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February 24, 2012

Ms. Renne Vance, Chief Clerk
North Carolina Utilities Commission
430 North Salisbury Street
Dobbs Building
Raleigh, North Carolina 27611

FILED

FEB 27 2012

Clerk's Office
N.C. Utilities Commission

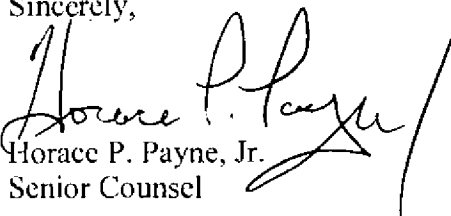
Re: Docket No. E-100, Sub 127

Dear Ms. Vance:

Enclosed for filing in the above referenced docket are eight (8) copies of all contracts and amendments signed in 2011 between Virginia Electric and Power Company and qualifying facilities. This filing is in accordance with the Order dated May 7, 1987 in Docket No. E-100, Sub 53, which stated that negotiated contracts between a utility and a qualifying facility must be submitted.

If you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,


Horace P. Payne, Jr.
Senior Counsel

Enclosures

<u>Cover Letter only</u>	<u>w/ contracts</u>
ad	Sign/Supply
7 Conn	Shannon
Watson	Ericson
Hoover	Legal 2
Kite	Elect 2
Hillman	
Jones	
Kladge	
Quinn	
Acet 2	
Alker 2	

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FEB 27 2012

**POWER PURCHASE AGREEMENT
VIRGINIA ELECTRIC AND POWER COMPANY**

Clerk's Office
N.C. Utilities Commission

This POWER PURCHASE AGREEMENT is made as of July 18th, 2011 ("Effective Date") by and between VIRGINIA ELECTRIC AND POWER COMPANY, a Virginia public service company with its principal office in Richmond, Virginia ("Company"), and GeauxEnergy LLC ("Operator") (hereinafter also referred to individually as "Party" and collectively as "Parties").

WHEREAS, Operator owns and operates a Municipal Solid Waste generating facility that is located in the town of West Point, Virginia ("Facility"), which Facility consists of 3 generators with a total nameplate capacity of 4,800 kW and a dependable capacity declared by the Operator to be 4,250 kW ("Dependable Capacity"), and which is connected to the Company's electrical distribution system;

WHEREAS, Operator submits that the Facility qualifies as a qualifying facility ("QF" or "Qualifying Facility") under federal law set forth in the Public Utility Regulatory Policies Act of 1978 ("PURPA") (codified at 16 U.S.C. § 824a-3);

WHEREAS, Operator desires to sell to the Company and the Company desires to purchase the Dependable Capacity and energy delivered by the Facility and upon Company's election, the REC's as defined in Section 4, consistent with the terms and conditions set forth herein below;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the Parties agree as follows:

1. Agreement:

(a) References herein to the "Agreement" shall mean this Power Purchase Agreement, the Company's current Rate Schedule 19 ("Schedule 19") as may be changed, approved and adopted by the Virginia State Corporation Commission ("SCC") from time to time that is attached hereto as Exhibit A and made a part hereof for the limited purpose of supplementing such terms herein that may specifically reference Schedule 19, and the other exhibits identified below, in addition to any written amendments that may be entered into by the Parties in the future. The exhibits attached hereto and made a part hereof are:

Exhibit A: Schedule 19. Upon SCC approval of any subsequent Schedule 19, Exhibit A shall be deemed amended and the subsequent Schedule 19 shall replace and substitute for the past Schedule 19 without further writing.

Exhibit B: The Notice Contact Schedule containing the names of the Parties' respective representatives, their addresses, and other contact information to which notice, invoices, and other communications shall be sent.

Exhibit C: A description of the Facility, a map indicating its specific geographical location, and a one-line diagram of the Facility

Exhibit D: Documentation evidencing the Facility's certification as a Qualifying Facility under PURPA, which shall be supplied by the Operator on or prior to commencement of the Initial Delivery Year as defined in Section 5, and as supplemented during the term of this Agreement as requested by the Company.

Exhibit E: Supplemental Representations of Legal Compliance.

Exhibit F: Distribution System Losses

(b) Each Party specifically acknowledges that this Agreement is the product of voluntary negotiations with full understanding that Schedule 19 does not govern nor apply to this Agreement except as expressly provided in this Agreement. Seller agrees that by execution of this Agreement it hereby waives its rights to the terms and conditions of Schedule 19 except as referenced in this Agreement. Consequently, in the event that this Agreement shall conflict with Schedule 19, this Agreement shall govern. Should Schedule 19 be amended by order of the SCC and such amendment revises a term that is applicable to this Agreement so that such term is unacceptable to Operator as to how it applies under this Agreement, then Operator shall have the right to cancel this Agreement upon thirty days prior notice to the Company, during which notice period such subsequent Schedule 19 shall be applicable under the relevant provisions of this Agreement, including retroactive application of any pricing adjustments provided herein as a result of such subsequent Schedule 19.

2. Company's Right to Purchase Energy & Capacity: This Agreement is for a Facility with a total generator nameplate rating of 4,800 kW. The Dependable Capacity available under this Agreement shall be 4,250 kW without regard to the design capacity limitations that may be set forth in Article I of Schedule 19. Commencing on the first day of the Initial Delivery Year as defined in Section 5 below and not before, Operator shall sell and the Company shall purchase 100% of the energy and Dependable Capacity generated by the Facility and delivered to the Company at the Delivery Point as defined in Section 7 of this Agreement, provided however,

(i) the Company's obligation to purchase and to take delivery of the energy shall be excused as a result of any failure due to an outage, equipment failure, equipment replacement, planned, routine or emergency maintenance, or other similar event associated with the Company's distribution system; and

(ii) the Company shall have the right to reduce energy received from Operator as set forth in Article VI, paragraph G of Schedule 19.

Operator shall not sell any of the energy and capacity output of the Facility to any third-party entity. The total kWhs used for payments for Dependable Capacity in any Delivery Year shall not exceed the product of Dependable Capacity and total Schedule 19 on-peak hours within the Delivery Year.

3. Line Losses: All energy purchase prices in this Agreement will be increased to account for line losses avoided by the Company due to energy delivered by Operator. The Company's line losses are comprised of Transmission Losses and where applicable, Distribution System Losses.

(a) Transmission Losses: The Operator shall be compensated for the Company's avoided transmission losses via the Marginal Loss component embedded in the LMP payments in accordance with Schedule 19 as discussed in Section 6 of this Agreement.

(b) Distribution System Losses: The Operator shall be compensated for Distribution System Losses as calculated pursuant to Exhibit F, attached hereto and incorporated herein by reference.

4. Company's Right to Purchase RECs:

(a) The Company shall have the right to all reporting rights associated with the energy and Dependable Capacity purchased under this Agreement for purposes of applying the renewable energy to its renewable portfolio standard ("RPS") goals under Virginia Code §§56-582.2 *et seq* until such time as the renewable attributes shall be deemed unbundled from the renewable energy, in which event the energy shall be undifferentiated. The renewable attributes shall be deemed to be unbundled when the Facility's certification has been approved pursuant to a federal or state renewable portfolio standard ("RPS") program and GATS certificates have been generated in the Facility's account in the PJM GATS system. Operator shall provide notice to Company of its intent to file for such certification ("Filing Notice") as soon as practicable upon Operator's decision to file for certification. The Filing Notice shall include an estimated filing date for certification as a renewable energy resource and the federal or specific state renewable energy portfolio standard under which it is filing and shall be updated when the certification application is filed and again when it has been approved.

(b) Upon such federal or state certification of the Facility and GATS certificates have been generated in the Facility's account in the PJM GATS system, Operator shall have the right to sell such certified RECs subject to the Company's right of first refusal and reporting rights as set forth below:

(1) Operator shall submit to the Company any bona fide written offer it receives from a third party setting forth the price, the delivery due date or term of delivery, and any other terms and conditions under which such third-party is willing to purchase the RECs from the Operator. No later than fifteen business days following receipt of such bona fide offer, the Company shall provide written notice to Operator of its agreement to either (i) meet the commercial terms of the offer, including, but not limited to price, quantity and delivery term; or (ii) release the RECs from the Company's right of first refusal obligation, allowing the Operator to sell the RECs to the party making the bona fide offer; provided, however, the Company may limit the term of its release to a period not to extend beyond twelve consecutive months following the month in which Company provides notice of such release.

(2) In the event that Company has previously claimed reporting rights associated with any previously generated RECS that are necessary for Operator to meet its delivery

obligation under the bona fide offer because the Company has claimed such reporting rights for purposes of meeting its Virginia RPS goals under Paragraph 4(a) above by including the renewable energy associated with the RECs contained in the offer either in its RPS compliance report or its RPS compliance plan, the Company shall keep Operator whole relative to such bona fide offer by delivering an equal quantity of Replacement RECs to Operator within twenty days from receiving from Operator verification in a form satisfactory to the Company that Operator has executed a REC purchase agreement with the third party to the bona fide offer. However, the Company's obligation to provide Replacement RECs shall be subject to Operator fulfilling its delivery obligations first from RECs generated by the Facility which reporting rights have not been claimed by the Company under this Paragraph 4.

(c) For purposes of this Paragraph 4, RECs shall mean the renewable energy credits as defined in the applicable federal or state law establishing the RPS program under which the Facility has been certified. One REC shall be equal to one megawatt-hour of energy generated by a qualifying renewable energy source as such are defined in the applicable RPS program and as represented by the PJM GATS certificate generated in the PJM GATS system. Replacement RECs shall be RECs of the same class, type and vintage as the RECs generated by the Facility.

5. Term: A Delivery Year shall mean 365 consecutive days, except in a leap year shall mean 366 consecutive days. The Initial Delivery Year shall be the first Delivery Year commencing on the Commercial Operations Date, which shall be the first date that all of the following conditions have been satisfied:

- (a) the Facility has been permanently constructed, synchronized with and has delivered electrical output to the Company's system and such actions have been witnessed by an authorized Company representative,
- (b) After completion of item (a) above, the Company has received written notice from the Operator specifying the Commercial Operations Date, and certifying that the Facility is ready to begin commercial operations as a Qualifying Facility,
- (c) Operator has provided evidence of a valid Interconnection Service Agreement ("ISA") in accordance with Section 11(a).

The Term hereunder shall continue through the end of the Initial Delivery Year and through each successive Delivery Year thereafter for a total of ten (10) Delivery Years (the "Initial Term"); provided however, in the event that Seller shall fail to satisfy the above conditions and achieve a Commercial Operations Date by no later than December 31, 2013, then Buyer shall have the right to terminate this Agreement, with neither Party being further liable to the other Party. Unless written notice to terminate is given by either Party to the other Party at least sixty (60) days prior to the end of the Initial Term, this Agreement shall automatically renew for successive Delivery Years and shall continue to renew unless written notice to terminate is given by either Party to the other Party at least sixty (60) days prior to the conclusion of the then current Delivery Year period. Should the Operator contract to sell the RECs to the Company pursuant to Section 4, and the term of the contract for the RECs exceeds the Term of this Agreement, the Term of this Agreement shall be extended to continue until the end of the delivery term for the

RECs as agreed to under Paragraph 4(b) above. Notwithstanding the termination of this Agreement, those provisions of the Agreement that provide for final accounting, billing and payment resolution of any billing dispute or other dispute, and indemnification as provided herein shall continue in effect beyond the termination as necessary.

6. Price: The Company shall pay for the Dependable Capacity and energy delivered each month under this Agreement in accordance with the payment provisions and price determination methods set forth in "Payments for Company Purchases of Energy and Capacity" Article IV Paragraphs (A)(1) & (B) of Schedule 19, except that (i) "net capacity" as referenced in Article IV of Schedule 19 shall for the purposes of this Agreement mean Dependable Capacity as defined herein, and (ii) Schedule 19 Article IV Paragraphs (A)(2)&(3) shall not apply and instead Operator shall be compensated for line losses as set forth in Section 3 of this Agreement. Payment made by the Company under this Agreement shall be the full and only compensation for the Dependable Capacity and energy. Should the SCC at any time prohibit the Company from recovering from its customers payments made or to be made hereunder, the Parties will undertake to negotiate mutually agreeable prices for the purchase of energy, Dependable Capacity and/or line loss as appropriate from the Facility, such that the SCC will allow the Company to recover them from its customers. Should such an agreement not be reached, either Party may seek arbitration or other remedies at the SCC.

7. Metering, Billing and Payment: The Company shall meter the energy delivered from the Facility on the high voltage side of the step up transformer (the "Delivery Point"). The Company shall read the Facility's meter in accordance with the Company's established meter reading schedule (the "Billing Period"). Operator shall pay the monthly metering charge set forth in Article II of Schedule 19 to cover the cost of meter reading and processing, as such charge may be amended from time to time subject to SCC approval. By the first business day after thirty days following the meter read date, the Company shall make payment to Operator equal to the amount owed by the Company for the delivered capacity, energy and line losses under Paragraph 6 above, net of the monthly charge for metering owed by the Operator. All payments shall be by wire transfer to Operator's wire account designated on Exhibit B or as otherwise reasonably requested in writing by Operator. The Company shall also provide at the time of payment a billing statement showing the beginning and ending meter reading for the applicable Billing Period, the purchase amount it owes and the monthly metering charge owed by the Operator for metering that was netted against the purchase amount. In the event that any data required for billing purposes under this Paragraph 7 is not available, the Company shall use its best estimate based upon historical data to determine the Billing Period payment owed Operator. Any adjustments resulting from the use of estimates shall be made in the subsequent Billing Period.

If in any month the Company's billing statement shows a net amount due to Company as a result of the monthly charge for metering being greater than the purchase amount owing under Paragraph 6, the Operator shall make such payment by wire transfer to the Company's wire account designated on Exhibit B within 28 days of the date of the invoice. Failure by the Operator to make such payment may result in disconnection of the Facility; provided, however, such disconnection shall not relieve the Operator of its obligation to pay any charges due for metering services under this Agreement so long as such meter(s) remain in service. In addition, any payment due to the Operator hereunder shall be subject to withholding by the Company pursuant to Paragraph 11(e) of this Agreement.

8. Operator's Representations: Operator makes the following representations deemed given as of the Effective Date hereunder and continuing to be made throughout the term of the Agreement:

- (a) The Facility shall continue for the term of this Agreement to meet the requirements for a Qualifying Facility under regulations adopted by the FERC to implement PURPA that are in effect as of the Effective Date of this Agreement (18 Code of Federal Regulations Part 292).
- (b) It has the right to operate the Facility consistent with the terms of this Agreement and has the necessary authority and power to execute this Agreement and to perform the obligations set forth in this Agreement.
- (c) It has all rights, title and interest in the Dependable Capacity, energy, and when applicable pursuant to the Company's election under Paragraph 4 above, the RECs associated with the energy generated by the Facility, and that it is transferring such rights and title free and clear of any liens, taxes, claims, security interest or other encumbrances.
- (d) It has not sold or transferred and will not in the future sell or transfer the capacity, energy, and/or, when applicable pursuant to the Company's election under Paragraph 4 above, the RECs associated with energy generated by the Facility, to any other entity, nor use any applicable RECs for compliance with any state or federal emissions requirements or renewable energy standards on its own behalf or the behalf of any other entity.
- (e) It has obtained any and all governmental authorizations, permits, approvals and/or licenses necessary for the operation of the Facility and shall keep all such authorizations, permits, approvals and/or licenses current and in effect for the term of this Agreement.
- (f) It will maintain and operate the Facility in a safe and prudent manner and in conformance with all applicable laws and regulations.
- (g) To the extent that it is required to comply with the federal statutes and regulations specified in Exhibit E, it is and shall remain in compliance with such laws.

Operator shall provide documentation evidencing (i) Operator's continued compliance as a Qualifying Facility; (ii) Operator's right to operate the Facility; and/or (iii) such permits, approval and/or licenses necessary for the operation of the Facility upon the reasonable request of the Company at any time during the term of this Agreement.

9. Insurance and Indemnification: Operator shall hold during any Delivery Year hereunder, liability insurance coverage specifically and solely for the Facility in the amount of \$1,000,000, which amount shall be modified using commercially reasonable standards in accordance with any prior written notice by the Company. Operator shall initially provide the Company written evidence of liability insurance coverage prior to the commencement of the Initial Delivery Year hereunder. Thereafter, it shall provide additional documentation evidencing current coverage when requested by the Company. In addition, Operator shall provide thirty (30) days prior written notice of any cancellation or non-renewal of such coverage. Operator further agrees to indemnify and hold the Company, its officers, directors and employees harmless for any and all claim, liabilities, losses or demands for damages to real property or tangible personal property

(including the Company's property) and injury or death to persons arising out of, resulting from or in any manner caused by the presence, operation or maintenance of any part of the Facility, except to the extent that such claims, liabilities, losses or demands arise from the Company's sole negligence or intentional misconduct.

10. Causes for Termination: Any one of the following actions by the Operator shall constitute a material breach of this Agreement for which the Company shall have the right in its sole discretion, to either (i) suspend its purchases hereunder until such time as the Operator has remedied the breach and is in compliance with this Agreement; or (ii) cancel this Agreement upon thirty (30) days prior written notice to the Operator:

- (a) Failure to deliver Dependable Capacity and/or energy, including any applicable RECs, as required under this Agreement for any period longer than 180 consecutive days at any time during the term of the Agreement regardless of whether this period bridges any two consecutive Delivery Years or between the Initial Delivery Year and the consecutive Delivery Year.
- (b) Failure to pay any applicable bills when due and payable, including any monthly charge for metering under Paragraph 7.
- (c) Any event in which a representation made by the Operator, as set forth in Paragraph 8 or elsewhere in this Agreement, is proven to be wrong or incorrect in any material respect either when made or at any time during the term of this Agreement.
- (d) Failure of the Operator to provide such documentation as is required under this Agreement.
- (e) Failure of the Operator to maintain liability insurance coverage in accordance with the requirements of Paragraph 9 of this Agreement.
- (f) Failure at any time to maintain and have in effect a valid Interconnection Service Agreement (if required under Paragraph 11 of this Agreement) with Dominion Virginia Power.

