energy	4.18	4.35	4.64	4.91
13	Annualized Capacity	<u>0.70</u>	<u>0.72</u>	<u>0.76</u>	<u>0.80</u>
14	Annualized Total	4.88	5.07	5.40	5.71

NOTE: Calculation of Annualized Numbers

Peak Hours On Peak Mth	682
Peak Hours Off Peak Mth	1179
Total Peak Hours	<u>1861</u>
Total Hours in Year	8760
Total Off Peak Hours	6899

Annualized Energy	$(a*1861 + b*6899)/8760$
Annualized Capacity	$(c*682 + d*1179)/8760$
Annualized Total	Capacity + Energy
Workpapers only	

DUKE POWER  
"Option A" PP-H - No Storage Capability  
Rates (Annualized)  
Cents per KWH

Page 3 of 4

Performance Adjustment Factor: 2.000

Line No.	Description	Variable	Fixed Long-Term Rates			
		Rate	5 Years	10 Years	15 Years	
INTERCONNECTED TO: DISTRIBUTION SYSTEM						
1	Energy Credit	On-Peak	4.80	4.99	5.28	5.59
2		Off-Peak	3.77	3.95	4.25	4.51
3	Capacity Credit	On-Peak Month	3.42	3.54	3.74	3.92
4		Off-Peak Month	0.68	0.70	0.74	0.78
5	Annualized Energy		4.26	4.45	4.74	5.02
6	Annualized Capacity		1.19	1.23	1.30	1.36
7	Annualized Total		5.45	5.68	6.04	6.38

INTERCONNECTED TO: TRANSMISSION SYSTEM

8	Energy Credit On-Peak	4.69	4.88	5.16	5.46
9	Off-Peak	3.69	3.87	4.16	4.42
10	Capacity Credit On-Peak Month	3.35	3.46	3.65	3.83
11	Off-Peak Month	0.66	0.68	0.72	0.76
12	Annualized Energy	4.18	4.35	4.64	4.91
13	Annualized Capacity	1.17	1.21	1.28	1.33
14	Annualized Total	5.35	5.56	5.92	6.24

NOTE: Calculation of Annualized Numbers

Annualized Energy	$(\text{on-peak rate} \times 4160 + \text{offpeak rate} \times 4600) / 8760$
Annualized Capacity	$(\text{on-peak month rate} \times 2773 + \text{off-peak month rate} \times 1387) / 8760$
Annualized Total	Capacity + Energy

DUKE ENERGY CAROLINAS, LLC  
"Option B" PP-H - No Storage Capability  
Rates (Annualized)  
Cents per KWH

Page 4 of 4

Performance Adjustment Factor: 2.000

<u>Line No.</u>	<u>Description</u>	Variable	Fixed Long-Term Rates			
		<u>Rate</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>	
INTERCONNECTED TO: DISTRIBUTION SYSTEM						
1	Energy Credit	On-Peak	5.06	5.26	5.59	5.95
2		Off-Peak	4.05	4.23	4.51	4.77
3	Capacity Credit	On-Peak Month	12.09	12.51	13.20	13.84
4		Off-Peak Month	1.86	1.92	2.03	2.13
5	Annualized Energy		4.26	4.45	4.74	5.02
6	Annualized Capacity		<u>1.19</u>	<u>1.23</u>	<u>1.30</u>	<u>1.36</u>
7	Annualized Total		5.45	5.68	6.04	6.38

INTERCONNECTED TO: TRANSMISSION SYSTEM

8	Energy Credit On-Peak	4.94	5.14	5.46	5.81
9	Off-Peak	3.97	4.14	4.42	4.67
10	Capacity Credit On-Peak Month	11.81	12.23	12.89	13.52
11	Off-Peak Month	1.82	1.88	1.98	2.08
12	Annualized Energy	4.18	4.35	4.64	4.91
13	Annualized Capacity	1.17	1.21	1.28	1.33
14	Annualized Total	5.35	5.56	5.92	6.24

NOTE: Calculation of Annualized Numbers

Peak Hours On Peak Mth	682
Peak Hours Off Peak Mth	1179
Total Peak Hours	1861
Total Hours in Year	8760
Total Off Peak Hours	6899

Annualized Energy  
Annualized Capacity  
Annualized Total

(on-peak rate\* 1861 + off-peak\*6899)/8760  
(on-peak month rate,682 + off-peak month rate\*1179)/8760  
Capacity + Energy



## ATTACHMENT D

COGENERATION AND SMALL POWER PRODUCER  
SCHEDULE CSP-27B29

AVAILABILITY

Upon Seller's completion and Company's acceptance of an Application for Standard Contract, 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. 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. If Seller requires supplemental, standby, or interruptible 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.

~~The Fixed Long Term Credit rates are available only to Sellers either under contract with the Company on or before December 1, 2012 or to Sellers that had filed an application for a CPCN or had filed an RPC on or before December 1 2012.~~ The Fixed Long Term Credit rates are available only to otherwise eligible Sellers that establish a Legally Enforceable Obligation by November 1, 2014, provided eligible Seller begins delivery no later than 30 months from February 21, 2014, the date of the North Carolina Utilities Commission's *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, issued in Docket No. E-100, Sub 136.

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 ~~Schedule CSP-29~~ 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, or its successor; however, the Fixed Long Term Credit rates in the CSP-29 will be subject to upward adjustment if higher rates are approved by the North Carolina Utilities Commission in Docket No. E-100, Sub 136.

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 5 MW or less, or other Qualifying Facility with a Contract Capacity of 3 MW or less:

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, 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 5 MW or less. Other Eligible

Qualifying Facilities with Contract Capacities of 3 MW 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. The Variable Energy Credit shall constitute an “as available” avoided cost credit for Eligible Qualifying Facilities.

Standard 10-year and 15-year rate options as specified in this Schedule, for Eligible Qualifying Facilities may be renewable for subsequent terms, at the Company’s option, based on substantially the same terms and provisions contained herein and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration Company’s then avoided cost rate and other relevant factors or (2) set by arbitration.

#### Non-Eligible Qualifying Facilities

All Qualifying Facilities not eligible for the standard long-term levelized rates have the following three options if the Company has a Commission-recognized active solicitation underway: (1) participating in the Company’s competitive bidding process, (2) negotiating a contract and rates with the Company, or (3) selling energy at the Company’s Commission-established variable energy rate. If the Company does not have a Commission-recognized active solicitation underway, it shall offer Qualifying Facilities not eligible for the standard long-term levelized rates the options of (1) contracting with the Company to sell power at the variable energy rate established by the Commission in these biennial proceedings or (2) contracting with the Company to sell power at negotiated rates. If the Company does not have a solicitation underway, any unresolved issues arising from such negotiations will be subject to arbitration by the Commission at the request of either the Company or Qualifying Facility to determine the Company’s actual avoided cost, including both capacity and energy components, as appropriate; however, the Commission will only arbitrate disputed issues if the QF is prepared to commit its capacity to the utility for a period of at least two years. The exact points at which an active solicitation should be regarded as beginning and ending for these purposes should be determined by motion to, and order of, the Commission. Unless there is such a Commission order, it will be assumed that there is no solicitation underway. If the variable energy rate option is chosen, such rate may not be locked in by a contract term, but shall instead change as determined by the Commission in the next biennial proceeding.