Early termination shall not relieve either Party for any amounts a Party may owe the other Party under this Agreement for performance prior to termination under this Paragraph 10.

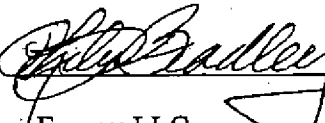
11. Miscellaneous Provisions:

- (a) Operator shall be responsible for the design, installation and operation of the Facility and interconnection with the Company's electrical system, including execution of an Interconnection Service Agreement ("ISA") if required. Prior to the start of the Initial Delivery Year, Operator shall provide evidence of a valid ISA or evidence that one is not required. In the event that Operator shall determine that the costs of any required utility facility upgrades pursuant to an ISA shall render this Agreement uneconomical or shall fail to acquire a valid ISA for any reason, Operator may early terminate this Agreement by providing reasonable notice of termination in writing to the Company. This Agreement shall be subject to the ISA, and to the extent that any term or condition of this Agreement or provision of Schedule 19, including, but not limited to, Article VI, shall conflict with the ISA, the ISA shall govern.

- (b) After execution of this Agreement and until the Facility achieves Commercial Operations, unless this Agreement shall be early terminated, Operator shall prepare a quarterly status report for the Company showing the current progress on completing the project. This status report shall be delivered to the Company on or before the following dates each year, January 15, April 15, July 15, and October 15. Such status report shall discuss the progress of the project in a format, which is acceptable to the Company.
- (c) In no event shall either Party be liable to the other Party for any special, indirect, incidental or consequential damages whatsoever, except that such limitation on liability shall not apply to any indemnification obligation set forth in Paragraph 9 or as otherwise expressly stated in this Agreement.
- (d) This Agreement shall inure to the benefit of and be binding upon the heirs, successors or assigns of each of the Parties. Operator shall not assign this Agreement without the prior written consent of the Company, which shall not be unreasonably withheld. In the event of assignment by Operator, Operator shall pay the Company within thirty (30) days from the effective date of the assignment an amount equal to \$10,000 escalated at a rate of 2.5% per year prorated daily from the Effective Date of this Agreement until the effective date of such assignment ("Assignment Payment"); provided, however, assignment of this Agreement by the Operator in connection with an initial financing arrangement which is finalized within nine months of the Effective Date of this Agreement and to which the Company has consented shall not be subject to the payment requirement provided herein. Failure to obtain the consent of the Company or to pay the Company its Assignment Payment shall cause the assignment to be null and void.
- (e) The Parties shall use good faith efforts to resolve any disputes hereunder promptly, including, but not limited to, invoicing and payment disputes. If after such good faith negotiations, the Parties are unable to resolve the dispute within thirty (30) days from the initial notice of such dispute, the Parties may (i) negotiate during the next succeeding thirty (30) day period an arbitration agreement that shall specify an arbitrator and specified procedures for binding arbitration; or (ii) should the Parties forego negotiation under subsection (i) or in the event no agreement is reached under subsection (i), pursue any and all available legal remedies in accordance with this Agreement pursuant to the laws of the Commonwealth of Virginia; provided, however, that the SCC does not have jurisdiction over the subject matter of the dispute.
- (f) The Company shall have the right to set-off, net or recoup against amounts owed by the Company to the Operator under this Agreement any amount owed by the Operator to the Company under this Agreement or any other agreement or tariff of the Company, including payment due for the sale of electricity by the Company to the Operator or for damages or indemnification due the Company by the Operator.
- (g) During the term of this Agreement and continuing for an additional period of at least two (2) years from the date of termination of this Agreement, the Parties shall keep all records associated with the performance under this Agreement.

- (h) All notices required hereunder, and all other correspondence and payments concerning this Agreement shall be addressed to the Parties' representatives in accordance with the Notice Contact Schedule attached hereto as Exhibit B, which may be revised as needed by either Party. All notices shall be in writing and shall be sent by any of the following methods: hand delivery, reputable overnight courier, certified mail return receipt requested, facsimile transmission, or mutually acceptable electronic means, unless noted otherwise on the Notice Contact Schedule. A notice shall be effective on the Business Day when received if received during 7:30 am to 5:30 pm on a Business Day; otherwise, the notice shall be deemed to have been received on the following Business Day, where a Business Day shall mean Monday through Friday excluding holidays recognized by Company.
- (i) This Agreement is intended by the Parties as the final expression of their agreement and is intended also as a complete and exclusive statement of the terms of their agreement with respect to the purchase and sale of energy and Dependable Capacity, in addition to the optional purchase and sale of RECs under Section 4, delivered by the Facility. All prior written or oral understandings, offers or other communications of every kind pertaining to this Agreement are hereby abrogated and withdrawn.
- (j) This Agreement, including the Exhibits thereto except as otherwise provided herein for Exhibit A, can be amended only by agreement between the Parties in writing.
- (k) The failure of either Party to insist in any one or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder. In the event any provision of this Agreement, or any part or portion thereof, shall be held to be invalid, void or otherwise unenforceable, the obligations of the Parties shall be deemed to be reduced only as much as may be required to remove the impediment.
- (l) The headings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties hereto, nor should they be used to aid in any manner in the construction of this Agreement. This Agreement may be photocopied and stored on computer tapes and disks ("Imaged Agreement"). If an Imaged Agreement is introduced as evidence in any arbitration, administrative or judicial proceeding, it shall be considered as admissible evidence.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the 18th day of July 2011.

By: 
GeauxEnergy LLC

Name: Mr. Philip Bradley

Title: Founder

By: 
VIRGINIA ELECTRIC AND POWER COMPANY

Name: Gregory J. Morgan

Title: Authorized Representative

Exhibit A
Schedule 19
Power Purchases From
Cogeneration and Small Power Production
Qualifying Facilities

Schedule 19
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

I. APPLICABILITY & AVAILABILITY

This Schedule is applicable to any Cogenerator or Small Power Producer (Qualifying Facility), as defined in the Public Utility Regulatory Policies Act of 1978 (PURPA), which desires to provide all or part of its electrical output to the Company on an energy and capacity or on an energy only basis, and which has a net capacity of 20,000 kW or less, and enters into an agreement for the sale of electrical output to Virginia Electric and Power Company (Agreement).

No developer, or any affiliate of a developer, shall be permitted to locate a Schedule 19 facility within one-half mile of any other Schedule 19 facility owned or operated by such developer or any affiliate of such developer unless:

- a. Such facilities provide thermal energy to different, unaffiliated hosts; or
- b. Such facilities provide thermal energy to the same host, and the host has multiple operations with distinctly different or separate thermal needs; or
- c. Such facilities utilize a renewable resource that may be subject to geographic siting limitations, such as hydroelectric, solar or wind power facilities.

This Schedule is available to a Qualifying Facility (QF) which enters into an Agreement with the Company during the effective period of this Schedule, and which achieves Commercial Operation in accordance with the provisions of its Agreement (Commercial Operations) on or after January 1, 2006.

II. MONTHLY BILLING TO THE QF

The provision of Electric Service from the Company to the QF will be in accordance with any applicable filed rate schedule. A QF that elects to sell electrical output from its generation facility will be billed a monthly charge as follows to cover the cost of meter reading and processing:

1. For QFs requiring only one non-time differentiated meter: \$5.56.
2. For QFs requiring only one time differentiated meter: \$65.09.
3. For QFs requiring two time differentiated meters: \$102.62.

(Continued)

POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

III. CONTRACT OPTIONS

QFs with a net capacity of 10 kW or less shall elect, from the following two options, the manner in which the QF shall operate and provide its electrical output to the Company. This election shall be contracted for and made a part of the QF's Agreement. QFs with a net capacity greater than 10 kW but less than or equal to 20,000 kW must contract for the supply of both energy and capacity to the Company, in accordance with Paragraph III. A., below. Purchase payments, if any, to the QF for the supply of energy and/or capacity to the Company shall be based on this contractual designation.

- A. Supply of Energy and Capacity: A QF shall contract for the supply of both energy and capacity to the Company, except as may be permitted pursuant to Paragraph III. B., below. The level of capacity that the QF contracts for shall not exceed 20,000 kW. The supply of both energy and capacity shall require the installation of one (or two, if necessary) time differentiated meter(s) to measure the hourly output of the QF's generation facility.
- B. Supply of Energy Only: A QF with a net capacity of 10 kW or less may elect to contract for the supply of only energy to the Company. A QF electing this option will not be eligible for capacity payments. Election of this option shall require the installation of a non-time differentiated meter to measure the monthly output of the QF's generation facility.

IV. PAYMENT FOR COMPANY PURCHASES OF ENERGY AND CAPACITY

A QF that supplies both energy and capacity to the Company, in accordance with Paragraph III. A., above, shall receive purchase payments as follows:

- A. Energy Purchase Payments
 - I. Purchase payments for the supply of energy by the QF to the Company will be based on an hourly energy purchase price (cents per kWh) that is calculated using the hourly \$/MWh PJM Interconnection, LLC (PJM) Dom Zone Day Ahead Locational Marginal Price (DA LMP) divided by 10, and multiplied by the hourly net generation as recorded on the Company's time differentiated meter.

(Continued)

POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

IV. PAYMENT FOR COMPANY PURCHASES OF ENERGY AND CAPACITY
(Continued)

2. All energy purchase prices per kWh will be increased by 2.8% to account for line losses avoided by the Company. This line loss percentage will be fixed for the term of the contract between the QF and the Company.
3. In lieu of the line loss percentage in Paragraph IV. A.2., a QF may request that the percentage be derived by a line loss study calculated to the location the QF interconnects with the Company. To receive this site specific line loss percentage, the QF must be willing to bear the cost of such a study.

B. Capacity Purchase Payments

Purchase payments for the supply of capacity by the QF to the Company will be made based upon the QF's daily net on-peak generation multiplied by that corresponding day's on-peak capacity purchase price, as calculated, below. If applicable, the purchase payment for capacity may be modified by application of the Summer Peak Performance Factor (SPPF), as described, below. The on-peak hours for every day are from 7 AM to 11 PM. Off-peak hours are defined as all other hours.

Beginning June 1, 2007, and for each June 1, thereafter, PJM will establish the Reliability Pricing Model capacity resource clearing price for each PJM zone, shown as a \$/MW/day price, that will be applicable through the following May 31. Such prices will be the clearing results from PJM's Base Residual Auction. Using the price for the Dom Zone (initially identified on the PJM website as "Dom_PZonal"), the Company will calculate an on-peak capacity purchase price (cents per kWh) for each day by dividing the Dom Zone \$/MW/day price by 16 hours, and further dividing the result by 10, rounded to the nearest one-thousandth cent. The resulting cents per kWh on-peak capacity purchase price will be applied to the QF's net on-peak generation for the corresponding day, to provide for the daily capacity purchase amount. The sum of the daily capacity purchase amounts for the billing month will constitute the monthly capacity purchase payment to the QF, unless modified by application of the SPPF, below.

(Continued)

Schedule 19

POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

IV. PAYMENT FOR COMPANY PURCHASES OF ENERGY AND CAPACITY
(Continued)

Initially, a QF's SPPF will be 1. Once a QF has achieved Commercial Operations and such operation encompasses at least a full Summer (defined by PJM as June 1 through September 30, inclusive), the following January billing month, and for each January billing month thereafter, an SPPF will be calculated that is based on the QF's operation during the five (5) PJM coincident peak hours ("CP Hours"), as posted by PJM, during the Summer of the previous calendar year. The QF's SPPF is equal to the number of CP Hours in which the QF generated at or greater than 75% of its net capacity, divided by 5. Therefore, the SPPF could be 0, .2, .4, .6, .8, or 1. The QF's SPPF will be applied to the monthly capacity purchase payment for each billing month of the current calendar year.

V. PAYMENT OF COMPANY PURCHASES OF ENERGY ONLY

A QF that supplies only energy to the Company, in accordance with its election in Paragraph III B., above, shall receive purchase payments as follows:

- A. Purchase payments for the supply of only energy by the QF to the Company will be based on an energy purchase price (cents per kWh) that is calculated using the average of the hourly \$/MWh Dom Zone DA LMP for the QF's billing month divided by 10, and multiplied by the net generation as recorded on the Company's non-time differentiated meter.
- B. All energy purchase prices per kWh will be increased by 2.8% to account for line losses avoided by the Company. This line loss percentage will be fixed for the term of the contract between the QF and the Company.
- C. In lieu of the line loss percentage in Paragraph V. B., a QF may request that the percentage be derived by a line loss study calculated to the location the QF interconnects with the Company. To receive this site specific line loss percentage, the QF must be willing to bear the cost of such a study.

(Continued)

POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VI. PROVISIONS FOR COMPANY PURCHASE OF THE QF GENERATION

A. The QF shall own and be fully responsible for the costs and performance of the QF's:

1. Generating facility in accordance with all applicable laws and governmental agencies having jurisdiction;
2. Control and protective devices as required by the Company on the QF's side of the meter.

B. The Company shall own and install any interconnection facilities on the Company side of the meter required for the QF to sell energy to the Company. The costs associated with these facilities will be borne by the QF. These costs include, but are not limited to, the costs of connection, switching, metering, transmission, distribution, safety provisions, telephone lines, and administrative costs incurred by the Company which are directly related to the installation and maintenance of the facilities necessary to permit interconnected operations with the QF. The QF shall pay for these interconnection costs by either of the following methods:

1. A one-time lump-sum payment equal to the estimated new installed cost of all interconnection facilities provided by the Company multiplied by the appropriate tax effect recovery factor (if applicable), plus the appropriate monthly charge as described in Section IV.E. of the Company's Terms and Conditions on file with the Virginia State Corporation Commission.
2. A continuous monthly charge as described in Section IV.E. of the Company's Terms and Conditions on file with the Virginia State Corporation Commission which is designed to recover over time the estimated new installed cost of all interconnection facilities and their related operating expenses.

The QF will also be responsible for payment to the Company for the cost of removing the interconnection facilities at the conclusion of the QF's Agreement. Payment for these costs shall be in the same manner as the Company charges its other customers for similar work.

(Continued)

POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VI. PROVISIONS FOR COMPANY PURCHASE OF THE QF GENERATION (Continued)

- C. In addition to the costs in Paragraph VI.B., above, the actual costs associated with relocating and/or rearranging existing facilities to allow interconnected operation will also be borne by the QF. A monthly charge shall not apply to these costs. Payment for these costs shall be in the same manner as the Company charges its other customers for similar work.
- D. The QF shall have equipment specifications and plans for control devices interconnection facilities, and protective devices approved by the Company in advance of energizing the facility.
- E. The relays and protective equipment shall be subject, at all reasonable times, to inspection by the Company's authorized representative.
- F. Upon request by the Company, the Cogenerator or Small Power Producer must demonstrate that the facility is a Qualifying Facility as defined by PURPA.
- G. The Company shall have the right to reduce the energy received from a QF during periods when a minimum load condition exists on the Company's system. These reductions will be within the design limits of each QF's equipment and will be limited to 1,000 off-peak hours in any calendar year.

VII. MODIFICATION OF RATES AND OTHER PROVISIONS HEREBUNDER

The provisions of this schedule, including the rates for purchase of electricity by the Company, are subject to modification at any time in the manner prescribed by law, and when so modified, shall supersede the rates and provisions hereof. However, payments to QFs with contracts for a specified term at payments established at the time the obligation is incurred shall remain at the payment levels established in their contract.

VIII. TERM OF CONTRACT

The term of contract shall be mutually agreed upon, but not less than one year.

Exhibit B

Notice Contact Schedule

Notices under the Agreement sent via E-mail shall be followed by a hard copy via US mail or facsimile

To: VIRGINIA ELECTRIC & POWER COMPANY:

NOTICES, INVOICES, SCHEDULING & CORRESPONDENCE:

Virginia Electric and Power Company
Attn: Director, Power Contracts
Innsbrook 3 SE
5000 Dominion Blvd
Glen Allen, VA 23060
Phone: 804-273-4433
Fax: 804-273-2951
E-MAIL: bob.trexler@dom.com

PAYMENTS:

By Wire: Company: Virginia Electric and Power Company
Bank: Mellon Bank
ABA #: 043000261
Account #: [REDACTED]

To: GeauxEnergy LLC

NOTICES & CORRESPONDENCE:

Address: 116 South Sycamore Petersburg Virginia 23803
Attention: H. Otis Brown, ESQ
Phone: 804 255 7290
Fax: 804 231 2186
E-MAIL: ho1949@aol.com

Exhibit C

A description of the Facility, a map indicating its specific geographical location, and a one-line diagram of the Facility.