The Variable Energy Credit shall constitute the “as available” avoided cost credit for Non-Eligible Qualifying Facilities.

#### 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.

#### CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Application For Standard Contract between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility. Capacity in excess of the contract capacity of a standard rate Qualifying Facility’s generators must be consumed internally by the Qualifying Facility.

#### MONTHLY RATE

##### 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 10kW or less shall only be made on a calendar year basis.

### Energy Credits

Those Eligible Qualifying Facilities eligible for Company's Fixed Long-Term and/or Variable Energy Credits shall be paid an Energy Credit for all energy delivered to Company's System as registered or computed from Company's metering facilities. This Energy Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Agreement.

Seller may contract for rates under either Option A or Option B below.

#### Option A

For facilities whose deliveries do not enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)	5.1084.120	5.7534.391	6.7884.942	7.4555.310
Off-Peak kWh (¢/kWh)	4.5303.739	4.7473.862	5.0854.266	5.3824.618

For facilities whose deliveries enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)	4.9864.034	5.6154.300	6.6264.839	7.2775.199
Off-Peak kWh (¢/kWh)	4.4623.688	4.6763.810	5.0094.208	5.3024.556

#### Option B <sup>(1)</sup>

For facilities whose deliveries do not enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)	3.966	4.478	5.078	5.496
Off-Peak kWh (¢/kWh)	3.849	3.932	4.348	4.689

For facilities whose deliveries enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)	3880	4.381	4.969	5.377
Off-Peak kWh (¢/kWh)	3.793	3.874	4.284	4.621

<sup>(1)</sup> Billing under Option B shall be available on and after October 1, 2014.

### Capacity Credits

Those Eligible Qualifying Facilities eligible for Company's Fixed Long Term and/or Variable Capacity Credits shall be paid a Capacity Credit for all capacity delivered to Company's System as registered or

computed from Company's metering facilities. This Capacity Credit will be in accordance with the length of rate term for capacity 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.

**Option A**

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries do not enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	<u>5.5554.797</u>	<u>5.7084.964</u>	<u>5.9495.225</u>	
	<u>6.1665.461</u>			
On-Peak kWh (¢/kWh)-Non-summer	<u>4.5843.805</u>	<u>4.7103.938</u>	<u>4.9094.145</u>	
	<u>5.0884.332</u>			

For all other facilities whose deliveries do not enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	<u>3.3332.878</u>	<u>3.4252.978</u>	<u>3.5693.135</u>	<u>3.7003.277</u>
On-Peak kWh (¢/kWh)-Non-summer	<u>2.7512.283</u>	<u>2.8262.363</u>	<u>2.9452.487</u>	<u>3.0532.599</u>

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	<u>5.4234.697</u>	<u>5.5724.860</u>	<u>5.8075.116</u>	
	<u>6.0195.347</u>			
On-Peak kWh (¢/kWh)-Non-summer	<u>4.4753.726</u>	<u>4.5983.855</u>	<u>4.7924.058</u>	<u>4.9674.242</u>

For all other facilities whose deliveries enter Company's transmission system:

	Variable Credit	Fixed Long-Term Credits		
		5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	<u>3.2532.818</u>	<u>3.3432.916</u>	<u>3.4843.069</u>	<u>3.6123.208</u>
On-Peak kWh (¢/kWh)-Non-summer	<u>2.6852.236</u>	<u>2.7592.313</u>	<u>2.8752.435</u>	
	<u>2.9802.545</u>			

**Option B <sup>(1)</sup>**

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries do not enter Company's transmission system:

	Variable	Fixed Long-Term Credits		
	Credit	5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	8.008	8.287	8.722	9.117
On-Peak kWh (¢/kWh)-Non-summer	6.075	6.286	6.617	6.916

For all other facilities whose deliveries do not enter Company's transmission system:

	Variable	Fixed Long-Term Credits		
	Credit	5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	4.805	4.972	5.233	5.470
On-Peak kWh (¢/kWh)-Non-summer	3.645	3.772	3.970	4.149

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries enter Company's transmission system:

	Variable	Fixed Long-Term Credits		
	Credit	5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	7.835	8.107	8.534	8.920
On-Peak kWh (¢/kWh)-Non-summer	5.944	6.150	6.474	6.767

For all other facilities whose deliveries enter Company's transmission system:

	Variable	Fixed Long-Term Credits		
	Credit	5-Year	10-Year	15-Year
On-Peak kWh (¢/kWh)-Summer	4.701	4.864	5.120	5.352
On-Peak kWh (¢/kWh)-Non-summer	3.566	3.690	3.884	4.060

<sup>(1)</sup> Billing under Option B shall be available on and after October 1, 2014.

Summer months under both Options A and B are defined as the calendar months of June through September. Non-summer months are defined as all other months.

Renewable Energy Credits

The sale of power by QFs at avoided cost rates does not convey the right to renewable energy credits (RECs) or green tags.

## Seller Charge

An Eligible Qualifying Facility shall pay to Company a Seller Charge outlined below in accordance with the Contract Capacity specified in the Application For Standard Contract between Company and Seller:

	<u>Contract Capacity</u>			
	<u>0 to 10 kW</u>	<u>11 to 100 kW</u>	<u>101 to 999 kW</u>	<u>1000 kW and above</u>
Monthly Seller Charge	\$4	\$7	\$93	\$278

For Small Power Producers, as the term is defined in N.C. General Statute §62-3 (27a), with no storage capacity and no other type of generation whose deliveries do not enter Company's transmission system, the sum of: (1) the Seller Charge and (2) the Monthly Facilities Charge for those Interconnection Facilities installed before January 1, 2000 or replaced thereafter with equipment of equal capacity and kind, shall be \$100.00 per month; except that any Interconnection Facilities installed after January 1, 2000, other than replacement of existing equipment with equipment of equal capacity and kind, shall be subject to additional Monthly Facilities Charges. This provision applies only to a Small Power Producer who has completed an initial 15-year contract term under a Purchase Power Agreement with Company prior to January 1, 2000 or was selling electricity to Company on January 1, 2000.

## 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.

## DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

### I. On-Peak Hours:

#### Option A:

A. Service used beginning at 12:00 midnight March 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as the hours between 10:00 a.m. and 10:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

B. Service used beginning at 12:00 midnight September 30 and ending at 12:00 midnight March 31:

The on-peak hours are defined as those 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 considered as off-peak.

#### Option B:

A. Service used beginning at 12:00 midnight May 31 and ending at 12:00 midnight September 30:



The on-peak hours are defined as those hours, Monday through Friday, beginning at 1:00 p.m. and ending at 9:00 p.m., excluding holidays considered as off-peak.

B. Service used beginning at 12:00 midnight September 30 and ending at 12:00 midnight May 31:

The on-peak hours are defined as those hours, Monday through Friday, beginning at 6:00 a.m. and ending at 1:00 p.m., excluding holidays considered as off-peak.

## II. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified above as on-peak hours. 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.

## INTERCONNECTION 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. 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.

Supersedes Schedule CSP-27A~~B~~

Effective for energy and capacity rendered on and after ~~December 21, 2012~~ April 1, 2014

NCUC Docket Nos. ~~E-100, Sub 127~~ and E-100, Sub 136

COGENERATION AND SMALL POWER PRODUCER  
SCHEDULE CSP-29

AVAILABILITY

Upon Seller's completion and Company's acceptance of an Application for Standard Contract, 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. 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. If Seller requires supplemental, standby, or interruptible 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.

The Fixed Long Term Credit rates are available only to otherwise eligible Sellers that establish a Legally Enforceable Obligation by November 1, 2014, provided eligible Seller begins delivery no later than 30 months from February 21, 2014, the date of the North Carolina Utilities Commission's *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, issued in Docket No. E-100, Sub 136.

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 5 MW or less, or other Qualifying Facility with a Contract Capacity of 3 MW or less:

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, 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 5 MW or less. Other Eligible Qualifying Facilities with Contract Capacities of 3 MW 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. The Variable Energy Credit shall constitute an "as available" avoided cost credit for Eligible Qualifying Facilities.

Standard 10-year and 15-year rate options as specified in this Schedule, for Eligible Qualifying Facilities may be renewable for subsequent terms, at the Company's option, based on substantially the same terms and provisions contained herein and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration Company's then avoided cost rate and other relevant factors or (2) set by arbitration.

#### Non-Eligible Qualifying Facilities

All Qualifying Facilities not eligible for the standard long-term levelized rates have the following three options if the Company has a Commission-recognized active solicitation underway: (1) participating in the Company's competitive bidding process, (2) negotiating a contract and rates with the Company, or (3) selling energy at the Company's Commission-established variable energy rate. If the Company does not have a Commission-recognized active solicitation underway, it shall offer Qualifying Facilities not eligible for the standard long-term levelized rates the options of (1) contracting with the Company to sell power at the variable energy rate established by the Commission in these biennial proceedings or (2) contracting with the Company to sell power at negotiated rates. If the Company does not have a solicitation underway, any unresolved issues arising from such negotiations will be subject to arbitration by the Commission at the request of either the Company or Qualifying Facility to determine the Company's actual avoided cost, including both capacity and energy components, as appropriate; however, the Commission will only arbitrate disputed issues if the QF is prepared to commit its capacity to the utility for a period of at least two years. The exact points at which an active solicitation should be regarded as beginning and ending for these purposes should be determined by motion to, and order of, the Commission. Unless there is such a Commission order, it will be assumed that there is no solicitation underway. If the variable energy rate option is chosen, such rate may not be locked in by a contract term, but shall instead change as determined by the Commission in the next biennial proceeding.

The Variable Energy Credit shall constitute the "as available" avoided cost credit for Non-Eligible Qualifying Facilities.

#### 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.

#### CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Application For Standard Contract between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility. Capacity in excess of the contract capacity of a standard rate Qualifying Facility's generators must be consumed internally by the Qualifying Facility.

#### MONTHLY RATE

##### 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 10kW or less shall only be made on a calendar year basis.

##### Energy Credits

Those Eligible Qualifying Facilities eligible for Company's Fixed Long-Term and/or Variable Energy Credits shall be paid an Energy Credit for all energy delivered to Company's System as registered or

computed from Company's metering facilities. This Energy Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Agreement. Seller may contract for rates under either Option A or Option B below.

### **Option A**

For facilities whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	4.120	4.391	4.942	5.310
Off-Peak kWh (¢/kWh)	3.739	3.862	4.266	4.618

For facilities whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	4.034	4.300	4.839	5.199
Off-Peak kWh (¢/kWh)	3.688	3.810	4.208	4.556

### **Option B <sup>(1)</sup>**

For facilities whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	3.966	4.478	5.078	5.496
Off-Peak kWh (¢/kWh)	3.849	3.932	4.348	4.689

For facilities whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)	3880	4.381	4.969	5.377
Off-Peak kWh (¢/kWh)	3.793	3.874	4.284	4.621

<sup>(1)</sup> Billing under Option B shall be available on and after October 1, 2014.

### **Capacity Credits**

Those Eligible Qualifying Facilities eligible for Company's Fixed Long Term and/or Variable Capacity Credits shall be paid a Capacity Credit for all capacity delivered to Company's System as registered or computed from Company's metering facilities. This Capacity Credit will be in accordance with the length of rate term for capacity 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.

### **Option A**

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	4.797	4.964	5.225	5.461
On-Peak kWh (¢/kWh)-Non-summer	3.805	3.938	4.145	4.332

For all other facilities whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	2.878	2.978	3.135	3.277
On-Peak kWh (¢/kWh)-Non-summer	2.283	2.363	2.487	2.599

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	4.697	4.860	5.116	5.347
On-Peak kWh (¢/kWh)-Non-summer	3.726	3.855	4.058	4.242

For all other facilities whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	2.818	2.916	3.069	3.208
On-Peak kWh (¢/kWh)-Non-summer	2.236	2.313	2.435	2.545

### **Option B** <sup>(1)</sup>

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	8.008	8.287	8.722	9.117
On-Peak kWh (¢/kWh)-Non-summer	6.075	6.286	6.617	6.916

For all other facilities whose deliveries do not enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	4.805	4.972	5.233	5.470
On-Peak kWh (¢/kWh)-Non-summer	3.645	3.772	3.970	4.149

For hydroelectric facilities with no storage capability and no other type of generation whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	7.835	8.107	8.534	8.920
On-Peak kWh (¢/kWh)-Non-summer	5.944	6.150	6.474	6.767

For all other facilities whose deliveries enter Company's transmission system:

	<u>Variable Credit</u>	<u>Fixed Long-Term Credits</u>		
		<u>5-Year</u>	<u>10-Year</u>	<u>15-Year</u>
On-Peak kWh (¢/kWh)-Summer	4.701	4.864	5.120	5.352
On-Peak kWh (¢/kWh)-Non-summer	3.566	3.690	3.884	4.060

<sup>(1)</sup> Billing under Option B shall be available on and after October 1, 2014.

Summer months under both Options A and B are defined as the calendar months of June through September. Non-summer months are defined as all other months.

### **Renewable Energy Credits**

The sale of power by QFs at avoided cost rates does not convey the right to renewable energy credits (RECs) or green tags.

## Seller Charge

An Eligible Qualifying Facility shall pay to Company a Seller Charge outlined below in accordance with the Contract Capacity specified in the Application For Standard Contract between Company and Seller:

	<u>Contract Capacity</u>			
	<u>0 to 10 kW</u>	<u>11 to 100 kW</u>	<u>101 to 999 kW</u>	<u>1000 kW and above</u>
Monthly Seller Charge	\$4	\$7	\$93	\$278

For Small Power Producers, as the term is defined in N.C. General Statute §62-3 (27a), with no storage capacity and no other type of generation whose deliveries do not enter Company's transmission system, the sum of: (1) the Seller Charge and (2) the Monthly Facilities Charge for those Interconnection Facilities installed before January 1, 2000 or replaced thereafter with equipment of equal capacity and kind, shall be \$100.00 per month; except that any Interconnection Facilities installed after January 1, 2000, other than replacement of existing equipment with equipment of equal capacity and kind, shall be subject to additional Monthly Facilities Charges. This provision applies only to a Small Power Producer who has completed an initial 15-year contract term under a Purchase Power Agreement with Company prior to January 1, 2000 or was selling electricity to Company on January 1, 2000.