Map of 270 Pamunkey Ave
West Point, VA, 23181 -

Geaux Energy LLC

Route Map [Hide](#)

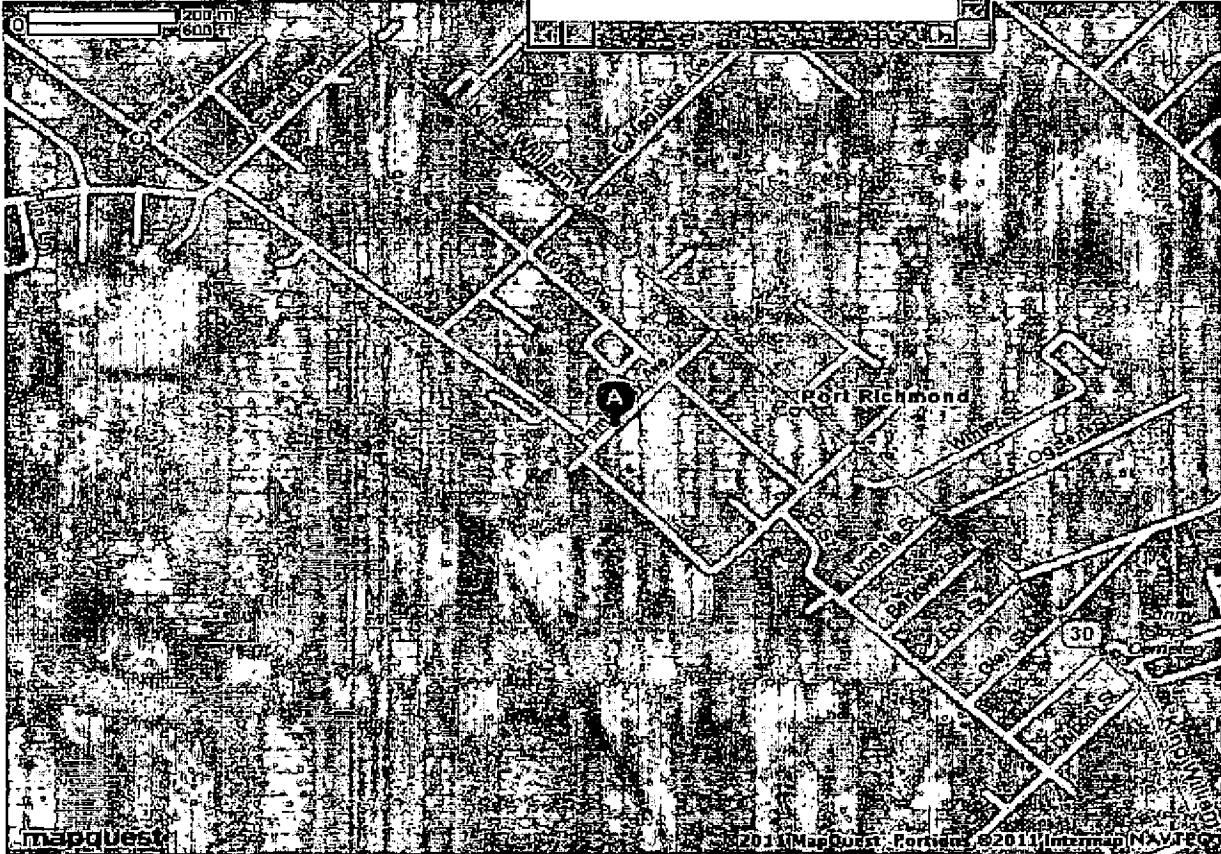


Exhibit D

Documentation evidencing the Facility's certification as a Qualifying Facility under PURPA, to be included upon presentation by the Operator.

**Federal Energy Regulatory Commission
Docket Sheet**

Docket QF11-360 (ALL Subdockets)

Applicant(s)/Docket: GeauxEnergy LLC

Sub Docket: 000

Docket Description: Form 556

Filed By: Individual No Affiliation

Filed Date: 6/22/2011

Accession No: 20110622-5068

Description: Form 556 of GeauxEnergy LLC under QF11-360.

Source: eLibrary

Exhibit E

Supplemental Representations of Legal Compliance

Operator warrants that it is and shall continue to be in compliance with all applicable provisions of the following federal law:

- Executive Order 11246, as amended;
- § 503 of the Rehabilitation Act of 1973, as amended;
- § 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974, as amended, together with the implementing regulations set forth in 41 C.F.R. §§ 60.1, 60-250, and 60-741;
- The applicable provisions relating to the utilization of small minority business concerns as set forth in 15 U.S.C. § 637, as amended.

In addition, Operator agrees that

- The equal opportunity clause set forth in 41 C.F.R. § 60-1.4 and the affirmative action clauses set forth in 41 C.F.R. § 60-250.4 and 41 C.F.R. § 60-741.4 and the clauses relating to the utilization of small and minority business concerns set forth in 15 U.S.C. § 637(d) (3) and 48 C.F.R. § 52-219.9 are hereby incorporated by reference and made a part of this Agreement.
- Where this Agreement has a value of more than \$500,000, it shall adopt and comply with a small business and small disadvantaged business subcontracting plan that shall conform to the requirements set forth in 15 U.S.C. § 637(d)(6).

This Exhibit E shall apply to Operator only to the extent that:

- a) Such provisions are required of Operator under existing law,
- b) Operator is not otherwise exempt from said provisions and
- c) Compliance with said provisions is consistent with and not violative of 42 U.S.C. § 2000e et seq., 42 U.S.C. § 1981 et seq., or other acts of Congress.

Exhibit F.
Distribution System Losses

The Company's avoided distribution system losses if any, will comprise as applicable (a) losses over the transmission-distribution transformer or transformers (the "T-D Transformer") and (b) distribution losses. T-D Transformer losses shall be accounted for via a "Transformer Loss Factor" of 0.5431 percent.

Distribution losses shall be accounted for by either of two methods:

(i) For facilities with a Dependable Capacity of 1MW and above, the Company will perform an analysis to isolate the avoided loss from the Facility to the low side of T-D Transformer, (the "Distribution Loss Factor"); or

(ii) For facilities with a Dependable Capacity of less than 1MW, the Company will apply a Distribution Loss Factor that shall serve for all other similarly sized facilities. The Distribution Loss Factor will be in the form of a percentage and fixed for the Term of the Agreement.

Where applicable, for each Billing Period, Operator shall be compensated for avoided Distribution System Losses as described above by the sum of the hourly product of the (i) net electrical output delivered to the Company (the "NEO") in MWH, (ii) the energy component of the LMP as defined below in \$/MWH and (iii) the net sum of the Transformer Loss Factor and the Distribution Loss Factor. For clarification, the hourly calculation of avoided distribution system losses is as follows:

$\text{Distribution System Losses} = \text{NEO} * E * (0.5431\% + \text{Distribution Loss Factor})$

Where E is the energy component of the LMP in \$/MWH, and LMP is the Total Dominion Zone Day Ahead Locational Marginal Price in \$/MWH.

**AMENDMENT NO. 1
TO POWER PURCHASE AGREEMENT
VIRGINIA ELECTRIC AND POWER COMPANY**

- THIS AMENDMENT No. 1 to the Power Purchase Agreement Virginia Electric and Power Company dated July 18, 2011, is made and entered into this 15th day of September, 2011, by and between the **VIRGINIA ELECTRIC AND POWER COMPANY**, a Virginia public service company with its principal office in Richmond, Virginia, hereinafter referred to as "Dominion Virginia Power," and **GEAUXENERGY, LLC**, hereinafter referred to as "GeauxEnergy." Dominion Virginia Power and GeauxEnergy may hereinafter be referred to collectively as the "Parties."

WITNESSETH:

WHEREAS, the Parties hereto entered into a Power Purchase Agreement dated July 18, 2011 ("Agreement") wherein GeauxEnergy agreed to sell to Dominion Virginia Power and Dominion Virginia Power agreed to purchase, the dependable capacity and energy from a Municipal Solid Waste generating facility owned by GeauxEnergy and located in the town of West Point Virginia; and

WHEREAS, the Parties desire to amend both the first WHEREAS clause of the Agreement, as well as, the first two sentences of the first paragraph of item number 2, titled Company's Right to Purchase Energy & Capacity; and

NOW, THEREFORE, the Parties hereto, intending to be legally bound, agree as follows:

- (1) The first WHEREAS clause is deleted in its entirety and replaced with the following wording:

**AMENDMENT NO. 1 TO
THE AGREEMENT FOR THE SALE
OF ELECTRICAL OUTPUT TO
VIRGINIA ELECTRIC AND POWER COMPANY**

THIS AMENDMENT No. 1 to the Agreement for the Sale of Electrical Output to Virginia Electric and Power Company dated December 22, 2010, is made and entered into this 14th day of November, 2011, by and between the **VIRGINIA ELECTRIC AND POWER COMPANY, d/b/a Dominion North Carolina Power**, a Virginia public service company with its principal office in Richmond, Virginia, hereinafter referred to as "Dominion North Carolina Power," and **510 REPP One, LLC**, a North Carolina Corporation, with its principal office in Washington, DC, hereinafter referred to as "510 REPP One." Dominion North Carolina Power and 510 REPP One may hereinafter be referred to collectively as the "Parties."

WITNESSETH:

WHEREAS, the Parties hereto entered into an Agreement for the Sale of Electrical Output to Virginia Electric and Power Company dated December 22, 2010 ("Agreement") wherein 510 REPP One agreed to sell to Dominion North Carolina Power and Dominion North Carolina Power agreed to purchase all of the electrical output made available for sale from a Qualifying Facility (consisting of solar panels and 3 inverters) to be constructed and owned by 510 REPP One and located in the state of North Carolina; and

WHEREAS, 510 REPP One has notified Dominion North Carolina Power of its inability to meet the construction commencement and commercial operations dates established in the Agreement.

RP

WHEREAS, the Parties agree to amend in part paragraphs FIRST and EIGHTH, and in its entirety paragraph THIRD of the Agreement,

NOW, THEREFORE, the Parties hereto, intending to be legally bound, agree as follows:

(1) The last sentence of paragraph FIRST is deleted and replaced with the following:

"The facility is located in Dominion North Carolina Power's retail service area in Garysburg, North Carolina.", and

(2) Paragraph THIRD is deleted in its entirety and replaced with the following wording:

The Facility, consisting of solar panels and 3 inverters, will have a combined nameplate rating of approximately 1, 250 kW. The Facility's Contracted Capacity shall be 1,250 kW. And

(3) Sections (i) and (ii) of paragraph EIGHTH are deleted in its entirety and replaced with the following wording:

"(i) failure to commence construction of the Facility, as defined below, and provide Dominion North Carolina Power with written notice thereof by July 31, 2012, (ii) failure to achieve Commercial Operations Date by December 31, 2012," and

(4) The last sentence of paragraph EIGHTH is deleted and replaced with the following:

"The Anticipated Commercial Operations Date is July 31, 2012."

In all other respects, the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be executed
by their duly authorized officials.

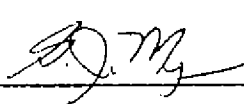
510 REPP One, LLC

VIRGINIA ELECTRIC AND POWER COMPANY

Reginald Parker, Managing Member

Gregory J. Morgan, Authorized Representative

By: 

By: 

Date: 15 November 2011

Date: 11/14/2011

**AGREEMENT FOR THE SALE
OF ELECTRICAL OUTPUT TO
VIRGINIA ELECTRIC AND POWER COMPANY**

THIS AGREEMENT, effective this 22nd day of September, 2011, (the "Effective Date") by and between VIRGINIA ELECTRIC AND POWER COMPANY, a Virginia public service company with its principal office in Richmond, Virginia, doing business in Virginia as Dominion Virginia Power, and in North Carolina as Dominion North Carolina Power, hereinafter called "Dominion North Carolina Power" or "Company", and Sawmill Solar Portfolio, LLC, a North Carolina Corporation, with its principal office in Washington, DC, hereinafter called "Operator", operator of the Sawmill Solar Portfolio Facility, hereinafter called the "Facility":

RECITALS

WHEREAS, the North Carolina Utilities Commission has adopted a rate schedule described in this Agreement below as Schedule 19-DRR applicable to Qualifying Facilities (or "QF" as that term is defined in 18 C.F.R. 292) which can provide Contracted Capacity (a) up to 5000 kW from a hydroelectric generating facility, (b) up to 5000 kW from a generating facility fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind or non-animal forms of biomass, or (c) up to 3000 kW for all other QFs; and

WHEREAS, the parties hereto wish to contract for the sale of electrical output from such a QF to be operated by Operator,

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto contract and agree with each other as follows:

FIRST - Dominion North Carolina Power or its agent, assignee, or successor will purchase from Operator all of the electrical output (energy and Contracted Capacity) made available for sale from the Facility on an excess sale arrangement. In addition, Operator has elected to contract under the DRR Method for determining the Company's avoided cost as described more fully in paragraph FIFTH and Exhibit C. Operator elects to operate the Facility in the Mode of Operation as specified in Section-IV.C (Firm Mode of Operation) of Schedule 19-DRR. The Facility is located in Dominion North Carolina Power's retail service area in Jackson, North Carolina.

SECOND - This Agreement shall commence on the Effective Date and shall continue in effect for a period of 15 years from the Commercial Operations Date. The Commercial Operations Date shall be the first date that all of the following conditions have been satisfied:

- a) The Facility has been permanently constructed, synchronized with and has delivered electrical output to the Dominion North Carolina Power system and such action has been witnessed by an authorized Dominion North Carolina Power employee;
- b) After completion of item a) above, Dominion North Carolina Power has received written notice from Operator specifying the Commercial Operations Date and certifying that the Facility is ready to begin commercial operations as a Qualifying Facility;
- c) Operator and Dominion North Carolina Power (or the PJM Interconnection, LLC or other operator of the Dominion North Carolina Power transmission system, as applicable) have executed an Interconnection Agreement to be included herewith as Exhibit A;
- d) Operator has provided to Dominion North Carolina Power Qualifying Facility Certification to be included herewith as Exhibit F; and

- e) Operator either has received from the North Carolina Utilities Commission a Certificate of Public Convenience and Necessity or has filed the notice required by G.S. 62-110.1(g) and is not legally required to obtain such a certificate for the construction and operation of the Facility.

For contract terms of 10 years or more, this Agreement may be renewed at the option of Dominion North Carolina Power on substantially the same terms and conditions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration Dominion North Carolina Power's then avoided cost rates and other relevant factors or (2) set by arbitration.

THIRD - The Facility, consisting of solar panels and 4 inverters, will have a combined nameplate rating of approximately 1,800 kW. The Facility's Contracted Capacity shall be 1,800 kW.

FOURTH - The following documents are attached hereto and are made a part hereof:

- Exhibit A: Executed Interconnection Agreement (attached for information but not as a part of this Agreement)
- Exhibit B: General Terms and Conditions
- Exhibit C: Schedule 19-DRR, Power Purchases from Cogeneration and Small Power Production Qualifying Facilities and applicable to the QF who chooses the DRR Method (effective August 26, 2011, sometimes referred to as "Schedule 19-DRR" herein)
- Exhibit D: NOT APPLICABLE
- Exhibit E: Map and related written description identifying the specific location of the Facility in the City or County designated in Paragraph FIRST
- Exhibit F: "Qualifying Facility" Certification (if Facility is less than 1MW, Owner submission that the Facility qualifies as a Qualifying Facility (QF) under federal law)
- Exhibit G: Certificate of Public Convenience and Necessity (or evidence that no such certificate was required under North Carolina law)

[Note: Appropriate Exhibit C, if applicable, will be based on Energy Payment selected in the FIRST section of this Agreement]

FIFTH - Payments for all energy and Contracted Capacity purchased hereunder shall be determined by the provisions and rate determination methodologies for payments in Schedule 19-DRR included herewith as Exhibit C and pursuant to Operator elections within such Schedule 19-DRR, if any, as stated in Paragraph FIRST hereof. Payments for all energy and Contracted Capacity purchased hereunder shall be on a cents per kilowatt hour basis. Should the North Carolina Utilities Commission (NCUC), Virginia State Corporation Commission (SCC) or other regulatory or other legal body having jurisdiction (such as the Federal Energy Regulatory Commission) 1) not allow any future payments to non-utility generators (generally or to Operator specifically) for energy or capacity (including Contracted Capacity) or both to be included in Dominion North Carolina Power/Dominion Virginia Power's rates charged to customers, 2) at any time prohibit Dominion North Carolina Power/ Dominion Virginia Power from recovering from its customers sums related to payments previously made to non-utility generators (generally or to Operator specifically), or 3) order Dominion North Carolina Power/ Dominion Virginia Power to pay back to its customers sums related to amounts collected as a result of payments to non-utility generators (generally or to Operator specifically) (hereinafter the sums referred to in both 2) and 3) above shall be referred to individually and collectively as the "Disallowed Payments"), Operator shall be required both to accept from the effective date of the Order from the NCUC, SCC, or other regulatory or legal body having jurisdiction ("Commission Order") payments at the level of rates that will be allowed to be recovered in rates charged to Dominion North Carolina Power/ Dominion Virginia Power's customers and to refund to Dominion North Carolina Power, A) the identified dollar amount of the Disallowed Payments specifically identified in the Commission Order as resulting from

payments made to Operator hereunder, or B) if the Disallowed Payments are not specifically identified, Operator's pro-rata share of the Disallowed Payments which shall be equal to the product of (1) the total amount of payments made under this Agreement for the period of time such Disallowed Payments have been calculated, and (2) a fraction whereby the numerator is the Disallowed Payments and the denominator is the total amount of payments made to all Non-utility Generators, that were considered in the Commission Order, for the same period of time that such Disallowed Payments have been calculated. Operator shall pay any amounts due as a result of the Commission Order within 28 days of notice by Dominion North Carolina Power or, provided that more than three years remain in the term of the Agreement, then, at Operator's option, Dominion North Carolina Power shall collect such amounts due with interest from the date of any such Commission Order by reducing payments to Operator at a monthly amount projected to complete the refund of the Disallowed Amount with interest in the two year period following such notice. Such interest shall be calculated at the rate of Dominion North Carolina Power/ Dominion Virginia Power's most recent issue of long-term debt at the time of the Commission Order. If, for any reason, at the end of the two year period, the reduction in payments does not recover in full such amounts due, then such remaining amount shall be due immediately.

If Operator elects the Firm Mode of Operation, then-for the term of this Agreement Operator shall be paid for firm energy in accordance with VI.B in Schedule 19-DRR. All firm energy payments will be calculated each year of the Agreement by Dominion North Carolina Power using the 15 year levelized avoided energy mix as shown in Exhibit C attached hereto and as specified in Schedule 19-DRR. The \$/MBtu fuel cost, ¢/kWh for purchased power, and on-peak and off-peak factors, used to calculate firm energy rates, will change on a biennial basis consistent with the Schedule 19-DRR filing. North Carolina Power will notify Operator of changes to the firm and non-firm rates. Payments for firm energy will begin on the Commercial Operations Date. All energy delivered per hour above the Contracted Capacity shall be considered non-firm and be paid for at the applicable non-firm rate. All energy delivered prior to the Commercial Operations Date shall also be considered non-firm and be paid for at the non-firm rate. In all cases, such non-firm energy rates will be those in the Schedule 19-DRR in effect at the time such energy is delivered.