## 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.

## DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

### I. On-Peak Hours:

Option A: A. Service used beginning at 12:00 midnight March 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as the hours between 10:00 a.m. and 10:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

B. Service used beginning at 12:00 midnight September 30 and ending at 12:00 midnight March 31:

The on-peak hours are defined as those 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 considered as off-peak.

### Option B:

A. Service used beginning at 12:00 midnight May 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as those hours, Monday through Friday, beginning at 1:00 p.m. and ending at 9:00 p.m., excluding holidays considered as off-peak.



- B. Service used beginning at 12:00 midnight September 30 and ending at 12:00 midnight May 31:

The on-peak hours are defined as those hours, Monday through Friday, beginning at 6:00 a.m. and ending at 1:00 p.m., excluding holidays considered as off-peak.

II. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified above as on-peak hours. 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.

INTERCONNECTION 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. 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.

Supersedes Schedule CSP-27B

Effective for energy and capacity rendered on and after April 1, 2014

NCUC Docket No. E-100, Sub 136

## ATTACHMENT E

## TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

### 1. PURCHASE AGREEMENT

These "Terms and Conditions" provide a mechanism through which Duke Energy Progress, Inc. d/b/a Duke Energy Progress, hereafter called Company, will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in Company's CSP Rate Schedule. This Purchase Agreement does not provide for the sale of any electric service by Company to Seller. If Seller requires supplementary, standby, or interruptible power from Company, Seller shall enter into a separate Retail Service Agreement or amend an existing Retail Service Agreement, as appropriate, in accordance with Company's applicable electric service tariffs on file with and authorized by the state regulatory agency having jurisdiction.

- (a) Description - The Purchase Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Application for Standard Contract by a Qualifying Cogenerator or Small Power Producer when signed by Seller and accepted by Company, (2) the applicable Schedule and Riders, 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) Applicability - This Purchase Agreement shall be applicable only if Seller's facility is a "Qualifying Cogenerator or Small Power Production Facility" under Section 201 of The Public Utilities Regulatory Policies Act of 1978 (PURPA), and the rules set forth by the FERC.
- (c) Application of Terms and Conditions, Schedules, and Riders - All Purchase Agreements in effect at the time of the approval hereof or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules and Riders, 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 North Carolina Utilities Commission.
- (d) Conflicts - In case of conflict between any provision of a Schedule or Rider and of these Terms and Conditions, the provision of the Schedule or Rider shall prevail.
- (e) Transfer of Agreement - A Purchase Agreement between Company and Seller may 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 the written approval of Company. Company will grant such approval upon being reasonably satisfied that the assignee will fulfill the terms of the Agreement and if, at Company's option, a satisfactory guarantee for the payment of any applicable bills is furnished by assignee.
- (f) 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.

- (g) 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, plus any applicable termination charges, have been paid. Termination charges shall consist of (1) where Seller's additional facilities are discontinued or terminated in whole or in part before Company's then existing additional facilities have been in service ten consecutive years, if served from Company's distribution system, or twenty consecutive years, if served from Company's transmission system, a termination charge to be determined by adding to the estimated original installed cost of said additional facilities, an estimated removal cost, subtracting therefrom the estimated salvage value of such facilities, which amount will then be reduced 10% for each full year the additional facilities shall have been in service, if served from Company's distribution system, or 5%, if served from Company's transmission system, (2) a termination charge as specified in the Application for Standard Contract by a Qualifying Cogenerator or Small Power Producer for nonstandard equipment associated with additional facilities, and (3) any applicable termination charges ~~for premature termination of capacity~~ as set forth in 4.(d) 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.

- (h) 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, (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.

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.(h)(2) and 1.(h)(4) above.

Company shall give Seller a minimum of 30 calendar days prior written notice before terminating or suspending the Agreement pursuant to provisions 1(h)(1)(default or breach of Agreement by Seller), 1(h)(3)(failure to pay any applicable bill when due and payable) or 1(h)(5)(Seller's inability to deliver to Company the quality and/or quantity of electricity mutually agreed to in the Purchase Agreement), above; however, termination or suspension pursuant to provisions 1(h)(3)(fraudulent or unauthorized use of Company's meter) or 1(h)(4)(presence of dangerous condition)- shall be immediate.

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.

Whenever the purchase of electricity is suspended for any authorized reason, Company will make a charge of \$30.00 for the restoration of purchases made during normal business hours or \$75.00 for the restoration of purchases made during all other hours.

## 2. CONDITIONS OF SERVICE

- (a) Company is not obligated to purchase electricity from Seller unless and until: (1) Company's form of Application for Standard Contract by a Qualifying Cogenerator or Small Power Producer 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.
- (b) Seller's interconnection facilities shall be designed to accepted engineering standards and Seller shall submit a facility description, including equipment specifications, to Company for review prior to the connection of said facility and equipment to Company's system. Company's review shall not be construed as confirming or endorsing Seller's design or as any warranty as to the safety, durability, or reliability of Seller's facility or equipment. Company shall not, by reason of its review or failure to review, be responsible for the design, adequacy, or capacity of Seller's facility or equipment, nor shall Company's acceptance be deemed to be an endorsement of any facility or equipment. Seller shall submit an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections.
- (c) 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 expense 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. PURCHASES OF ELECTRICITY

If Seller desires to purchase electricity from Company through the same point of interconnection used by Seller in supplying power to Company, and Company approves, then Seller shall execute a separate Agreement for such purchases in accordance with Company's Rate Schedules, Riders, and Service Regulations as filed with the regulatory authority having jurisdiction. Company's purchases of electricity from Seller and sales to Seller shall be separately metered.

## 4. CONTRACT CAPACITY

- (a) The Contract Capacity shall be the kW of capacity specified in the Application for Standard Contract by a Qualifying Cogenerator or Small Power Producer. 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) If Seller increases his generating capacity without adequate notice to Company, and without receiving Company's consent, and 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 6. below.

## 5. CONTRACT ENERGY

The Contract Energy shall be computed for on-peak and off-peak time periods and shall be the resultant total annual kilowatt-hours registered or computed by or from Company's metering facilities for each time period during the continuous 12-month interval during the initial 24 months of operation which provides the largest kilowatt-hour value.

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

If Seller terminates the Agreement ~~or reduces 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

~~Payment 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.~~

### Reduction In Contract Energy

~~After the first two years of operation of the Facility, if Seller's average energy generated in the on-peak or off-peak periods during any 12-month period falls below 80% of the Contract On-Peak or Off-Peak Energy level, the Company may invoke a Reduction In Contract Energy Charge and establish a new Contract Energy level for the on-peak and off-peak periods, respectively. 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 Cogeneration and Small Power Producer rate schedule or its successor as~~



~~approved by the North Carolina Utilities Commission, 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 these Terms and Conditions.

### 7. 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.
- (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) Failure of Seller to comply with either (a), (b), or (c) 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 Item 1.(h) above.