If Operator elects the Firm Mode of Operation, specified in Section IV.C of Schedule 19-DRR, Operator shall be paid for Contracted Capacity on a cents per kilowatt-hour basis as specified in Schedule 19-DRR, Section VII. Operator shall not be paid for Contracted Capacity above the Contracted Capacity level in any hour during which the generation exceeds the Contracted Capacity level specified in Paragraph THIRD.

Payments for energy will begin on the Commercial Operations Date. All energy delivered prior to the Commercial Operations Date shall be paid pursuant to the attached Schedule 19-DRR tariff.

SIXTH - No later than sixty days after execution of this Agreement, Operator shall provide, at Operator's sole expense, security for Operator's performance under this Agreement, in an amount equal to \$36.00 per kW of the nameplate rating, provided in Paragraph THIRD. Operator shall maintain such security until the expiration of this Agreement to ensure continued availability of the Facility and to guarantee payment of obligations by Operator to Dominion North Carolina Power. Such security will be an unconditional and irrevocable letter of credit issued by a bank and maintained in a form and with terms reasonably acceptable to Dominion North Carolina Power. The Letter of Credit must provide for monthly draws by Dominion North Carolina Power. If the Agreement is terminated prior to the Commercial Operations of the Facility, Dominion North Carolina Power will be entitled to draw and retain the full amount of such security to offset any amounts owed to Dominion North Carolina Power.

SEVENTH - After execution of this Agreement and until the Commercial Operations Date, Operator shall prepare a quarterly status report for Dominion North Carolina Power showing the current progress on completing the project. This status report shall be delivered to Dominion North Carolina Power on or before the following dates each year, January 15, April 15, July 15, and October 15. Such status report shall discuss the progress of the project in a format, which is acceptable to Dominion North Carolina Power.

EIGHTH - Operator and Dominion North Carolina Power agree that Operator's failure to comply with any of the following will be a material breach of this Agreement and shall result in Dominion North Carolina Power having the right to immediate cancellation, without a cure period, of this Agreement: (i) failure to commence construction of the Facility, as defined below, and provide Dominion North Carolina Power with written notice thereof by September 30, 2012, (ii)

failure to achieve Commercial Operations Date by December 31, 2012, (iii) failure to provide two (2) consecutive status reports pursuant to Paragraph SEVENTH, (iv) failure, pursuant to Paragraph SIXTH, to provide or maintain security that is acceptable to Dominion North Carolina Power, (v) delivery or supply of electrical output to any entity other than Dominion North Carolina Power or its agent, assignee or successor, (vi) failure to meet those requirements necessary to maintain Qualifying Facility status, (vii) failure at any time to have in effect a valid Interconnection Agreement with Dominion North Carolina Power (or its successor as operator of the Dominion North Carolina transmission system), or (viii) failure to generate and deliver power from the Facility to Dominion North Carolina Power for more than 180 consecutive days, at any time after the Commercial Operations Date, or (ix) failure to maintain QF certification. In the event Operator fails to perform in any way, materially or non-materially, any other obligations not specifically listed above, Operator shall be given notice and thirty (30) days to cure such non-performance. Notwithstanding any cure period, Dominion North Carolina Power shall not be obligated to purchase any energy or Contract Capacity under this Agreement while any such breach remains uncured. If Operator fails to cure its non-performance within thirty (30) days of Dominion North Carolina Power's notice, Dominion North Carolina Power shall have the right to cancel this Agreement. Operator agrees that if this Agreement is canceled by Dominion North Carolina Power for Operator's non-performance prior to the end of the initial term of this Agreement, then, Dominion North Carolina Power shall have all rights and remedies available at law or in equity. The Facility will be considered to have commenced construction on the first day upon which all of the following have occurred: (1) the issuance by Operator to its construction contractor for the Facility of a written unconditional Notice-to-Proceed; (2) the mobilization of major construction equipment and construction facilities on the Facility site; and (3) the commencement of major structural excavation and structural concrete work relating to a major component of the Facility such as the power island consistent with having commenced a continuous process of construction relating to the Facility. Dominion North Carolina Power shall have no obligation to accept a declaration of Commercial Operations prior to September 30, 2011. The Anticipated Commercial Operations Date is July 31, 2012.

NINTH - Operator represents and warrants that it has the right to operate the Facility in accordance with the terms of this Agreement. Operator further represents and warrants that all permits, approvals, and/or licenses necessary for the operation of the Facility will be obtained prior to the Commercial Operations Date and shall be maintained throughout the Term of this Agreement. Operator shall, provide such documentation and evidence of such right, permits, approvals and/or licenses as Dominion North Carolina Power may reasonably request, including without limitation air permits, leases and/or purchase agreements.

TENTH - All correspondence and payments concerning this Agreement shall be to the following addresses:

OPERATOR:

Sawmill Solar Portfolio, LLC
1101 30th Street, NW
Suite 510
Washington, DC 20007

DOMINION NORTH CAROLINA POWER:

Virginia Electric and Power Company
Power Contracts (3SE)
5000 Dominion Boulevard
Glen Allen, Virginia 23060-6711

Either Party may change the address by providing written notice to the other Party.

ELEVENTH - This Agreement is intended by the Parties as the final expression of their Agreement and is intended also as a complete and exclusive statement of the terms of their Agreement with respect to the purchase and sale of electrical output generated by the Facility. All prior written or oral understandings, offers or other communications of every kind pertaining to this Agreement are hereby abrogated and withdrawn.

IN WITNESS WHEREOF, the Parties hereto have caused their names to appear below, signed by authorized representatives as of the date first shown above.

Sawmill Solar Portfolio, LLC

By: 

Timothy L. O. Webb

Title: President of 510 Development Company, Inc,
Managing Member of Sawmill Solar Portfolio, LLC

Date: 9/24/11

VIRGINIA ELECTRIC AND POWER COMPANY

By: 

Gregory J. Morgan

Title: Authorized Representative

Date: 9/22/11

EXHIBIT A
GENERATOR INTERCONNECTION GUIDANCE AND AGREEMENT

Dominion North Carolina Power's procedures for generator interconnection are available through the Internet at the Company's website, with draft interconnection agreements for non-FERC jurisdictional generators (as approved by the NCUC included as Attachments 1, 2 and 3 thereto). For FERC jurisdictional generators interconnection shall be in accordance with FERC and PJM requirements.

The specific Internet address for these procedures is <http://www.dom.com/about/elec-transmission/gi-main.jsp>. The Internet site contains links to the Generator Interconnection Procedures along with the Generator Interconnection Request Form. Once an Interconnection Agreement is executed it will be included herewith as part of this Exhibit A.

EXHIBIT B
General Terms and Conditions

I - Assignments

Operator agrees not to assign this Agreement without the prior written consent of Dominion North Carolina Power. Dominion North Carolina Power may withhold such consent if it determines, in its sole discretion, that such assignment would not be in the best interests of Dominion North Carolina Power or its customers. Any attempted assignment that Dominion North Carolina Power has not approved in writing shall be null and void and ineffective for all purposes.

II - Indemnity

Operator shall indemnify and save harmless and, if requested by Dominion North Carolina Power, defend Dominion North Carolina Power, its officers, directors and employees from and against any and all losses and claims or demands for damages to real property or tangible personal property (including the property of Dominion North Carolina Power) and injury or death to persons arising out of, resulting from, or in any manner caused by the presence, operation or maintenance of any part of Operator's Facility; provided, however, that nothing herein shall be construed as requiring Operator to indemnify Dominion North Carolina Power for any injuries, deaths or damages caused by the sole negligence of Dominion North Carolina Power. Operator agrees to provide Dominion North Carolina Power written evidence of liability insurance coverage, which is specifically and solely for the Facility, prior to the operation of the Facility. Operator agrees to have Dominion North Carolina Power named as an additional insured, and shall keep such coverage current throughout the term of this Agreement.

III - QF Certification

Operator represents and warrants that its Facility meets the Qualifying Facility requirements established as of the Effective Date of this Agreement by the Federal Energy Regulatory Commission's rules (18 Code of Federal Regulations Part 292), and that it will continue to meet those requirements necessary to remain a Qualifying Facility throughout the term of this Agreement. [Dominion North Carolina Power may require "FERC" QF Certification by adding the following: "Operator agrees to obtain, at Operator's expense, a certification as a "QF" from the Federal Energy Regulatory Commission, in accordance with 18 C.F.R., 292.207 (b)."] Operator agrees to provide copies, at the time of submittal, of all correspondence and filings with the Federal Energy Regulatory Commission relating to obtaining certification of the Facility as a "QF". Operator will submit prior to delivery of electrical output from the Facility to Dominion North Carolina Power evidence of Qualifying Facility certification. After the Commercial Operations Date, if requested by Dominion North Carolina Power prior to March 1 of any year, Operator agrees to provide July 1 of the same year to Dominion North Carolina Power for the preceding year sufficient for Dominion North Carolina Power to determine the Operator's continuing compliance with its QF requirements, including but not limited to:

- (a) All information required by FERC Form 556.
- (b) Copy of the Facility's QF Certification and any subsequent revisions or amendments,
- (c) Provide a copy of any contract executed with a thermal host.
- (d) Identification of the amount of each type of fuel used per month and average heating value for each type of fuel, which will be used to determine the Total Energy Input. These values should be verifiable by auditing supporting documentation.
- (e) Identification of each of the QF's useful thermal output(s) for each month, including temperature, pressure, amount of thermal output delivered, temperature and amount of condensate returned (if applicable) and the conversion to Btus. These values should be verifiable by auditing supporting documentation.

- (f) Identification of the QF's useful power output, for each month. These values should be verifiable by auditing supporting documentation.
- (g) Provide drawings, heat balance diagrams and a sufficiently detailed narrative describing the delivery of useful thermal output including the location, description, and calibration data for all metering equipment used for QF calculations.
- (h) Provide any other information which the QF believes will facilitate Dominion North Carolina Power's monitoring of the QF requirements.
- (i) Dominion North Carolina Power may request additional information, as needed, to monitor the QF requirements.

IV - Consequential Damages

In no event shall either Party be liable to the other for any special, indirect, incidental or consequential damages whatsoever, except that the foregoing shall not apply to any promises of indemnity or obligations to reimburse the Parties expressly set forth in this Agreement.

V - Amendments, Waivers, Severability and Headings

This Agreement, including the appendices thereto, can be amended only by agreement between the Parties in writing. The failure of either Party to insist in any one or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder. In the event any provision of this Agreement, or any part or portion thereof, shall be held to be invalid, void or otherwise unenforceable, the obligations of the Parties shall be deemed to be reduced only as much as may be required to remove the impediment. The headings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties hereto, nor should they be used to aid in any manner in the construction of this Agreement.

VI - Compliance with Laws

Operator covenants that it shall comply with all applicable provisions of Executive Order 11246, as amended; § 503 of the Rehabilitation Act of 1973, as amended; § 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974, as amended; and implementing regulations set forth in 41 C.F.R. §§ 60.1, 60-250, and 60-741 and the applicable provisions relating to the utilization of small minority business concerns as set forth in 15 U.S.C. § 637, as amended. Operator agrees that the equal opportunity clause set forth in 41 C.F.R. § 60-1.4 and the equal opportunity clauses set forth in 41 C.F.R. § 250.5 and 41 C.F.R. 60-§741.5 and the clauses relating to the utilization of small and minority business concerns set forth in 15 U.S.C. § 637(d)(3) and 48 C.F.R. § 52-219.9 are hereby incorporated by reference and made a part of this Agreement. If this Agreement has a value of more than \$500,000, Operator shall adopt and comply with a small business and small disadvantaged business subcontracting plan which shall conform to the requirements set forth in 15 U.S.C. § 637(d)(6). The provisions of this section shall apply to Operator only to the extent that:

- (a) such provisions are required of Operator under existing law,
- (b) Operator is not otherwise exempt from said provisions and
- (c) Compliance with said provisions is consistent with and not violative of 42 U.S.C. § 2000 et seq., 42 U.S.C. § 1981 et seq., or other acts of Congress.

VII - Interconnection and Operation

Operator shall be responsible for the design, installation, and operation of its Facility. Operator shall be responsible for obtaining an Interconnection Agreement. Interconnection guidelines and agreement requirements are set forth in Exhibit A of this Agreement.

Operator shall: (a) maintain the Facility and the Interconnection Facilities on Operator's side of the Interconnection Point, except Dominion North Carolina Power-owned Interconnection Facilities, in conformance with all applicable laws and regulations and in accordance with operating procedures; (b) obtain any governmental authorizations and permits required for the construction and operation thereof and keep all such permits and authorizations current and in effect; and (c) manage the Facility in a safe and prudent manner. If at any time Operator does not hold such authorizations and permits, Dominion North Carolina Power may refuse to accept deliveries of power hereunder.

Dominion North Carolina Power may enter Operator's premises (a) to inspect Operator's protective devices at any reasonable time; (b) to read or test meters and metering equipment; and (c) to disconnect, without notice, the Facility if, in Dominion North Carolina Power's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, or Dominion North Carolina Power facilities or other customers' facilities from damage or interference caused by Operator's Facility or lack of properly operating protective devices. Dominion North Carolina Power will endeavor to notify Operator as quickly as practicable if disconnection occurs as provided in (c) above. Any inspection of Operator's protective devices shall not impose on Dominion North Carolina Power any liabilities with respect to the operation, safety or maintenance of such devices.

Operator shall not operate the Facility in parallel with Dominion North Carolina Power's system prior to (a) an inspection of the installed Interconnection Facilities by an authorized Dominion North Carolina Power representative and (b) receiving written authorization from an authorized Dominion North Carolina Power representative to begin parallel operation.

VIII - Metering

Dominion North Carolina Power will meter all electrical output delivered from the Facility on the high voltage side of the step up transformer.

Operator agrees to pay an administrative charge to Dominion North Carolina Power to reflect all reasonable costs incurred by Dominion North Carolina Power for meter reading and billing, also referred to as metering charges. The monthly meter reading and billing charge shall change from time to time when the NCUC approves a different charge in Schedule 19-DRR.

In addition, Operator agrees to pay any fees required to provide and maintain leased telephone lines required for meter reading by Dominion North Carolina Power.

IX - Billing and Payment

Dominion North Carolina Power shall read the meter in accordance with its normal meter reading schedule. Within twenty-eight (28) days thereafter, Dominion North Carolina Power shall send Operator payment for energy and Contracted Capacity delivered. At Dominion North Carolina Power's option, (i) Dominion North Carolina Power may make such payments net of the monthly metering charges, Interconnection Facilities charges, and charges for sales of electricity to the Operator, or (ii) Dominion North Carolina Power may invoice Operator for such charges separately. Payment by Dominion North Carolina Power shall include verification showing the billing month's ending meter reading, on-peak and off-peak kWh, and the amount paid. If in any month the monthly metering and Interconnection Facilities charges are in excess of any payments due Operator, Dominion North Carolina Power shall bill Operator for the difference and Operator shall make such payment within 28 days of the invoice date. Failure by Operator to make such payments may result in disconnection of the Facility. In no event shall such disconnection relieve Operator of its obligation to pay monthly metering charges and Interconnection Facilities charges under this Agreement.

In the event that any data required for billing purposes hereunder are unavailable when required for such billing, the unavailable data shall be estimated by Dominion North Carolina Power, based upon historical data. Such billing shall be subject to any required adjustment in a subsequent billing month.

In addition to rights pursuant to Paragraph SIXTH of this Agreement, Operator agrees that Dominion North Carolina Power shall be entitled to withhold sufficient amounts due pursuant to this Agreement to offset (a) any damages to Dominion North Carolina Power resulting from any breach of this Agreement by Operator, and (b) any other amounts Operator owes Dominion North Carolina Power, including amounts arising from sales of electricity by Dominion North Carolina Power to Operator, metering charges and Interconnection Facilities charges.

In no event shall Dominion North Carolina Power be liable to Operator for any Contracted Capacity payments in excess of the amounts contracted for herein, regardless of the ultimate length of this Agreement or revisions to Schedule 19-DRR or successor schedules. Operator hereby agrees to accept the Contracted Capacity payments as set forth herein as its sole and complete compensation for delivery of Contracted Capacity to Dominion North Carolina Power.

X - Force Majeure

Neither Party shall be considered in default under this Agreement or responsible to the other Party in tort, strict liability, contract or other legal theory for damages of any description for any interruption or failure of service or deficiency in the quality or quantity of service or any other failure to perform any of its obligations hereunder to the extent such failure occurs without fault or negligence on the part of that Party and is caused by factors beyond that Party's reasonable control, which by the exercise of reasonable diligence that Party is unable to prevent, avoid, mitigate or overcome, including without limitation storm, flood, lightning, earthquake, explosion, equipment failure, civil disturbance, labor dispute, act of God or public enemy, action or inaction of a court or public authority, fire, sabotage, war, explosion, curtailments, unscheduled withdrawal of facilities from operation for maintenance or repair or any other cause of similar nature beyond the reasonable control of that Party (any such event, "Force Majeure"). Solely economic hardship of either Party shall not constitute Force Majeure under this Agreement. Nor shall anything contained in this paragraph or elsewhere in this Agreement excuse Operator or Dominion North Carolina Power from strict compliance with the obligation of the Parties to comply with the terms of Article IX of this Exhibit B relating to timely payments.

Each Party shall have the obligation to operate in accordance with Good Utility Practice (as defined below) at all times and to use due diligence to overcome and remove any cause of failure to perform.

If a Party relies on the occurrence of an event of Force Majeure described above as a basis for being excused from performance of its obligations under this Agreement, then the Party relying on the Force Majeure event shall:

- a) Provide within forty-eight (48) hours written notice of such Force Majeure event or potential Force Majeure to the other Party, giving an estimate of its expected duration and the probable impact on the performance of its obligations hereunder;
- b) Exercise all reasonable efforts to continue to perform its obligations under this Agreement;
- c) Expeditiously take action to correct or cure the Force Majeure event excusing performance; provided, however, that settlement of strikes or other labor disputes will be completely within the sole discretion of the Party affected by such strike or labor dispute;
- d) Exercise all reasonable efforts to mitigate or limit damages to the other Party; and
- e) Provide prompt notice to the other Party of the cessation of the Force Majeure event giving rise to its excuse from performance. All performance obligations hereunder shall be extended by a period equal to the term of the resultant delay.

If a Party responding to a Force Majeure event has the ability to obtain, for additional expenditures, expedited material deliveries or labor production which would allow a response to the event in a manner that is above and beyond Good Utility Practice, and such a response could shorten the duration of the Force Majeure event, the Party responding to the event may, at its discretion, present the other Party with the option of funding the expenditures for expediting material deliveries or labor production in an effort to reduce the duration of the event and economic hardship. Each such opportunity will be negotiated on a case-by-case basis by the Parties.

For purposes of this Agreement, "Good Utility Practice" shall mean any of the applicable practices, methods, standards, guides or acts: required by any governmental authority, regional or national reliability council, or national trade organization, including NERC, SERC, or the successor of any of them, as they may be amended from time to time whether or not the Party whose conduct is at issue is a member thereof; otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period which in the exercise of reasonable judgment in light of the facts known or that should have been known at the time a decision was made, could have been expected to accomplish the desired result in a manner consistent with law, regulation, good business practices, generation, transmission and distribution reliability, safety, environmental protection, economy and expediency. Good Utility Practice is intended to be acceptable practices, methods, or acts generally accepted in the region, or any other acts or practices as are reasonably necessary to maintain the reliability of the Transmission System (as defined in the Interconnection Agreement), or of the Facility, and is not intended to be limited to the optimum practices, methods, or acts to the exclusion of all others.

EXHIBIT C

Exhibit C is a copy of Schedule 19-DRR based on the DRR Method

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

I. APPLICABILITY AND AVAILABILITY

This schedule is applicable to any qualifying Cogenerator or Small Power Producer (Qualifying Facility) which desires to deliver all of its net electrical output to the Company, and which has either (1) generating facilities designated as new capacity as defined by 18 C.F.R. 292.304(b)(1), or (2) hydroelectric generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a) and enters into an agreement for the sale of net electrical output to the Company (Agreement).

Where the Qualifying Facility (QF) elects to be compensated for firm deliveries in accordance with this schedule, the amount of capacity under contract and the initial term of contract shall be limited as follows:

- A. Where the QF operates hydroelectric generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a), or where the QF operates non-hydroelectric QFs fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass, the amount of capacity subject to compensation shall be no greater than 5,000 kW, and the amount of energy purchased during a given hour at rates applicable to firm deliveries shall be no greater than 5,000 kWh. The initial term of contract for such a QF shall be for a period of 5, 10, or 15 years, at the option of the QF.
- B. Where the QF is not defined under Paragraph I.A., the amount of capacity subject to compensation shall be no greater than 3,000 kW, and the amount of energy purchased during a given hour at rates applicable to firm deliveries shall be no greater than 3,000 kWh. The initial term of contract for such a QF shall be for a period of 5 years.

(Continued)

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

I. APPLICABILITY AND AVAILABILITY (Continued)

Where the QF elects to be compensated for firm or non-firm deliveries in accordance with this schedule, the QF must enter into a contract and begin deliveries to the Company on or before December 31, 2012. Where the QF elects an initial contract term of 10 or more years, such contract may be renewed for subsequent term(s), at the Company's option, based 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.

This schedule is not applicable to a QF owned by a developer, or affiliate of a developer, who sells power to the Company from another facility located within one-half mile unless: 1) each facility provides thermal energy to different, unaffiliated hosts, or 2) each facility provides thermal energy to the same host, and the host has multiple operations with distinctly different or separate thermal needs, or 3) each facility utilizes a renewable resource which may be subject to geographic siting limitations, such as hydroelectric, solar, or wind power facilities.

II. MONTHLY BILLING TO THE QF

All sales to the QF will be in accordance with any applicable filed rate schedule. In addition, where the QF contracts for sales to the Company, the QF will be billed a monthly charge equal to one of the following to cover the cost of meter reading and processing:

<u>Metering required</u>	<u>Charge</u>
One non-time-differentiated meter	\$17.24
One time-differentiated meter	\$35.55
Two time-differentiated meters	\$41.16

(Continued)

Filed 08-16-11
Electric-North Carolina

Superseding Filing Effective For Usage On and
After 07-21-09. This Filing Effective For Usage On
and After 08-26-11.

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

III. DEFINITION OF ON- AND OFF-PEAK HOURS

As referenced in Paragraphs V.C., VI.A., VI.B., and VI.C., On-peak hours are defined as the hours between 7 a.m. and 10 p.m., Mondays through Fridays. Off-peak hours are all hours not defined as On-peak.

IV. CONTRACT OPTIONS FOR DESIGNATING MODE OF OPERATION

The QF shall designate under contract its Mode of Operation from the following options, each of which determines the Company's method of payment.

- A. The QF may contract for the delivery of energy to the Company without reimbursement, designated as the Non-reimbursement Mode of Operation; or,
- B. The QF may contract for the delivery of non-firm energy to the Company (no payment for capacity). This option includes QFs that elect to contract to deliver non-firm energy to the Company on an as-available basis. Where the QF's generation facilities have an aggregate nameplate rating of 100 kW or less the QF may designate the Non-firm, Non-time-differentiated Mode of Operation. Regardless of nameplate rating the QF may designate the Non-firm, Time-differentiated Mode of Operation.
- C. The QF may contract for the delivery of firm energy and capacity to the Company. The level of capacity which the QF contracts to sell to the Company shall not exceed 5,000 kW, where the QF is defined under Paragraph I.A., or 3,000 kW otherwise. This capacity level, in kW, shall be referred to as the Contracted Capacity. When the QF elects to sell firm energy and capacity, the QF shall designate the Firm Mode of Operation.

(Continued)

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

V. PAYMENT FOR COMPANY PURCHASES OF NON-FIRM ENERGY

The QF may contract to receive payment for non-firm energy at rates to be determined with each revision of this schedule. These rates will be based upon the QF's Mode of Operation as described below.

- A. Non-reimbursement Mode of Operation. Where the QF designates the Non-Reimbursement Mode of Operation, no payment will be made for energy delivered.
- B. Non-firm, Non-time-differentiated Mode of Operation. Where the QF's generation facilities have an aggregate nameplate rating of 100 kW or less and the QF designates the Non-firm, Non-time-differentiated Mode of Operation, the following rates in cents per kWh are applicable:

<u>2011</u>	<u>2012</u>
4.741	4.880

- C. Non-firm, Time-differentiated Mode of Operation. Where the QF designates the Non-firm, Time-differentiated Mode of Operation, the following On- and Off-peak rates in cents per kWh are applicable:

	<u>2011</u>	<u>2012</u>
On-peak	5.440	5.606
Off-peak	4.178	4.296

All energy purchase rates will be further increased by 3.0% to account for line losses avoided by the Company, except that upon the effective date of any Schedule 19 that is subsequently amended and approved by the Commission, the line loss percentage applied shall be the percentage stated in the then-current Schedule 19. In lieu of 3.0% or the line loss percentage stated in the then-current Schedule 19, the QF may request that a site specific line loss percentage be determined with the QF bearing the cost of the study required.

(Continued)

Filed 08-16-11

Electric-North Carolina

Superseding Filing Effective For Usage On and
After 07-21-09. This Filing Effective For Usage On
and After 08-26-11.

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VI. PAYMENT FOR COMPANY PURCHASES OF FIRM ENERGY

QFs designating the Firm Mode of Operation will be eligible to receive purchase payments for the delivery of firm energy by the QF to the Company. Where the QF operates generation facilities having an aggregate nameplate rating of 100 kW or less, the QF may contract to receive payments for firm energy based on A., B., or C., below. Otherwise, the QF may contract to receive payments for firm energy based on A. or B., below. Contract terms for 10 or 15 years are available only where the QF is defined under Paragraph I.A.

Any energy delivered during an hour which exceeds the QF's Contracted Capacity will be priced at the rates provided in Paragraph V.C.

- A. The QF may contract to receive payment for firm energy at rates to be determined with each revision of this schedule. These rates in cents per kWh, which reflect the Company's estimated avoided energy cost for the year specified, are as follows:

	<u>2011</u>	<u>2012</u>
On-peak	5.009	5.231
Off-peak	3.846	4.009

- B. As an alternative to Paragraph VI.A., the QF may contract to receive energy purchase payments based on the Company's estimated resource plan used in support of this tariff. From this resource plan, an avoided energy mix will be derived for each year in the plan. These avoided energy mixes will then be levelized to create a mix that will be fixed for the initial term of the QF's contract. A QF contracting for this option will receive a levelized energy mix, as filed and approved in this Docket, that will correspond with the year the QF begins to deliver energy to the Company and the length of the contract between the QF and the Company. With each biennial avoided cost hearing, the Company will file with the North Carolina Utilities Commission its cost estimates for each fuel type, along with On- and Off-peak factors used to derive purchase prices, that will be applicable for the next two calendar years. Once accepted by the Commission, these yearly fuel costs will then be applied to the levelized energy mix in each QF contract to derive the applicable energy purchase prices, using the On- and Off-peak factors, for the next two years.

(Continued)

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VI. PAYMENT FOR COMPANY PURCHASES OF FIRM ENERGY (Continued)

The 2011/2012 energy purchase prices, in cents per kWh, derived using levelized energy mixes for five, ten, and fifteen-year contract terms are as follows:

2011/2012 rates for operation beginning during 2011

Term:	<u>5 years</u>		<u>10 years</u>		<u>15 years</u>	
Year:	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
On-peak:	4.997	5.231	4.911	5.173	4.867	5.131
Off-peak:	3.833	4.013	3.767	3.969	3.734	3.936

2012 rates for operation beginning during 2012

Term:	<u>5 years</u>	<u>10 years</u>	<u>15 years</u>
On-peak:	5.191	5.146	5.113
Off-peak:	3.982	3.948	3.922

Attachments A1, A2 and A3 of this schedule provide examples of how these rates are derived using the levelized energy mix.

- C. Where the QF operates generation facilities having an aggregate nameplate rating of 100 kW or less, the QF may contract to receive payments for the delivery of firm energy based upon levelized prices fixed for the initial term of the QF's contract, as shown below in cents per kWh:

<u>Initial Year of Operation</u>		<u>Contract Length in Years</u>		
		<u>5</u>	<u>10</u>	<u>15</u>
2011	On-Peak	5.271	5.998	6.621
	Off-Peak	4.007	4.633	5.220
2012	On-Peak	5.409	6.332	6.985
	Off-Peak	4.111	4.923	5.539

(Continued)

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VI. PAYMENT FOR COMPANY PURCHASES OF FIRM ENERGY (Continued)

All energy purchase rates will be further increased by 3.0% to account for line losses avoided by the Company, except that upon the effective date of any Schedule 19 that is subsequently amended and approved by the Commission, the line loss percentage applied shall be the percentage stated in the then-current Schedule 19. In lieu of 3.0% or the line loss percentage stated in the then-current Schedule 19, the QF may request that a site specific line loss percentage be determined with the QF bearing the cost of the study required.

VII. PAYMENT FOR COMPANY PURCHASES OF CAPACITY

Company purchases of capacity are applicable only where the QF elects the Firm Mode of Operation. Such QFs shall receive capacity purchase payments based on the applicable levelized capacity purchase price below, in cents per kWh, corresponding to the contract length in years and the year in which the QF begins delivering Contracted Capacity to the Company on a firm basis. Contract terms for 10 or 15 years are available only where the QF is defined under Paragraph I.A.

<u>Length in Years</u>	<u>Initial Year of Operation</u>	
	<u>2011</u>	<u>2012</u>
5	0.379	0.426
10	0.905	1.018
15	1.131	1.216

Payments will be made to the QF beginning with the initial month of its operation, by applying the appropriate levelized capacity purchase price above to all kWh delivered to the Company during each hour, up to the Contracted Capacity. However, in any calendar year the total capacity purchase payments made to the QF shall not exceed the QF's Contracted Capacity, multiplied by 7,446 hours, and further multiplied by the applicable levelized capacity purchase price above. In the QF's beginning and ending year of its contract term, the 7,446 hours referenced above shall be prorated.

(Continued)

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VIII. PROVISIONS FOR COMPANY PURCHASE OF THE QF GENERATION

- A. The QF shall own and be fully responsible for the costs and performance of the QF's:
 - 1. Generating facility in accordance with all applicable laws and governmental agencies having jurisdiction;
 - 2. Control and protective devices as required by the Company on the QF's side of the meter.
- B. Upon request by the Company, the Cogenerator or Small Power Producer must demonstrate that the facility is a Qualifying Facility as defined by PURPA.
- C. Interconnection procedures for the QF's generation interconnection are provided through the Internet at the Company's website;

<http://www.dom.com/dominion-north-carolina-power/customer-service/rates-and-tariffs/pdf/term24.pdf>

IX. MODIFICATION OF RATES AND OTHER PROVISIONS HEREUNDER

The provisions of this schedule, including the rates for purchase of energy and Contracted Capacity by the Company, are subject to modification at any time in the manner prescribed by law, and when so modified, shall supersede the rates and provisions hereof. However, payments to QFs with contracts for a specified term at payments established at the time the obligation is incurred shall remain at the payment levels established in their contract with the exception of the line loss percentage applied which shall be the percentage stated in the then-current Schedule 19.

(Continued)

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

IX. MODIFICATION OF RATES AND OTHER PROVISIONS HEREUNDER (Continued)

If the QF terminates its contract to provide Contracted Capacity on a firm basis to the Company prior to the expiration of the contract term, the QF shall, in addition to other liabilities, be liable to the Company for excess capacity payments. Such excess payments will be calculated by taking the difference between (1) the total capacity payments already made by the Company to the QF and (2) capacity payments calculated based on the levelized capacity purchase price found in Paragraph VII corresponding to the highest term option completed by the QF. These excess payments shall also include interest, from the time such excess payments were made, compounded annually at the rate equal to the Company's most current issue of long-term debt at the time of the contract's effective date.

X. TERM OF CONTRACT

The term of contract shall be such as may be mutually agreed upon but for not less than one year.

(Continued)

ATTACHMENT A1
Schedule 19 - DRRPOWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIESFIRM MODE OF OPERATION
ENERGY PURCHASE PRICES FOR 2011
APPLICABLE TO OFs WITH FIVE YEAR LEVELIZED ENERGY MIX BEGINNING IN 2011

	(1)	(2)	(3)	(4)
Fuel Type	Displaced MWh	Displaced Fuel Mix %	Displaced Plants Heat Rate BTU/kWh	Avoided Energy Costs \$/MBTU x (Col. 3) / 10,000
Fossil Steam:				
Coal	1,618,555	28.97	9,937	4.000¢/kWh = (4.026\$/MBTU x 9,937)/10,000
Oil	14,390	0.26	10,008	12.181¢/kWh = (12.171\$/MBTU x 10,008)/10,000
Natural Gas	814,718	14.58	7,520	3.422¢/kWh = (4.551\$/MBTU x 7,520)/10,000
Comb. Turbine	91,753	1.64	10,813	7.228¢/kWh = (6.685\$/MBTU x 10,813)/10,000
Biomass	27,948	0.50	14,821	4.004¢/kWh = 2.701 \$/MBTU x 14,821/10,000
Pumped Storage	-162,452	-2.91		0.031¢/kWh
Purchase Power/Sale	2,978,885	53.31		4.775¢/kWh
Pumping	203,763	3.65		
150 MW Block	5,587,559			

Weighted Average = Σ (Col. 2 x Col. 4) = 4.353¢/kWh

On-peak Energy Purchase Payment = 4.353 x 1.1480 (On-peak factor) = 4.997¢/kWh

Off-peak Energy Purchase Payment = 4.353 x 0.8806 (Off-peak factor) = 3.833¢/kWh

(Continued)

ATTACHMENT A2
Schedule 19 - DRRPOWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIESFIRM MODE OF OPERATION
ENERGY PURCHASE PRICES FOR 2011
APPLICABLE TO QFs WITH FIVE YEAR LEVELIZED ENERGY MIX BEGINNING IN 2012

Fuel Type	(1) Displaced MWh	(2) Displaced Fuel Mix %	(3) Displaced Plants Heat Rate BTU/kWh	(4) Avoided Energy Costs \$/MBTU x (Col. 3) / 10,000
Fossil Steam:				
Coal	1,618,555	28.97	9,937	4.025¢/kWh = (4.050\$/MBTU x 9,937)/10,000
Oil	14,390	0.26	10,008	13.139¢/kWh = (13.129\$/MBTU x 10,008)/10,000
Natural Gas	814,718	14.58	7,520	4.245¢/kWh = (5.645\$/MBTU x 7,520)/10,000
Comb. Turbine	91,753	1.64	10,813	5.833¢/kWh = (5.395\$/MBTU x 10,813)/10,000
Biomass	27,948	0.50	14,821	4.300¢/kWh = 2.901\$/MBTU x 14,821/10,000
Pumped Storage	-162,452	-2.91		0.031¢/kWh
Purchase Power/Sale	2,978,885	53.31		4.958¢/kWh
Pumping	203,763	3.65		
150 MW Block	-5,587,559			

Weighted Average = Σ (Col. 2 x Col. 4) = 4.557¢/kWh

On-peak Energy Purchase Payment = 4.557 x 1.1480 (On-peak factor) = 5.231¢/kWh

Off-peak Energy Purchase Payment = 4.557 x 0.8806 (Off-peak factor) = 4.013¢/kWh

(Continued)

Filed 08-16-11
Electric-North CarolinaSuperseding Filing Effective For Usage On and
After 07-21-09. This Filing Effective For Usage On
and After 08-26-11.