### 8. BILLING

- (a) Company's meters will be read as nearly as practicable at regular intervals of not less than 27 days and not more than 33 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 interval transpiring between the previous meter reading date and the current reading date and bills shall be rendered accordingly, except that if the period covered by an initial or final bill, or due to rerouting of the meter reading schedule, is more or less than 27-33 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 Application for Standard Contract by a qualifying Cogenerator or Small Power Producer.

### 9. 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

North Carolina Terms and Conditions  
for the Purchase of Electricity



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 not exceeded the allowable limits. No part of any minimum service charge shall be refunded.

#### 10. POINT OF INTERCONNECTION

The point of interconnection 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 his conductors to such point of interconnection 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 interconnection shall be the same point as the point of delivery.

#### 11. INTERCONNECTION FACILITIES

- (a) By Company: Company shall install, own, operate, and maintain all lines and equipment located on its side of the point of interconnection. 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 interconnection. 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 as 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 Facilities Charge of 1.3 percent of the estimated original installed cost and rearrangement cost of all facilities, including metering, required to accept interconnection.
- (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 Facilities Charge for providing the additional facilities will be adjusted at that time. Seller may terminate the additional facilities in accordance with the applicable termination provisions, 1.(g)(1) or 1.(g)(2) above, or continue the additional facilities under the changed conditions.
- (4) In lieu of the Monthly Facilities Charge of 1.3 percent, Seller may elect to make a contribution equal to the total additional facilities investment as described in 11.(a)(2) and (3) above. After such payment, the Monthly Facilities Charge for the additional facilities will be 0.5 percent of said payment.
- (5) The Monthly Facilities Charge as determined in 11.(a)(3) or (4) above 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.(g) 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 not be required to make such installation of facilities in addition to those normally provided until Seller has signed an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections, including provisions for termination, as may be required by 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 interconnection. Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on Seller's side of the point of interconnection. 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 interconnection and measured by a single meter. Company's meter may be located on Seller's side of the point of interconnection, 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, 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.

## 12. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

Company does not guarantee continuous purchases but shall use reasonable diligence at all times to provide for uninterrupted acceptance of electricity and having used reasonable diligence shall not be liable to Seller for damage, for failure in, or for interruptions or suspensions of the same.

Company reserves the right to suspend purchases without liability on its part at such times and for such periods and in such manner as it may deem advisable (a) for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations, and facilities, (b) in cases where, in its

opinion, the continuance of purchases from Seller's facility would endanger persons or property, and (c) for other reasons as stated in 1.(h).

In the event of an adverse condition or disturbance on the system of Company, 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, Company may, without incurring liability, interrupt service to customers or areas, interrupt purchases from Seller, and take such other action as appears reasonably necessary.

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 his 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 interconnection.

### 13. 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.

### 14. GENERAL

- (a) 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.

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

Supersedes: June 1, 2013

Effective: ~~June 1, 2013~~ March 28 April 1, 2014

NCUC Docket No E-100, Sub ~~4023~~ 136

## TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

### 1. PURCHASE AGREEMENT

These "Terms and Conditions" provide a mechanism through which Duke Energy Progress, Inc. d/b/a Duke Energy Progress, hereafter called Company, will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in Company's CSP Rate Schedule. This Purchase Agreement does not provide for the sale of any electric service by Company to Seller. If Seller requires supplementary, standby, or interruptible power from Company, Seller shall enter into a separate Retail Service Agreement or amend an existing Retail Service Agreement, as appropriate, in accordance with Company's applicable electric service tariffs on file with and authorized by the state regulatory agency having jurisdiction.

- (a) Description - The Purchase Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Application for Standard Contract by a Qualifying Cogenerator or Small Power Producer when signed by Seller and accepted by Company, (2) the applicable Schedule and Riders, 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) Applicability - This Purchase Agreement shall be applicable only if Seller's facility is a "Qualifying Cogenerator or Small Power Production Facility" under Section 201 of The Public Utilities Regulatory Policies Act of 1978 (PURPA), and the rules set forth by the FERC.
- (c) Application of Terms and Conditions, Schedules, and Riders - All Purchase Agreements in effect at the time of the approval hereof or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules and Riders, 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 North Carolina Utilities Commission.
- (d) Conflicts - In case of conflict between any provision of a Schedule or Rider and of these Terms and Conditions, the provision of the Schedule or Rider shall prevail.
- (e) Transfer of Agreement - A Purchase Agreement between Company and Seller may 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 the written approval of Company. Company will grant such approval upon being reasonably satisfied that the assignee will fulfill the terms of the Agreement and if, at Company's option, a satisfactory guarantee for the payment of any applicable bills is furnished by assignee.
- (f) 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.



- (g) 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, plus any applicable termination charges, have been paid. Termination charges shall consist of (1) where Seller's additional facilities are discontinued or terminated in whole or in part before Company's then existing additional facilities have been in service ten consecutive years, if served from Company's distribution system, or twenty consecutive years, if served from Company's transmission system, a termination charge to be determined by adding to the estimated original installed cost of said additional facilities, an estimated removal cost, subtracting therefrom the estimated salvage value of such facilities, which amount will then be reduced 10% for each full year the additional facilities shall have been in service, if served from Company's distribution system, or 5%, if served from Company's transmission system, (2) a termination charge as specified in the Application for Standard Contract by a Qualifying Cogenerator or Small Power Producer for nonstandard equipment associated with additional facilities, and (3) any applicable termination charges as set forth in 4.(d) 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.

- (h) 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, (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.

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.(h)(2) and 1.(h)(4) above.

Company shall give Seller a minimum of 30 calendar days prior written notice before terminating or suspending the Agreement pursuant to provisions 1(h)(1)(default or breach of Agreement by Seller), 1(h)(3)(failure to pay any applicable bill when due and payable) or 1(h)(5)(Seller's inability to deliver to Company the quality and/or quantity of electricity mutually agreed to in the Purchase Agreement), above; however, termination or suspension pursuant to provisions 1(h)(2)(fraudulent or unauthorized use of Company's meter) or 1(h)(4)(presence of dangerous condition) shall be immediate.

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.

Whenever the purchase of electricity is suspended for any authorized reason, Company will make

a charge of \$30.00 for the restoration of purchases made during normal business hours or \$75.00 for the restoration of purchases made during all other hours.

## 2. CONDITIONS OF SERVICE

- (a) Company is not obligated to purchase electricity from Seller unless and until: (1) Company's form of Application for Standard Contract by a Qualifying Cogenerator or Small Power Producer 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.
- (b) Seller's interconnection facilities shall be designed to accepted engineering standards and Seller shall submit a facility description, including equipment specifications, to Company for review prior to the connection of said facility and equipment to Company's system. Company's review shall not be construed as confirming or endorsing Seller's design or as any warranty as to the safety, durability, or reliability of Seller's facility or equipment. Company shall not, by reason of its review or failure to review, be responsible for the design, adequacy, or capacity of Seller's facility or equipment, nor shall Company's acceptance be deemed to be an endorsement of any facility or equipment. Seller shall submit an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections.
- (c) 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 expense 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. PURCHASES OF ELECTRICITY

If Seller desires to purchase electricity from Company through the same point of interconnection used by Seller in supplying power to Company, and Company approves, then Seller shall execute a separate Agreement for such purchases in accordance with Company's Rate Schedules, Riders, and Service Regulations as filed with the regulatory authority having jurisdiction. Company's purchases of electricity from Seller and sales to Seller shall be separately metered.