ATTACHMENT A3

Schedule 19 - DRR

POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

FIRM MODE OF OPERATION
ENERGY PURCHASE PRICES FOR 2012
APPLICABLE TO QFs WITH FIVE YEAR LEVELIZED ENERGY MIX BEGINNING IN 2012

Fuel Type	(1) Displaced MWh	(2) Displaced Fuel Mix %	(3) Displaced Plants Heat Rate BTU/kWh	(4) Avoided Energy Costs \$/MBTU x (Col. 3) / 10,000
Fossil Steam:				
Coal	1,556,312	27.84	9,933	4.023¢/kWh = (4.050\$/MBTU x 9,933)/10,000
Oil	10,346	0.19	9,914	13.016¢/kWh = (13.129\$/MBTU x 9,914)/10,000
Natural Gas	977,537	17.49	7,338	4.142¢/kWh = (5.645\$/MBTU x 7,338)/10,000
Comb. Turbine	88,754	1.59	10,700	5.773¢/kWh = (5.395\$/MBTU x 10,700)/10,000
Biomass	25,275	0.45	14,780	4.288¢/kWh = (2.901\$/MBTU x 14,780)/10,000
Pumped Storage	-166,072	-2.97		0.031¢/kWh
Purchase Power/Sale	2,889,828	51.69		4.958¢/kWh
Pumping	208,639	3.73		
150 MW Block	-5,590,619			

Weighted Average = Σ (Col. 2 x Col. 4) = 4.522¢/kWh

On-peak Energy Purchase Payment = 4.522 x 1.1480 (On-peak factor) = 5.191¢/kWh

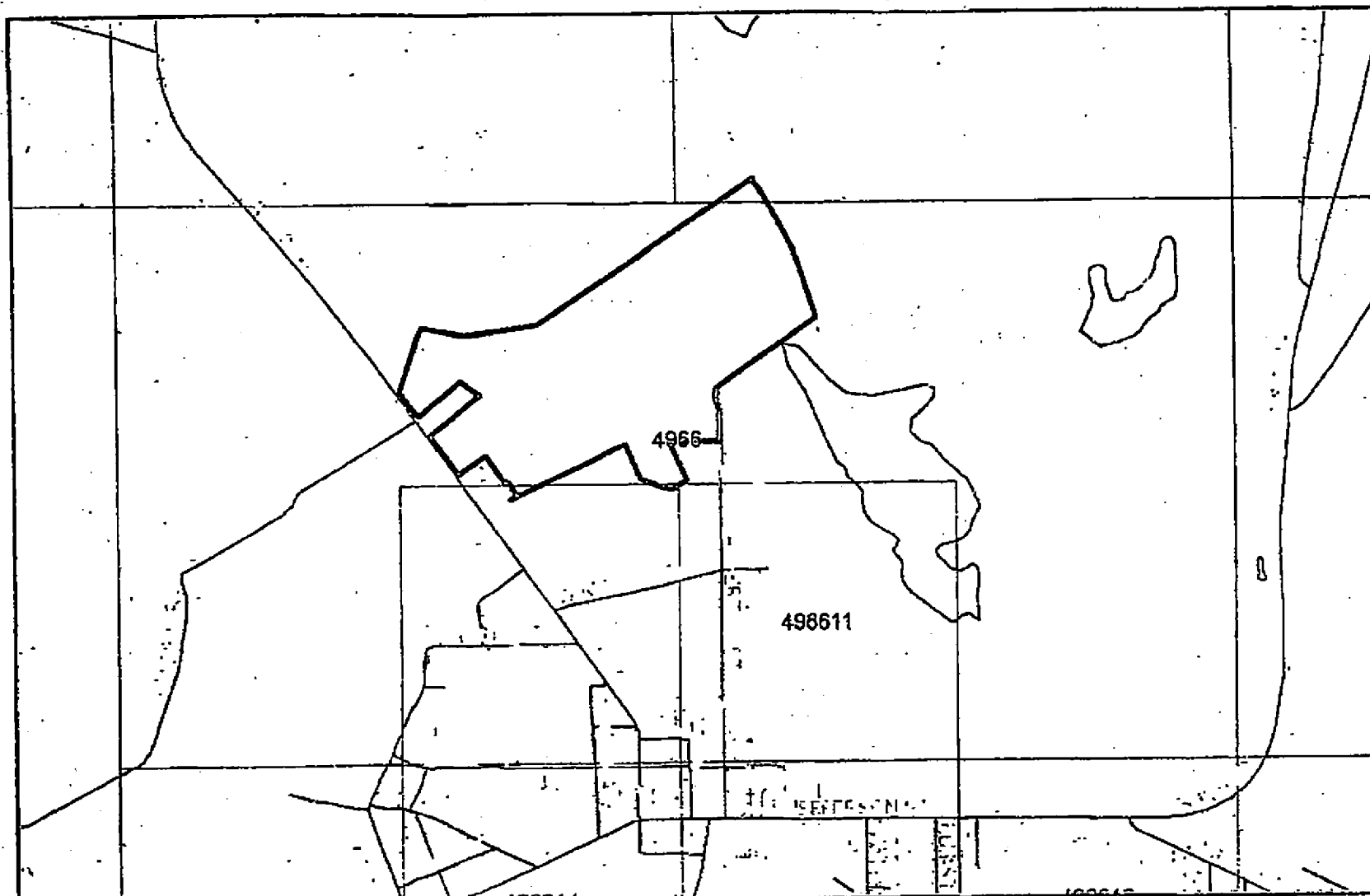
Off-peak Energy Purchase Payment = 4.522 x 0.8806 (Off-peak factor) = 3.982¢/kWh

EXHIBIT D

[Exhibit D is reserved for possible future use]

EXHIBIT E

Exhibit E is a map and written description identifying the specific location of the Facility and is provided by the Operator.



**NORTHAMPTON COUNTY
TAX MAP**



Disclaimer:
The data provided on this map are prepared for the inventory of real property based on the
Northampton County, NC, and are compiled from recorded plans, deeds, and other public records
and data. This data is for informational purposes only and should not be substituted
for a title search, property appraisal, survey, or for zoning verification.

Parcel Number: 0200761
PIN Number: 4966-48-8434
Owner Name: BEASLEY, TERRY ALLEN
Owner Name2: BEASLEY, STEPHANIE GASKINS
Owner Address: 2120 COUNINGTON RD
Owner City: KILL DEVIL HL
Owner State: NC
Owner ZIP: 27948

Parcel Address:
Deed Reference: 944/778
Account: 122408
Deed Acres: 48.89
Tax Value: No Data



One inch = 1166 Feet

EXHIBIT F

Exhibit F is the "Qualifying Facility" Certification to be provided by the Operator.

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In

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Form 556 of Sawmill Solar Portfolio, LLC under QF11-420.

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Electric

Document Type:

Class:	Type:
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QF11-420	000	On Document

Correspondent:

Type	Last Name		MI	Affiliation
AUTHOR	Parker	R	x	510nano, Inc.
AGENT	Parker		x	510nano, Inc.
RECIPIENT	Bose	K	D	Office of the Secretary, FERC

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EXHIBIT G

Exhibit G is the Certificate of Public Convenience and Necessity to be provided by the Operator, or evidence that no such certificate is required under North Carolina law.

510 Development Company, Inc.

OFFICIAL COPY

FILED
AUG 02 2011
Clerk's Office
N.C. Utilities Commission

July 26, 2011

Sp-1244 Sub 0

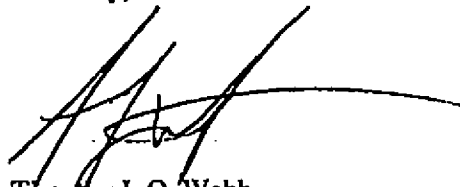
Ms. Renné Vance
Chief Clerk
NC Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4325

Dear Ms. Vance:

510 Development Company, Inc. is submitting a report of the proposed construction of an electric generating facility, Sawmill Solar Portfolio, LLC. Originals, along with 15 copies, are enclosed.

Should you require further information for the application, please call me at 877-510-6266. I look forward to your response.

Sincerely,



Timothy L.O. Webb
President

(M)
AB
Watson
Green
Encson
Jones
Hodge
Z (leg)
Z Elec

FILED

AUG 02 2011

Clerk's Office
N.C. Utilities Commission**Application to Register a Renewable Energy Facility or New Renewable Energy Facility Pursuant to Rule R8-66**

(Applicants should consult Rule R8-66 while completing this form in order to ensure they provide sufficient information.)

Sp-1244 Sub 0

Facility name:	Sawmill Solar Portfolio
Full and correct name of the owner of the facility:	Sawmill Solar Portfolio, LLC
Business address:	1101 30 th Street, NW, Suite 510 Washington, DC 20007
Electronic mailing address:	Valjeanne.Estes@510nano.com
Telephone number:	877-510-6266
Owner's agent for purposes of this application, if applicable:	510 Development Company, Inc.
Agent's business address:	1101 30 th Street, NW, Suite 510 Washington, DC 20007
Agent's electronic mailing address:	<u>Valjeanne.Estes@510nano.com</u>
Agent's telephone number:	877-510-6266
The owner is:	<input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation (including LLC)
If a corporation, state and date of incorporation.	State <u>NC</u> Date <u>June 8, 2011</u>

If a corporation that is incorporated outside of North Carolina, is it domesticated in North Carolina?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If a partnership, the name and business address of each general partner. (Add additional sheets if necessary.)	
Nature of the renewable energy facility:	
1. Describe the facility, including its technology, and the source of its power and fuel(s). Thermal facilities should describe how its host uses the facility's thermal energy output. (Add additional sheets if necessary.)	See Attached
2. Whether it produces electricity, useful thermal energy, or both.	The solar array produces electricity only.
3. Nameplate capacity in kW/MW (AC) and/or maximum Btu per hour for thermal facilities.	The nameplate capacity is 1.8MW (AC).


<p>The location of the facility set forth in terms of local highways, streets, rivers, streams, or other generally known local landmarks. Attach a map, such as a county road map, with the location indicated on the map.</p>	<p>The facility is located in Jackson, NC, in Northampton County. It is bordered by NC Highway 305 (N. Church Street), W. Anderton Street, and Atherton Street. See attached exhibit.</p>
<p>Site ownership:</p>	
<p>1. Is the site owner other than the facility owner? If yes, who is the site owner?</p>	<p>Terry and Stephanie Beasley</p>
<p>2. What is the facility owner's legal interest in the site?</p>	<p>The facility owner currently has entered into a lease with an option to purchase the property from the site owner.</p>
<p>List the approvals that are required to build and/or operate this facility, and attach copies of those that have been obtained. Wind facilities with multiple turbines, where each turbine is licensed separately, may provide copies of approvals for one such turbine but shall add an attestation that approvals for all of the turbines are available for inspection.</p>	
<p>1. Federal permits and licenses:</p>	<p>Qualifying Facility certification from the Federal Energy Regulatory Commission – Obtained</p>
<p>2. State permits and licenses:</p>	<p>Construction Permit – Not applied for Electrical Permit – Not applied for Conditional Use Permit – Not applied for Interconnection Request to Dominion NC Power – Not applied for</p>
<p>3. Exemptions required for construction and operation of the facility:</p>	<p>None</p>
<p>4. Statement of whether each has been obtained or applied for (attach copy of those that have been obtained with this application):</p>	<p>See attached FERC certification</p>

If the facility has been placed into service, on what date did the facility begin operating?	
If the facility is not yet operating, on what date is the facility projected to be placed into service?	December 31, 2012
If the facility is already operating, what is the amount of energy produced by the facility, net of station use, for the most recent 12-month or calendar-year period? Energy production data for a shorter time period is acceptable for facilities that have not yet operated for a full year.	
What entity does (or will) read the facility's energy production meter(s) for the purpose of issuing renewable energy certificates?	Dominion North Carolina Power
For thermal energy facilities, describe the method to be used to determine the facility's thermal energy production, in BTUs, that is eligible for REC issuance.	
Does the facility participate in a REC tracking system and if so, which one? If not, which tracking system will the facility participate in for the purpose of REC issuance?	The facility will participate in the PJM GATS and NC-RETS for the purpose of REC issuance.
If this facility has already been the subject of a proceeding or submittal before the Commission,	

such as a Report of Proposed Construction or a Certificate of Public Convenience and Necessity, please provide the Commission Docket Number, if available.

The owner of the renewable energy facility shall provide the following attestations, signed and notarized:

1. ☒ Yes ☐ No I certify that the facility is in substantial compliance with all federal and state laws, regulations, and rules for the protection of the environment and conservation of natural resources.
2. ☒ Yes ☐ No I certify that the facility satisfies the requirements of G.S. 62-133.8(a)(5) or (7) as a:
 renewable energy facility, or
 X new renewable energy facility,
and that the facility will be operated as a:
 renewable energy facility, or
 X new renewable energy facility.
3. ☒ Yes ☐ No I certify that 1) my organization is not simultaneously under contract with NC GreenPower to sell our RECs emanating from the same electricity production being tracked in NC-RETS; and 2) any renewable energy certificates (whether or not bundled with electric power) sold to an electric power supplier to comply with G.S. 62-133.8 have not, and will not, be remarketed or otherwise resold for any other purpose, including another renewable energy portfolio standard or voluntary purchase of renewable energy certificates in North Carolina (such as NC GreenPower) or any other state or country, and that the electric power associated with the certificates will not be offered or sold with any representation that the power is bundled with renewable energy certificates.
4. ☒ Yes ☐ No I certify that I consent to the auditing of my organization's books and records by the Public Staff insofar as those records relate to transactions with North Carolina electric power suppliers, and agree to provide the Public Staff and the Commission access to our books and records, wherever they are located, and to the facility.
5. ☒ Yes ☐ No I certify that the information provided is true and correct for all years that the facility has earned RECs for compliance with G.S. 62-133.8.
6. ☒ Yes ☐ No I certify that I am the owner of the renewable energy facility or am duly authorized to act on behalf of the owner for the purpose of this filing.


(Signature)
Timothy L. O. Webb
(Name - Printed or Typed)

President
(Title)
7-27-11
(Date)

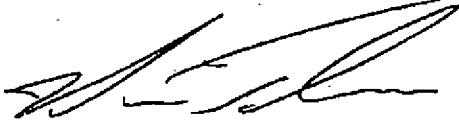
VERIFICATION

District
STATE OF Columbia COUNTY OF _____

Timothy Webb, personally appeared before me this day and, being first duly sworn, says that the facts stated in the foregoing application and any exhibits, documents, and statements thereto attached are true as he or she believes.

WITNESS my hand and notarial seal, this 27 day of July, 2011.

My Commission Expires: 09/30/2015



Signature of Notary Public

BRIAN THOMPSON
Notary Public, District of Columbia
My Commission Expires Sept 30, 2015

Name of Notary Public – Typed or Printed

The name of the person who completes and signs the application must be typed or printed by the notary in the space provided in the verification. The notary's name must be typed or printed below the notary's seal. This original verification must be affixed to the original application, and a copy of this verification must be affixed to each of the 15 copies that are also submitted to the Commission.

A description of the buildings, structures, and equipment comprising the generating facility and the manner of its operation;

The proposed facility is a fixed ground array of crystalline photovoltaic panels with a total nameplate rating 1.8 megawatts AC.

The total number of panels will be approximately 8,064 and the array will take up an area of approximately seven acres.

The panels will be connected to four inverters, three rated at 500 kilowatts and one rated at 300 kilowatts.

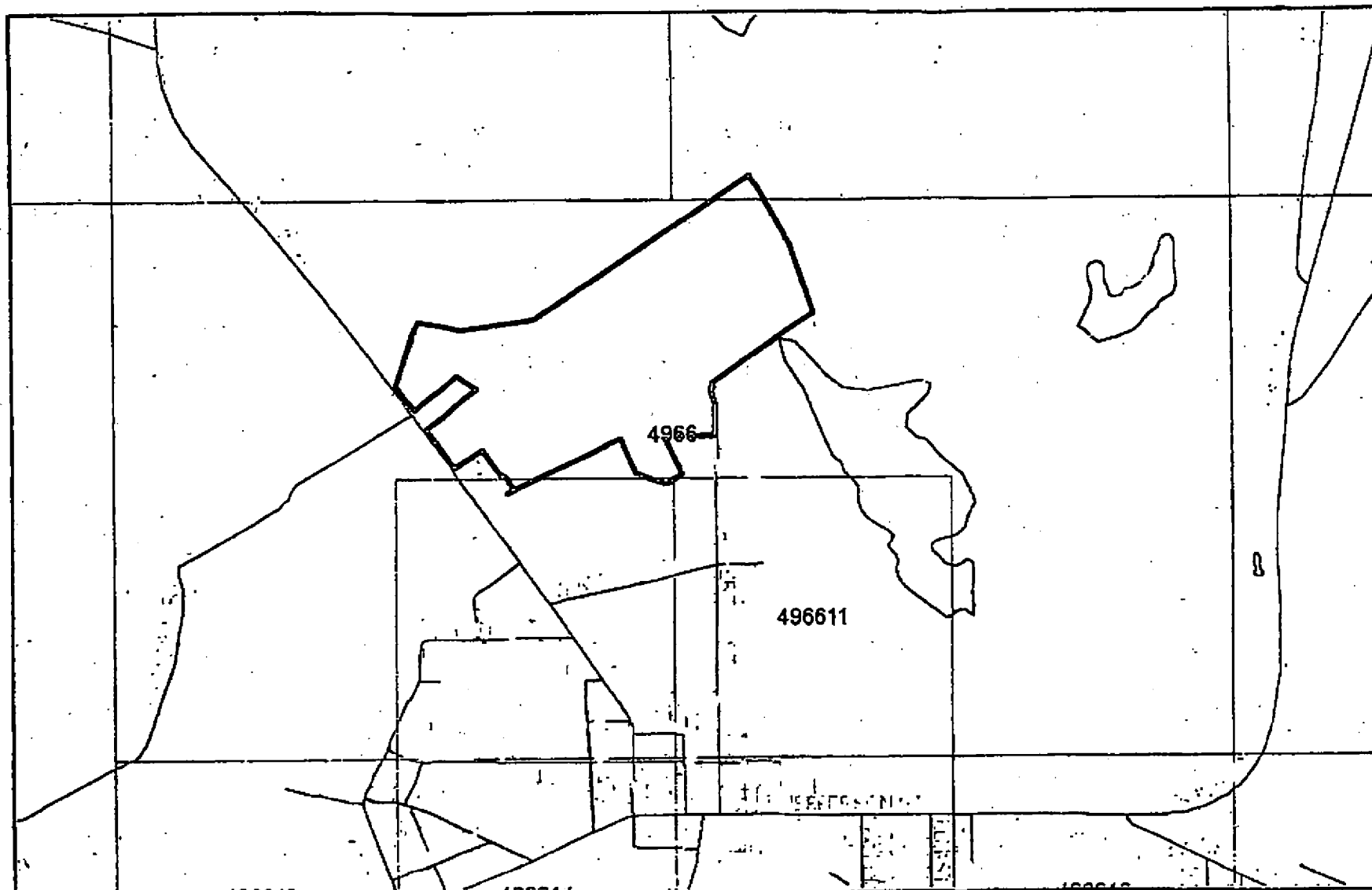
The output will vary with solar irradiation and ambient temperature, but will never exceed 97% of the nameplate rating of the panels.

The output voltage will match by means of step-up transformers the medium voltage of the local utility.

This will be a grid-interactive solar photovoltaic array. It will act as a current source whose frequency and voltage follow that of the adjacent grid. In the event of a grid power outage it will not produce any electrical output.

Electrical production will be monitored using revenue grade performance monitoring and reporting via an Internet connection.

All of the equipment will meet UL 1741 and any other mandatory safety standards. The equipment will be selected from the approved equipment list maintained by the California Energy Commission.



**NORTHAMPTON COUNTY
TAX MAP**



Disclaimer:
The data provided on this map are prepared for the inventory of real property located within
Northampton County, NC and are compiled from recorded plans, deeds, and other public records
and data. This data is for informational purposes only and should not be substituted
for a title life search, property appraisal, survey, or for zoning verification.

Parcel Number: 0200761
PIN Number: 4868-48-8434
Owner Name: BEASLEY, TERRY ALLEN
Owner Name2: BEASLEY, STEPHANIE GASKINS
Owner Address: 2120 COLINGTON RD
Owner City: KILL DEVIL HL
Owner State: NC
Owner ZIP: 27948

Parcel Address:
Deed Reference: 944/778
Account: 122408
Deed Acres: 46.88
Tax Value: No Data



One inch = 1168 Feet

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Form 558 of Sawmill Solar Portfolio, LLC under QF11-420.

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Application/Petition/Request	Qualifying Facility Application or PURPA Energy Utility Filing

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Correspondent:

Type	Last Name	FI	MI	Affiliation
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AGENT	Parker		x	510nano, Inc.
RECIPIENT	Bose		D	Office of the Secretary, FERC

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**AMENDMENT NO. 5
TO THE
THIRD AMENDED AND RESTATED AGREEMENT**

This AMENDMENT NO. 5 TO THE THIRD AMENDED AND RESTATED AGREEMENT (this "Amendment") is entered into as of this 26th day of October, 2011 between RockTenn CP, LLC, a Delaware limited liability company, as successor-in-interest by merger to Smurfit-Stone Container Corporation ("RockTenn"), and VIRGINIA ELECTRIC AND POWER COMPANY, a Virginia public service corporation ("Dominion Virginia Power") (each a "Party" and collectively, the "Parties").

WHEREAS, Smurfit-Stone Container Corporation and Dominion Virginia Power entered into a Third Amended and Restated Agreement dated as of October 25, 2004, which was amended as of October 23, 2008, as of February 25, 2009, as of October 26, 2009, and as of October 26, 2010 (collectively the "Agreement");

WHEREAS, the Agreement's term expires on October 26, 2011;

WHEREAS, the Parties desire to extend the term of the Agreement and to amend certain other provisions as described in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants and other good and valuable consideration described herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Definitions. Unless otherwise defined in this Amendment, all capitalized terms shall have the meanings given to them in the Agreement.
2. Effective Date. This Amendment shall be effective as of October 26, 2011.
3. Term. The term of the Agreement shall be extended until October 26, 2012, unless earlier terminated in accordance with the terms of the Agreement.
4. Amendment. Section 4.3(a) of the Agreement is hereby deleted in its entirety and replaced with the following:

"(a) For Net Electrical Output delivered to Dominion Virginia Power, Dominion Virginia Power shall pay RockTenn the Energy NEO/Capacity Payment Rate, which shall be equal to the sum of (i) the energy rate of ninety-five percent (95%) of the PJM hourly Day-Ahead Dominion Zone Locational Marginal Pricing, and (ii) the capacity rate of (y) Two Hundred and One Dollars and Thirty Four Cents (\$201.34) per day from October 26, 2011 through May

**AMENDMENT AND FIFTH RESTATEMENT OF THE
OPERATING AGREEMENT
BETWEEN
MEADWESTVACO VIRGINIA CORPORATION
AND
VIRGINIA ELECTRIC AND POWER COMPANY**

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**AMENDMENT AND FIFTH RESTATEMENT OF THE
OPERATING AGREEMENT
BETWEEN
MEADWESTVACO VIRGINIA CORPORATION
AND
VIRGINIA ELECTRIC AND POWER COMPANY**

THIS AMENDMENT AND FIFTH RESTATEMENT, which includes Exhibit A attached hereto, of the OPERATING AGREEMENT BETWEEN MEADWESTVACO VIRGINIA CORPORATION AND VIRGINIA ELECTRIC AND POWER COMPANY dated November 3, 1982, is entered into effective as of the 1st day of January, 2011 (the "Effective Date"), by and between MEADWESTVACO VIRGINIA CORPORATION, a corporation formerly known as Westvaco Corporation and organized and existing under the laws of Delaware ("MeadWestvaco Virginia Corporation") and VIRGINIA ELECTRIC AND POWER COMPANY, a corporation organized and existing under the laws of the Commonwealth of Virginia ("Dominion Virginia Power") (this "Agreement").

WHEREAS, MeadWestvaco Virginia Corporation owns and operates a Qualifying Facility located within Dominion Virginia Power's certificated retail service area in Covington, Virginia, with a current interconnected and generating capacity of between 48,000 kW and 96,500 kW (the "Facility");

WHEREAS, MeadWestvaco Virginia Corporation plans an expansion of the capacity at such Facility;

WHEREAS, MeadWestvaco Virginia Corporation wishes to sell all or a portion of the Qualifying Facility's output to Dominion Virginia Power and purchase all or a portion of its electrical needs from Dominion Virginia Power on any applicable Dominion Virginia Power rate schedule selected by MeadWestvaco Virginia Corporation;

WHEREAS, MeadWestvaco Virginia Corporation and Dominion Virginia Power agree to further amend and restate this Agreement to, among other things, modify the term of this Agreement pursuant to Article III – Term of Agreement hereof and modify the payment terms between the Parties for the sale of power pursuant to Article V – Sale of Power to Dominion Virginia Power;

WHEREAS, Dominion Virginia Power wishes to purchase the Net Electrical Output generated by the Facility from MeadWestvaco Virginia Corporation.

NOW, THEREFORE, in consideration of these premises and of the mutual covenants and agreements hereinafter set forth, MeadWestvaco Virginia Corporation and Dominion Virginia Power agree to the following:

ARTICLE I DEFINITIONS

"Agreement" means this Amendment and Fifth Restatement of the Operating Agreement.

"Agreement for Electric Service" has the meaning given in Section 4.8 of this Agreement.

"Billing Period" means a single month's billing period, i.e. the approximately thirty (30) day period between monthly meter readings; the beginning reading typically occurs with a meter reading in the last week of the month prior to the named calendar

month, and the end of which typically occurs in the last week of the named calendar month. For example, the "June Billing Period" shall be the period between a meter reading in late May and a meter reading in late June. These readings are typically done approximately every thirty (30) days according to a schedule for the readings designating the anticipated date of such readings that is issued and revised from time to time by Dominion Virginia Power.

"Billing Year" means consecutive increments of twelve (12) consecutive Billing Periods that start with the first Billing Period of Phase 2.

"Breach" means the failure of Dominion Virginia Power or of MeadWestvaco Virginia Corporation to meet any of its obligations under this Agreement.

"Day Ahead Covington LMP" means the simple average of the PJM hourly locational marginal price announced by PJM for the three WESTVAC4 nodes (Pnode IDs 34886901, 34886903 and 34886905) in the hourly day-ahead market.

"Dependable Capacity" means the minimum capacity, measured in kilowatts, that is provided by MeadWestvaco Virginia Corporation to Dominion Virginia Power during On-Peak Hours and that has sufficient reliability to permit Dominion Virginia Power to forego either generation from its own units, construction of new generating units, or power purchases. The Dependable Capacity on the Effective Date is 70,000 kW. During Phase 1, upon thirty (30) days prior written notice to Dominion Virginia Power (but not more than once in a 12 month period), MeadWestvaco Virginia Corporation may change the Dependable Capacity level to any level from 48,000 kW to and including 96,500 kW. During Phase 2, MeadWestvaco Virginia Corporation may declare any Dependable Capacity level, in increments of 5000 kW, from 75,000 kW to and including

115,000 kW, or in increments of 1000 kW to any level from 48,000 kW to 74,000 kW, or from 116,000 kW to and including 140,000 kW. At least one Billing Period prior to the start of Phase 2, MWV will provide notice to Dominion Virginia Power of the initial Phase 2 Dependable Capacity level. Within the first Billing Year of Phase 2 only, MeadWestvaco Virginia Corporation may change the Dependable Capacity level one (1) additional time, in accordance with Phase 2 capacity levels described above. Beginning with the second Billing Period of Phase 2, and upon one Billing Period prior written notice to Dominion Virginia Power (but not more than once in a 12 month period), MeadWestvaco Virginia Corporation may change the Dependable Capacity level in accordance with capacity levels described above.

"Dispatch" means the ability of Dominion Virginia Power to schedule and control, directly or indirectly, the Net Electrical Output of the Facility for delivery to the PJM system.

"Effective Date" is the date identified in the preamble to this Agreement.

"Electrical Requirements" represents the total 60 Hz energy requirements at the Covington mill site (mill load) and is determined by the algebraically totalized sum of (i) MeadWestvaco Virginia Corporation's Net Electrical Output readings from the Dominion Virginia Power meters at the Facility plus (ii) the readings of the Dominion Virginia Power retail meters measuring electrical energy from the PJM grid, minus (iii) the readings of the Dominion Virginia Power reverse flow meters (flow to PJM grid) located at the substations serving the MeadWestvaco Virginia Corporation Covington mill site as shown in Exhibit A.

"Facility" is MeadWestvaco Virginia Corporation's Qualifying Facility located within Dominion Virginia Power's certificated retail service area in Covington, Virginia, with a current interconnected and generating capacity of between 48,000 kW and 96,500 kW during Phase 1, and between 48,000 kW and 140,000 kW during Phase 2.

"GS-4" means Dominion Virginia Power's rate Schedule GS-4 – Large General Service Primary Voltage effective 05-01-10 and as may be changed or modified from time to time.

"Interconnection" means the construction, installation and maintenance of all Interconnection Facilities required for Dominion Virginia Power to receive energy and/or capacity from the Facility.

"Interconnection Costs" means the reasonable costs of connection, switching, metering, transmission, distribution, safety equipment and administrative costs incurred by Dominion Virginia Power or PJM directly related to the construction, installation and maintenance of Interconnection Facilities or rearrangement thereof to the extent such costs are in excess of the corresponding costs which Dominion Virginia Power would have incurred if it had not engaged in interconnected operations.

"Interconnection Facilities" means all reasonable facilities installed for the purpose of Interconnection of MeadWestvaco Virginia Corporation's system to Dominion Virginia Power's and PJM's systems, including, but not limited to, metering equipment, transmission and distribution lines and equipment, transformers and associated equipment, relay and switch equipment and safety equipment.

"Interconnection Point" means the physical points at which connection is made between MeadWestvaco Virginia Corporation's facilities and Dominion Virginia Power's and PJM's facilities as shown in Exhibit A.

"Monthly Composite Price" has the meaning set forth in Section 5.2(a).

"Net Electrical Output" ("NEO") means the 60 Hz electric power generated by MeadWestvaco Virginia Corporation as metered at the output of the Facility.

"On-Peak Hours" means the hours between 7:00 a.m. and 10:00 p.m., Monday through Friday, unless varied by mutual agreement of the Parties.

"Parties" means MeadWestvaco Virginia Corporation and Dominion Virginia Power.

"Phase 1" means the period beginning with the Effective Date and ending on the last day of the Billing Period in which MeadWestvaco Virginia Corporation (a) completes construction and commences operation of the expanded capacity at the Facility referenced in the second "Whereas" statement of this Agreement, estimated to be the August 2013 Billing Period, and (b) has provided proper notice designating a revised Dependable Capacity level inclusive of the expanded capacity.

"Phase 2" means the period beginning with the first Billing Period after the end of Phase 1 and ending on the Termination Date.

"PJM" means PJM Interconnection LLC or its successor.

"PJM Interconnection Agreements" means the PJM Interconnection Service Agreement and the PJM Interconnection Construction Service Agreement entered into between PJM, the MeadWestvaco Virginia Corporation and Dominion Virginia Power expected to be executed by the second quarter of 2012 and as amended from time to time.

"Prudent Industry Standards" means the practices, methods and equipment required to protect Dominion Virginia Power's system, employees, agents and customers from malfunctions occurring at the Facility and to protect the Facility, employees and agents from malfunctions occurring on Dominion Virginia Power's system or on the system of others to which Dominion Virginia Power is directly or indirectly connected.

"Qualifying Facility" means a Cogeneration facility or a small power production facility which is a Qualifying Facility under Subpart B of Subchapter K, Part 292 of Chapter I, Title 18, Code of Federal Regulations, promulgated by the Federal Energy Regulatory Commission (FERC).

"Termination" means the cessation of a contractual relationship between Dominion Virginia Power and MeadWestvaco Virginia Corporation for the sale of power.

"Termination Date" means the later of the tenth anniversary of the end of Phase 1, or the end of the 12th Billing Period following a written Termination notice tendered by either party under Section 3.3.

ARTICLE II CONDITIONS AND EFFECTIVENESS

2.1 MeadWestvaco Virginia Corporation agrees:

That the Facility is located within Dominion Virginia Power's retail service territory as certified by the State Corporation Commission of Virginia (SCC).

That MeadWestvaco Virginia Corporation has obtained, and will maintain in effect, all necessary licenses, permits and approvals for the ownership, construction, operation and maintenance of its Facility and for sale of power from its Facility from the

FERC and from any and all other state and local commissions and authorities with jurisdiction over MeadWestvaco Virginia Corporation and/or the Facility.

ARTICLE III TERM OF AGREEMENT

3.1 Term. The Term of this Agreement begins with the Effective Date and shall continue in effect until the Termination Date.

3.2 [Not Used].

3.3 Automatic Extensions. Commencing with the end of the 10th Billing Year after the start of Phase 2, this Agreement shall automatically extend annually unless either Party provides written notice of Termination at least twelve (12) full Billing Periods prior to the then applicable Termination Date. If neither Party provides such Termination notice, the Agreement automatically renews on a month-to-month basis. From this point forward, the Agreement can only be terminated by Termination notice provided at least twelve (12) full Billing Periods prior to the applicable Termination Date. This extension protocol shall continue indefinitely, subject to Termination notices in accordance with this Article III – Term of Agreement.

3.4 Trigger for Termination. In addition to termination rights described above, MeadWestvaco Virginia Corporation can give an effective Termination, with a written notice of Termination of at least two (2) full Billing Periods, if, after the Effective Date, a subsequent statutory or regulatory change occurs which has the effect of designating the Facility as a “utility unit” (or similar terminology) subject to additional requirements as a result of such designation, and which materially adversely affects the economics of the sale of power from or operation of the Facility.

ARTICLE IV INTERCONNECTION AND DECLARATION OF AUTHORITY

4.1 Interconnection. The Parties expect that any Interconnection Costs incurred as a result of the requirement for MeadWestvaco Virginia Corporation to go through the PJM interconnection process resulting from the Phase 2 expansion of generating capacity at the MeadWestvaco Virginia Corporation Covington mill site will be addressed in the PJM Interconnection Agreements. Upon execution of the PJM Interconnection Agreements, there may be revisions to the excess facilities fees that are currently included in the Agreement for Electric Service that reflect that certain costs currently recovered via the Agreement for Electric Service may be prospectively recovered through the PJM Interconnection Agreements.

4.2 Diagram. The Interconnection and Interconnection Point are as shown in Exhibit A.

4.3 MeadWestvaco Virginia Corporation's Facilities. MeadWestvaco Virginia Corporation shall be responsible for the maintenance and ownership of all Interconnection Facilities on its side of the Interconnection Point, excluding metering equipment owned by Dominion Virginia Power.

4.4 Dominion Virginia Power's Facilities. Dominion Virginia Power shall be responsible for the maintenance and ownership of all Interconnection Facilities on its side of the Interconnection Point, and for the maintenance of Company owned metering facilities on MeadWestvaco Virginia Corporation's side of the Interconnection Point.

4.5 Safety Devices. MeadWestvaco Virginia Corporation shall provide, at its expense, all safety devices reasonably required by Dominion Virginia Power in accordance with Prudent Industry Standards and good engineering practice for parallel

operation. Dominion Virginia Power reserves the right to reasonably modify or expand its requirements for protective devices in accordance with advancements in electrical or mechanical technology.

4.6 Changes to the Electric System. MeadWestvaco Virginia Corporation shall notify Dominion Virginia Power in advance, and Dominion Virginia Power shall notify MeadWestvaco Virginia Corporation in advance of any changes in their respective electric systems which will affect the proper coordination of protective devices on the two electric systems.

4.7 Changes to Interconnection Facilities. In the event it becomes necessary for Dominion Virginia Power to alter, add to, or rearrange Dominion Virginia Power owned Interconnection Facilities as a result of a change in MeadWestvaco Virginia Corporation's system, MeadWestvaco Virginia Corporation shall be notified in advance of the reasonable costs of such work and shall pay to Dominion Virginia Power or PJM the additional Interconnection Costs incurred by Dominion Virginia Power. Any such alterations, additions, or rearrangement shall be made in accordance with Prudent Industry Standards and good engineering practice.