## 4. CONTRACT CAPACITY

- (a) The Contract Capacity shall be the kW of capacity specified in the Application for Standard Contract by a Qualifying Cogenerator or Small Power Producer. 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) If Seller increases his generating capacity without adequate notice to Company, and without receiving Company's consent, and 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 6. below.

## 5. CONTRACT ENERGY

The Contract Energy shall be computed for on-peak and off-peak time periods and shall be the resultant total annual kilowatt-hours registered or computed by or from Company's metering facilities for each time period during the continuous 12-month interval during the initial 24 months of operation which provides the largest kilowatt-hour value.

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

If Seller terminates the Agreement 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.

### 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 these Terms and Conditions.

## 7. 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.

- (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) Failure of Seller to comply with either (a), (b), or (c) 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 Item 1.(h) above.

## 8. BILLING

- (a) Company's meters will be read as nearly as practicable at regular intervals of not less than 27 days and not more than 33 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 interval transpiring between the previous meter reading date and the current reading date and bills shall be rendered accordingly, except that if the period covered by an initial or final bill, or due to rerouting of the meter reading schedule, is more or less than 27-33 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 Application for Standard Contract by a qualifying Cogenerator or Small Power Producer.

## 9. 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 not exceeded the allowable limits. No part of any minimum service charge shall be refunded.

## 10. POINT OF INTERCONNECTION

The point of interconnection 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 his conductors to such point of interconnection 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 interconnection shall be the same point as the point of delivery.

## 11. INTERCONNECTION FACILITIES

- (a) By Company: Company shall install, own, operate, and maintain all lines and equipment located on its side of the point of interconnection. 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

interconnection. 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 as 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 Facilities Charge of 1.3 percent of the estimated original installed cost and rearrangement cost of all facilities, including metering, required to accept interconnection.
- (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 Facilities Charge for providing the additional facilities will be adjusted at that time. Seller may terminate the additional facilities in accordance with the applicable termination provisions, 1.(g)(1) or 1.(g)(2) above, or continue the additional facilities under the changed conditions.
- (4) In lieu of the Monthly Facilities Charge of 1.3 percent, Seller may elect to make a contribution equal to the total additional facilities investment as described in 11.(a)(2) and (3) above. After such payment, the Monthly Facilities Charge for the additional facilities will be 0.5 percent of said payment.
- (5) The Monthly Facilities Charge as determined in 11.(a)(3) or (4) above 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.(g) 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 not be required to make such installation of facilities in addition to those normally provided until Seller has signed an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections, including provisions for termination, as may be required by 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 interconnection. Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on Seller's side of the point of interconnection. 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 interconnection and measured by a single meter. Company's meter may be located on Seller's side of the point of interconnection, 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, 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.

## 12. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

Company does not guarantee continuous purchases but shall use reasonable diligence at all times to provide for uninterrupted acceptance of electricity and having used reasonable diligence shall not be liable to Seller for damage, for failure in, or for interruptions or suspensions of the same.

Company reserves the right to suspend purchases without liability on its part at such times and for such periods and in such manner as it may deem advisable (a) for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations, and facilities, (b) in cases where, in its

opinion, the continuance of purchases from Seller's facility would endanger persons or property, and (c) for other reasons as stated in 1.(h).

In the event of an adverse condition or disturbance on the system of Company, 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, Company may, without incurring liability, interrupt service to customers or areas, interrupt purchases from Seller, and take such other action as appears reasonably necessary.

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 his 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 interconnection.

### 13. 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.

### 14. GENERAL

- (a) 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.

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

Supersedes: June 1, 2013  
Effective: April 1, 2014  
NCUC Docket No E-100, Sub 136

## ATTACHMENT F



# **APPLICATION FOR STANDARD CONTRACT BY A QUALIFYING COGENERATOR OR SMALL POWER PRODUCER**

1. The undersigned, hereinafter called "Seller," hereby requests that Duke Energy Progress, Inc., hereinafter called "Company," purchase the electricity supplied to Company's system by Seller's \_\_\_\_\_ "Qualifying (Cogeneration/Small Power Production) Facility" located at or near \_\_\_\_\_, in accordance with the terms hereof, Company's Schedule No. \_\_\_\_\_, Rider(s) No. \_\_\_\_\_ and the (Terms and Conditions for the Purchase of Electric Power/executed Interconnection and Operation Agreement), a copy of each being attached and made a part of this Agreement.
2. Electricity supplied, by Seller, hereunder shall be in the form of \_\_\_\_\_ phase, \_\_\_\_\_ wires, alternating current of 60 cycles and sufficient power factor to maintain system operating parameters as specified by Company, with a maximum generation capacity of \_\_\_\_\_ kW and an estimated annual energy production of \_\_\_\_\_ kWh. Upon the completion of the installation, by Company, of its interconnection facilities at the point of interconnection 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.
3. The point of interconnection for the acceptance of Seller's electricity supplied hereunder will be \_\_\_\_\_  
 \_\_\_\_\_  
 The Company agrees to furnish the following interconnection facilities: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
4. Upon the acceptance hereof by the Company, evidenced by the signature of its authorized representative in the block provided below, this document together with attachments shall become an agreement for Seller to deliver and sell to Company and for Company to receive and purchase from Seller the electricity generated and declared by Seller from its above-described qualifying generating facility at the rates, in the quantities, for the term, and upon the terms and conditions set forth herein.
5. Payment for energy and/or capacity received by Company, or payment by Seller, if any, as set forth in the rate schedule shall be due within 15 days from the date billed, and shall be administered through Company's Raleigh, N.C. office.
6. The term of this Agreement is from \_\_\_\_\_, 20\_\_\_\_, or from the date Company is first ready to accept electricity from Seller, whichever is earlier, and continuing until \_\_\_\_\_, 20\_\_\_\_ 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 rates specified in the contract.
7. The Seller hereby 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.
8. Company may terminate this Agreement if Seller is unable to provide generation capacity and energy production consistent with the energy production levels specified in Provision No. 2 above by \_\_\_\_\_, 20\_\_\_\_ within the timeframe specified by Company's Schedule CSP\_\_\_\_\_. This date may be extended by mutual agreement of the parties provided the Qualifying Facility is nearly complete and Seller is making ~~progress~~ and a good faith effort to complete the project in a timely manner.
9. If both Company and Seller are required to render payment to the other party in the same month, whether pursuant to this Agreement or otherwise, then such amounts may be aggregated and the Parties may discharge their obligation to pay through netting with the Party owing the greater aggregate amount paying the other Party the difference between the amounts owed.

**Witness as to Seller:**

\_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_, Seller

By \_\_\_\_\_  
 Title \_\_\_\_\_  
 This \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

**ACCEPTED: Duke Energy Progress, Inc.**

**Mail Payment/Bill to:**

By \_\_\_\_\_  
 Title \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_

This \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_

# **APPLICATION FOR STANDARD CONTRACT BY A QUALIFYING COGENERATOR OR SMALL POWER PRODUCER**

1. The undersigned, hereinafter called "Seller," hereby requests that Duke Energy Progress, Inc., hereinafter called "Company," purchase the electricity supplied to Company's system by Seller's \_\_\_\_\_ "Qualifying (Cogeneration/Small Power Production) Facility" located at or near \_\_\_\_\_, in accordance with the terms hereof, Company's Schedule No. \_\_\_\_\_, Rider(s) No. \_\_\_\_\_ and the (Terms and Conditions for the Purchase of Electric Power/executed Interconnection and Operation Agreement), a copy of each being attached and made a part of this Agreement.
2. Electricity supplied, by Seller, hereunder shall be in the form of \_\_\_\_\_ phase, \_\_\_\_\_ wires, alternating current of 60 cycles and sufficient power factor to maintain system operating parameters as specified by Company, with a maximum generation capacity of \_\_\_\_\_ kW and an estimated annual energy production of \_\_\_\_\_ kWh. Upon the completion of the installation, by Company, of its interconnection facilities at the point of interconnection 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.
3. The point of interconnection for the acceptance of Seller's electricity supplied hereunder will be \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 The Company agrees to furnish the following interconnection facilities: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
4. Upon the acceptance hereof by the Company, evidenced by the signature of its authorized representative in the block provided below, this document together with attachments shall become an agreement for Seller to deliver and sell to Company and for Company to receive and purchase from Seller the electricity generated and declared by Seller from its above-described qualifying generating facility at the rates, in the quantities, for the term, and upon the terms and conditions set forth herein.
5. Payment for energy and/or capacity received by Company, or payment by Seller, if any, as set forth in the rate schedule shall be due within 15 days from the date billed, and shall be administered through Company's Raleigh, N.C. office.
6. The term of this Agreement is from \_\_\_\_\_, 20\_\_\_\_, or from the date Company is first ready to accept electricity from Seller, whichever is earlier, and continuing until \_\_\_\_\_, 20\_\_\_\_ 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 rates specified in the contract.
7. The Seller hereby 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.
8. Company may terminate this Agreement if Seller is unable to provide generation capacity and energy production consistent with the energy production levels specified in Provision No. 2 above within the timeframe specified by Company's Schedule CSP. This date may be extended by mutual agreement of the parties provided the Qualifying Facility is nearly complete and Seller is making a good faith effort to complete the project in a timely manner.
9. If both Company and Seller are required to render payment to the other party in the same month, whether pursuant to this Agreement or otherwise, then such amounts may be aggregated and the Parties may discharge their obligation to pay through netting with the Party owing the greater aggregate amount paying the other Party the difference between the amounts owed.

## **Witness as to Seller:**

\_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_, Seller

By \_\_\_\_\_  
 Title \_\_\_\_\_  
 This \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

## **ACCEPTED: Duke Energy Progress, Inc.**

By \_\_\_\_\_  
 Title \_\_\_\_\_

## **Mail Payment/Bill to:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

This \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

## ATTACHMENT G

DUKE ENERGY PROGRESS, INC  
Cogeneration and Small Power Producer Rates CSP-29: Option A  
Facilities other than Hydros with no Storage  
Annualized Avoided Cost Rates  
Cents per KWH

Public Report

Page 1 of 4

OFFICIAL COPY  
Mar 13 2014

**Performance Adjustment Factor: 1.200**

<u>Line No.</u>	<u>Description</u>		<u>Variable Rate</u>	<u>Fixed 5 Years</u>	<u>Long-Term Rates</u> <u>10 Years</u> <u>15 Years</u>	
INTERCONNECTED TO: DISTRIBUTION SYSTEM						
1	Energy Credit	On-Peak	4.12	4.39	4.94	5.31
2		Off-Peak	3.74	3.86	4.27	4.62
3	Capacity Credit	Summer Month	2.88	2.98	3.14	3.28
4		Non - Summer Month	2.28	2.36	2.49	2.60
5	Annualized Energy		3.88	4.05	4.51	4.87
6	Annualized Capacity		<u>0.89</u>	<u>0.92</u>	<u>0.97</u>	<u>1.01</u>
7	Annualized Total		4.76	4.97	5.47	5.87

INTERCONNECTED TO: TRANSMISSION SYSTEM

8	Energy Credit On-Peak	4.03	4.30	4.84	5.20
9	Off-Peak	3.69	3.81	4.21	4.56
10	Capacity Credit Summer Month	2.82	2.92	3.07	3.21
11	Non - Summer Month	2.24	2.31	2.44	2.55
12	Annualized Energy	3.81	3.99	4.43	4.79
13	Annualized Capacity	<u>0.87</u>	<u>0.90</u>	<u>0.95</u>	<u>0.99</u>
14	Annualized Total	4.68	4.88	5.38	5.77

NOTE: Calculation of Annualized Numbers

Annualized Energy	(on peak rate*3132 + off peak rate*5628)/8760
Annualized Capacity	(summer month rate*1032 + non summer month rate*2100)/8760
Annualized Total	Annualized Capacity + Annualized Energy

DUKE ENERGY PROGRESS, INC  
Cogeneration and Small Power Producer Rates CSP-29: Option B  
Facilities other than Hydros with no Storage  
Annualized Avoided Cost Rates  
Cents per KWH

Public Report

Page 2 of 4

Performance Adjustment Factor: 1.200

			Variable	Fixed Long-Term Rates		
<u>Line No.</u>	<u>Description</u>		<u>Rate</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>
INTERCONNECTED TO: DISTRIBUTION SYSTEM						
1	Energy Credit	On-Peak	3.97	4.48	5.08	5.50
2		Off-Peak	3.85	3.93	4.35	4.69
3	Capacity Credit	Summer Month	4.81	4.97	5.23	5.47
4		Non - Summer Month	3.65	3.77	3.97	4.15
5	Annualized Energy		3.87	4.05	4.51	4.87
6	Annualized Capacity		<u>0.89</u>	<u>0.92</u>	<u>0.97</u>	<u>1.01</u>
7	Annualized Total		4.76	4.97	5.47	5.88

## INTERCONNECTED TO: TRANSMISSION SYSTEM

8	Energy Credit On-Peak	3.88	4.38	4.97	5.38
9	Off-Peak	3.79	3.87	4.28	4.62
10	Capacity Credit Summer Month	4.70	4.86	5.12	5.35
11	Non - Summer Month	3.57	3.69	3.88	4.06
12	Annualized Energy	3.81	3.98	4.43	4.79
13	Annualized Capacity	<u>0.87</u>	<u>0.90</u>	<u>0.95</u>	<u>0.99</u>
14	Annualized Total	4.68	4.88	5.38	5.77

## NOTE: Calculation of Annualized Numbers

Annualized Energy  
Annualized Capacity  
Annualized Total

(on peak rate\*1913 + off peak rate \*6847)/8760  
(summer month rate\*688 + non summer month rate\*1225)/8760  
Annualized Capacity + Annualized Energy

DUKE ENERGY PROGRESS, INC  
Cogeneration and Small Power Producer Rates CSP-29: Option A  
Hydros with no Storage  
Annualized Avoided Cost Rates  
Cents per KWH

Public Report

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**Performance Adjustment Factor: 2.000**

Line No.	Description	Variable	Fixed Long-Term Rates			
		Rate	5 Years	10 Years	15 Years	
INTERCONNECTED TO: DISTRIBUTION SYSTEM						
1	Energy Credit	On-Peak	4.12	4.39	4.94	5.31
2		Off-Peak	3.74	3.86	4.27	4.62
3	Capacity Credit	Summer Month	4.80	4.96	5.23	5.46
4		Non - Summer Month	3.81	3.94	4.15	4.33
5	Annualized Energy		3.88	4.05	4.51	4.87
6	Annualized Capacity		1.48	1.53	1.61	1.68
7	Annualized Total		5.35	5.58	6.12	6.55

INTERCONNECTED TO: TRANSMISSION SYSTEM

8	Energy Credit	On-Peak	4.03	4.30	4.84	5.20
9		Off-Peak	3.69	3.81	4.21	4.56
10	Capacity Credit	Summer Month	4.70	4.86	5.12	5.35
11		Non - Summer Month	3.73	3.86	4.06	4.24
12	Annualized Energy		3.81	3.99	4.43	4.79
13	Annualized Capacity		<u>1.45</u>	<u>1.50</u>	<u>1.58</u>	<u>1.65</u>
14	Annualized Total		5.26	5.48	6.01	6.43

NOTE: Calculation of Annualized Numbers

Annualized Energy  
Annualized Capacity  
Annualized Total

(on peak rate\*3132 + off peak rate\*5628)/8760  
(summer month rate\*1032 + non summer month rate\*2100)/8760  
Annualized Capacity + Annualized Energy

DUKE ENERGY PROGRESS, INC  
Cogeneration and Small Power Producer Rates CSP-29: Option B  
Hydros with no Storage  
Annualized Avoided Cost Rates  
Cents per KWH

Public Report

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**Performance Adjustment Factor: 2.000**

			Variable	Fixed Long-Term Rates		
<u>Line No.</u>	<u>Description</u>		<u>Rate</u>	<u>5 Years</u>	<u>10 Years</u>	<u>15 Years</u>
INTERCONNECTED TO: DISTRIBUTION SYSTEM						
1	Energy Credit	On-Peak	3.97	4.48	5.08	5.50
2		Off-Peak	3.85	3.93	4.35	4.69
3	Capacity Credit	Summer Month	8.01	8.29	8.72	9.12
4		Non - Summer Month	6.08	6.29	6.62	6.92
5	Annualized Energy		3.87	4.05	4.51	4.87
6	Annualized Capacity		<u>1.48</u>	<u>1.53</u>	<u>1.61</u>	<u>1.68</u>
7	Annualized Total		<u>5.35</u>	<u>5.58</u>	<u>6.12</u>	<u>6.55</u>

INTERCONNECTED TO: TRANSMISSION SYSTEM

8	Energy Credit On-Peak	3.88	4.38	4.97	5.38
9	Off-Peak	3.79	3.87	4.28	4.62
10	Capacity Credit Summer Month	7.84	8.11	8.53	8.92
11	Non - Summer Month	5.94	6.15	6.47	6.77
12	Annualized Energy	3.81	3.98	4.43	4.79
13	Annualized Capacity	<u>1.45</u>	<u>1.50</u>	<u>1.58</u>	<u>1.65</u>
14	Annualized Total	<u>5.26</u>	<u>5.48</u>	<u>6.01</u>	<u>6.43</u>

NOTE: Calculation of Annualized Numbers

Annualized Energy  
Annualized Capacity  
Annualized Total

(on peak rate\*1913 + off peak rate\*6847)/8760  
(summer month rate\*688 + non summer month rate\*1225)/8760  
Annualized Capacity + Annualized Energy



## ATTACHMENT H

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**DOCKET NO. E-100, SUB 136**

In the Matter of

Biennial Determination of Avoided Cost                     )  
Rates for Electric Utility Purchases from                     )  
Qualifying Facilities   )  
   )  
   )  
   )  
   )

**AFFIDAVIT OF  
STEVEN B. WHEELER**

The undersigned, Steven B. Wheeler, first being duly sworn, deposes and says that:

1. I am employed by Duke Energy Progress, Inc. ("DEP") as Rates and Regulatory Strategy Director.

2. The purpose of my affidavit is to provide an update on the metering and billing processes necessary for implementation of Option B, as approved by the North Carolina Utilities Commission ("Commission") by order issued February 21, 2014, in Docket No. E-100, Sub 136.

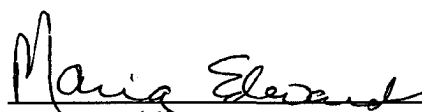
3. The settlement agreement among Duke Energy Carolinas, LLC ("DEC"), DEP and the Public Staff included DEP's agreement that it would implement an Option B rate schedule that was similar to the Option B rate schedule offered on DEC's Schedules PP-N and PP-H. Work to implement Option B time-of-use hours on DEP's Schedule CSP-29 began immediately upon execution of the settlement agreement with the Public Staff of the North Carolina Utilities Commission. First, the project scope was defined with approximately 2,000 man-hours to complete the project implementation. The

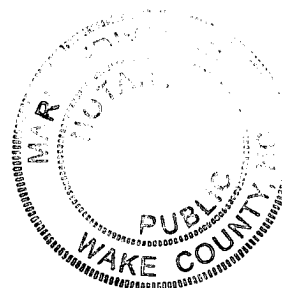
they are likely to go into commercial operation after implementation of Option B (i.e., October 1, 2014). To the extent that any new QFs commence commercial operation prior to October 1, 2014, DEP can bill those QFs under Option A as outlined on Schedule CSP-29 until October 1, 2014, at which time those QFs may opt for Option B.

9. DEP believes that QFs are not likely to be harmed by implementing Option B on October 1, 2014. Based on review of typical load curves and capacity factors, it appears that solar PV QFs will likely be slightly benefitted by the application of Option A from April until September 2014. For example, DEP has determined that a 10 KW solar PV QF on Schedule CSP-29 variable rates would be paid approximately \$11.56 more under Option A than under Option B for the months April-September. For the same QF electing 15-year fixed rates under Schedule CSP-29, they would be paid approximately \$10.84 more under Option A than under Option B for the months April-September.

  
Steven B. Wheeler

Sworn to and subscribed before me,  
this the 13<sup>th</sup> day of March, 2014.

  
Notary Public

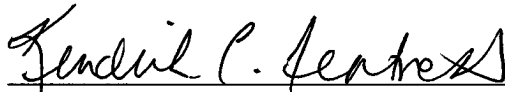


My commission expires: 3/2/2018

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, Inc.'s Compliance Filing of Rate Schedules and Contracts in Docket No. E-100, Sub 136, has been served on all parties of record either by hand delivery, email or by depositing a copy in the United States mail, postage prepaid.

This the 13<sup>th</sup> day of March, 2014.

A handwritten signature in black ink, reading "Kendrick C. Fentress", written over a horizontal line.

Kendrick C. Fentress  
Associate General Counsel  
Duke Energy  
PO Box 1551/NCRH20  
Raleigh, North Carolina 27602  
Tel: 919.546.6733  
kendrick.fentress@duke-energy.com