4.8 Other Agreement. MeadWestvaco Virginia Corporation will not be charged for any future Interconnection Facilities or costs under this Agreement that are provided for in the Agreement for Electric Service dated September 1, 2004, or any successor Agreement, under which MeadWestvaco Virginia Corporation purchases power from Dominion Virginia Power ("Agreement for Electric Service"). Under this Agreement, MeadWestvaco Virginia Corporation has been charged and has paid for the Interconnection Costs that Dominion Virginia Power incurred prior to the Effective Date

hereof. Any future charges for changes to Interconnection Facilities shall be invoiced and paid pursuant to the PJM Interconnection Agreements.

4.9 PJM Study and DOA. Any MeadWestvaco Virginia Corporation study in the PJM interconnection study process, and execution of PJM Interconnections Agreements, should not be construed as any intention by MeadWestvaco Virginia Corporation to participate in PJM's wholesale energy markets with generation. Further, the parties agree to execute a PJM Declaration of Authority (DOA), authorizing Dominion Virginia Power to represent the Facility in all operational aspects with PJM to facilitate the provisions of this Agreement only, and to remain in effect only so long as this Agreement is in effect. Such DOA will not authorize Dominion Virginia Power to impose any requirements upon MeadWestvaco Virginia Corporation that are not specified in this Agreement.

ARTICLE V SALE OF POWER TO DOMINION VIRGINIA POWER

5.1 Purchase and Sale. MeadWestvaco Virginia Corporation agrees to sell and Dominion Virginia Power agrees to purchase from MeadWestvaco Virginia Corporation the Net Electrical Output including variable operations and maintenance, line loss, and Dependable Capacity, of the Facility. This Agreement will remain as a simultaneous buy all/sell all arrangement through the Termination Date.

5.2 NEO Pricing

(a) General. Beginning with the Effective Date and continuing until the Termination Date, Dominion Virginia Power shall pay MeadWestvaco Virginia Corporation a single price for NEO, Dependable Capacity, variable operation and maintenance costs, and transmission losses (the "Monthly Composite Price") for all Net

Electrical Output. The Monthly Composite Price (\$/kWh rounded to 6 places, i.e. \$0.000000) shall be calculated each billing month.

(b) Phase 1 NEO Pricing. The price for NEO in Phase 1 is equal to 96% of the total cost of power for Electrical Requirements purchased by MeadWestvaco Virginia Corporation from Dominion Virginia Power divided by the total kilowatt-hours for Electrical Requirements purchased by MeadWestvaco Virginia Corporation from Dominion Virginia Power for the billing month. The total cost of such power shall include all the billing components and applicable riders from the applicable retail rate schedule (as of the Effective Date, the applicable rate schedule is GS-4).

(c) Phase 2 NEO Pricing. During Phase 2, for all NEO up to 5 MWh above the Electrical Requirements (60 cycle purchases) as determined on an hourly basis, the price shall be calculated the same way as for Phase 1 in Section 5.2 (b) above. The hourly price paid by Dominion Virginia Power for all NEO in excess of 5 MWh above power purchased by the MeadWestvaco Virginia Corporation from Dominion Virginia Power will be at a rate of 98% of the hourly Day Ahead Covington LMP for the applicable hour.

(d) Other Price Components. In the event gross receipts, other taxes and any other cost component currently embedded in such Dominion Virginia Power retail rate schedules are unbundled from the applicable retail rate schedules and are collected from MeadWestvaco Virginia Corporation either separately by Dominion Virginia Power or by an entity other than Dominion Virginia Power, such taxes and other cost components will be included in the calculation of the total cost for purposes of determining the Monthly Composite Price to be paid by Dominion Virginia Power to MeadWestvaco Virginia Corporation for the Net Electrical Output sold by MeadWestvaco Virginia Corporation

under this Agreement. At no time shall excess facilities charges and Alleghany County local utility tax paid by MeadWestvaco Virginia Corporation be included in the cost of power purchased by MeadWestvaco Virginia Corporation for the purpose of determining the Monthly Composite Price.

5.3 Monthly Fixed Capacity Payment.

(a) During Phase 1: In addition to the payments for NEO, Dominion Virginia Power shall pay MeadWestvaco Virginia Corporation a monthly fixed payment for Dependable Capacity of \$100,000.00 (the "Monthly Fixed Capacity Payment" or "MFCP").

(b) During Phase 2: Dominion commits to purchasing any Dependable Capacity from 48,000 kW to 140,000 kW, inclusive. The MFCP rate will be calculated in two parts, depending on the Dependable Capacity level, as follows:

(i) For Dependable Capacity from 48,000 kW up to 115,000 kW, the MFCP for the first Billing Year of Phase 2 will be at the rate shown on the following table:

<u>Dependable Capacity kW</u>	<u>Billing Year 1 MFCP</u>
115,000	\$300,000
110,000	\$287,000
105,000	\$274,000
100,000	\$261,000
95,000	\$248,000
90,000	\$235,000
85,000	\$222,000
80,000	\$209,000
75,000	\$196,000
48,000 - 74,000	\$100,000

In each succeeding Billing Year of Phase 2, the MFCP rates in the table above will escalate by 3%, through the end of the 10th Billing Year. However, if in any year, the % change in the two most recent U.S. GDP implicit price deflator indices is either less than 2% or greater than 4%, the capacity escalator for that year shall be equal to the actual % change in the GDP implicit price deflator index, rounded to 1 decimal point. As an example, if Phase 2 begins with the October 2013 Billing Period, and Dependable Capacity is 115,000 kW, then the MFCP for Billing Year 1 (October 2013 through September 2014 Billing Periods) will be \$300,000. If the GDP implicit price deflator indices for 2012 and 2013 are 110.408 and 114.924, respectively, the % change would be $(114.924 - 110.408)/110.408 = 4.1\%$. Because 4.1% is greater than the 4% upper band, the MFCP for Billing Year 2 would escalate by 4.1%, yielding an MFCP of $\$300,000 \times 1.041 = \$312,300$. Beginning in the 11th Billing Year of Phase 2, payments for Dependable Capacity up to the first 115,000 kW will no longer be escalated, and will continue at the rate paid in Billing Year 10.

(ii) For Dependable Capacity from 116,000 kW to 140,000 kW, if any, the MFCP for the first 115,000 kW will be paid as described in Section 5.3(b)(i) above. For each incremental 1,000 kW above 115,000 kW, Dominion Virginia Power will pay an additional MFCP calculated at a rate of 98% of the current month's PJM Reliability Pricing Model (RPM) Base Residual Auction (BRA) price applicable to the Dominion Zone, or its successor should PJM revise the capacity market.

5.4. [Not Used]

5.5 [Not Used]

5.6 Adjustment of Monthly Fixed Capacity Payment. The Parties agree that the Monthly Fixed Capacity Payment shall be adjusted for availability as follows. MeadWestvaco Virginia Corporation agrees that in order to retain the full payments as set forth in Section 5.3, MeadWestvaco Virginia Corporation must sell to Dominion Virginia Power during the Dependable Capacity Performance Period (as defined in this Section) a total of On-Peak kilowatt hours at least equivalent to the Dependable Capacity (designated by MeadWestvaco Virginia Corporation) times 80% of the On-Peak Hours during such period; provided that:

(i) the "Dependable Capacity Performance Period" shall be defined as either the 12-month period beginning with the June Billing Period and ending with the following May Billing Period or, if this Agreement is terminated prior to the end of such 12-month period, the most recent 12 months;

(ii) for purposes of making the Dependable Capacity Performance Period calculation pursuant to this Section 5.6 only, in the event of any Dispatch of generation at the Facility by Dominion Virginia Power at a reduced level pursuant to Section 6.10, MeadWestvaco Virginia Corporation shall be credited at the end of the relevant Dependable Capacity Performance Period as having sold additional On-Peak kilowatt hours to Dominion Virginia Power in an amount equal to the number of On-Peak kilowatt hours Dispatched at a reduced level pursuant to Section 6.10. For each 1% or part thereof reduction below the minimum required On-Peak Hours sales during a Dependable Capacity Performance Period, MeadWestvaco Virginia Corporation shall refund 2% of the

total Monthly Fixed Capacity Payments paid pursuant to Section 5.3 during the applicable Dependable Capacity Performance Period. MeadWestvaco Virginia Corporation's annual financial obligation, if any, under this provision shall be computed within 2 months after the end of each May Billing Period and within 2 months after the Termination Date in the last billing year. If MeadWestvaco Virginia Corporation owes Dominion Virginia Power reimbursement under this provision, it shall pay such amount to Dominion Virginia Power within 30 days after the date of an invoice notifying MeadWestvaco Virginia Corporation that such payment is due; and

(iii) if MeadWestvaco Virginia Corporation designates more than one (1) Dependable Capacity level within a single Dependable Capacity Performance Period, the calculation under this Section 5.6 will prorate the Dependable Capacity component according to the number of Billing Periods at each Dependable Capacity level to derive a single requirement for the entire Dependable Capacity Performance Period.

5.7 Mobile Sierra. Neither party shall file with FERC any proposed change in any rate, term or condition set forth herein. This Agreement shall be subject to the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956) and *FPC v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956).

5.8 Information for PJM Prices and FERC Quarterly Filings. Dominion Virginia Power shall provide any reasonable information requested by the MeadWestvaco Virginia Corporation to fulfill its reporting requirements (currently

quarterly) to the Federal Energy Regulatory Commission for power sales pursuant to this agreement. In addition, Dominion Virginia Power shall forward, to an e-mail address to be provided by MeadWestvaco, a daily file containing the hourly components that comprise the Day Ahead Covington LMP, and an annual letter, sent during the May Billing Period each year, highlighting the PJM RPM BRA price applicable to the Dominion Zone for the upcoming PJM Planning Year (June through May), and which shall also list the applicable PJM RPM BRA prices for all the subsequent PJM Planning Years for which BRA prices are available at that time.

5.9 - PJM Demand Response. Dominion Virginia Power and MeadWestvaco Virginia Corporation agree to address any issues that may develop with MeadWestvaco Virginia Corporation's participation in PJM's Demand Response programs (as defined by PJM) for retail customers should they develop in the future.

5.10 Retail Transactions. Dominion Virginia Power and MeadWestvaco Virginia Corporation agree that, under PJM's rules as of the Effective Date, and as long as Dominion Virginia Power and MeadWestvaco Virginia Corporation are in a simultaneous buy all/sell all relationship and Dominion Virginia Power purchases power from MeadWestvaco Virginia Corporation Facility at the metering points on the TGs 1, 2, 3 and motor generator set as totaled monthly, the Parties intend for the transaction to be considered a retail transaction and not subject to wholesale regulation. MeadWestvaco Virginia Corporation will continue to be billed under a Dominion Virginia Power retail tariff for its Electrical Requirements.

(i). This Agreement is contingent upon PJM continuing to recognize that transactions between MeadWestvaco Virginia Corporation and Dominion Virginia Power

occur on the retail level. If MeadWestvaco Virginia Corporation should elect to participate in PJM markets, and such participation results in PJM treating MeadWestvaco Virginia Corporation generation and/or load as being wholesale transactions, MeadWestvaco Virginia Corporation will have the opportunity, as allowed by PJM, to undo any arrangements that have been deemed by PJM to be wholesale transactions. If MeadWestvaco Virginia Corporation elects to not undo the arrangements, or is unable to undo them per PJM rules, then the Parties will re-negotiate the Agreement so as to transfer all financial consequences from such action solely to MeadWestvaco Virginia. If a mutually-agreeable solution cannot be found, the Agreement may be terminated by Dominion Virginia Power with a two (2) Billing Period notice.

(ii). In the event PJM's rules or the FERC's or the SCC's regulations change regarding behind the meter generation, or this relationship between Dominion Virginia Power and MeadWestvaco Virginia Corporation changes and such change has a material impact upon the costs and benefits of this Agreement, or if MeadWestvaco Virginia Corporation becomes a wholesale participant in PJM's markets and such participation results in PJM treating MeadWestvaco Virginia Corporation generation and/or load as being wholesale transactions, then the simultaneous buy/sell relationship will become null and void and Dominion Virginia Power and MeadWestvaco Virginia Corporation will re-negotiate this Agreement.

ARTICLE VI OPERATION AND MAINTENANCE

6.1 O&M. MeadWestvaco Virginia Corporation shall operate and maintain its Facility in accordance with the terms of this Agreement.

6.2 No Tampering. MeadWestvaco Virginia Corporation shall not attempt to operate, maintain or tamper with any Dominion Virginia Power owned Interconnection Facilities unless authorized in writing by Dominion Virginia Power to do so.

6.3 Inspection of Interconnection. MeadWestvaco Virginia Corporation's Interconnection Facilities shall be subject to reasonable inspection by Dominion Virginia Power or by Dominion Virginia Power's authorized representative during business hours after reasonable notice to MeadWestvaco Virginia Corporation. Such inspection shall not be construed as approval by Dominion Virginia Power of MeadWestvaco Virginia Corporation's method of operation and maintenance, and such inspection shall not impose on Dominion Virginia Power any liabilities or warranties with respect to such operation and maintenance.

6.4 System Protection. Each Party shall have its protective relays recalibrated and operationally checked in the presence of authorized personnel of the other Party at least once every two years by a person qualified to perform such service. Each Party shall be notified in writing by the other Party of the results of these operational checks.

6.5 Communications. MeadWestvaco Virginia Corporation and Dominion Virginia Power shall maintain communications which may include, but not be limited to, system paralleling or separation, scheduled and unscheduled shutdowns, equipment clearances, periodic load reports, maintenance schedules, tagging of interconnection interrupting devices, meter tests, relay tests, billing, and other routine communication. Parties to this Agreement shall designate the method of notification and the personnel to be notified.

6.6 Temporary Disconnections. Dominion Virginia Power shall have the right to temporarily disconnect without notice MeadWestvaco Virginia Corporation's Interconnection Facilities if, in Dominion Virginia Power's opinion, a disconnection appears reasonably necessary to protect Dominion Virginia Power's customers, employees, agents or property. If practicable under the circumstances, Dominion Virginia Power shall notify MeadWestvaco Virginia Corporation in advance of any temporary disconnection. MeadWestvaco Virginia Corporation shall have the right without notice to temporarily disconnect from Dominion Virginia Power's Interconnection Facilities if, in MeadWestvaco Virginia Corporation's opinion, a disconnection appears reasonably necessary to protect MeadWestvaco Virginia Corporation's employees, operations or property. If practicable under the circumstances, MeadWestvaco Virginia Corporation shall notify Dominion Virginia Power in advance of any temporary disconnections.

6.7 Curtailment. Dominion Virginia Power, with reasonable notice to MeadWestvaco Virginia Corporation, shall not be obligated to accept, and may require MeadWestvaco Virginia Corporation to temporarily curtail, interrupt or reduce, the physical flow of power to the Dominion Virginia Power substation serving the Facility in order to construct, install, maintain, repair, replace, remove, investigate, inspect or test any part of Dominion Virginia Power's Interconnection Facilities, equipment or any other part of Dominion Virginia Power's system or to investigate or inspect any part of MeadWestvaco Virginia Corporation's Interconnection Facilities which would proximately affect the purchase and sale of electricity between Dominion Virginia Power and the Facility.

6.8 Voltage Schedule. MeadWestvaco Virginia Corporation shall prepare and submit to Dominion Virginia Power a written voltage schedule acceptable to Dominion Virginia Power and used by MeadWestvaco Virginia Corporation in the operation of its Facility. This voltage schedule shall be based on the normally expected operating conditions for the Facility. From time to time, Dominion Virginia Power may require assistance during emergencies and MeadWestvaco Virginia Corporation will cooperate whenever Dominion Virginia Power notifies MeadWestvaco Virginia Corporation of the problem.

6.9 No Scheduled Maintenance During Certain Months. MeadWestvaco Virginia Corporation will not schedule a maintenance shutdown of its Facility during the months of December, January or February, or from June 15 through September 15 of any year, without the prior consent of Dominion Virginia Power.

6.10 Dispatch. During all times when the Facility is in operation and supplying electricity for sale to Dominion Virginia Power, Dominion Virginia Power shall have the right to Dispatch the Facility down to a level where it completely nets out against MeadWestvaco Virginia Corporation's load (i.e., there is no net generation moving across the Interconnection onto the transmission system) for up to 500 hours per year. Should a Dispatch at a reduced level occur at Dominion Virginia Power's request, MeadWestvaco Virginia Corporation's payments for Dependable Capacity and Dependable Capacity rating will be unaffected by such Dispatch.

6.11 Limitation on Dispatch. Dominion Virginia Power agrees to limit the Dispatch of MeadWestvaco Virginia Corporation's generation to a reduced level under Section 6.10 to periods when Dominion Virginia Power's system is operating at

minimum base load conditions as determined by Dominion Virginia Power at the time of Dispatch to a reduced level. During such periods Dominion Virginia Power further agrees that generation Dispatch decisions will be made in a non-discriminatory manner among such system generators (Dominion Virginia Power-owned generators and all generators controlled by Dominion Virginia Power) as are physically able to respond to the minimum base load conditions, in accordance with Prudent Industry Standards. In no case will MeadWestvaco Virginia Corporation be expected to operate its Facility beyond its design limits or in any manner not in accordance with good engineering practice.

6.12 Off-Peak Generation. Under normal circumstances, MeadWestvaco Virginia Corporation will not be required to generate electricity during Off-Peak Hours in order to meet the terms of this Agreement.

6.13 Reduction of Generation. This Agreement shall not be construed to permit Dominion Virginia Power to require MeadWestvaco Virginia Corporation to reduce its use of electricity, nor shall it be construed to deny such right if it exists in any other agreement between the Parties.

ARTICLE VII METERING AND BILLING

7.1 Dominion Virginia Power Meters. Dominion Virginia Power shall own and maintain all meters and metering devices used to determine the delivery and receipt of Net Electrical Output and Dependable Capacity to and from the Facility for payment purposes.

7.2 Telemetry. Dominion Virginia Power shall install, own, and maintain telemetering equipment at MeadWestvaco Virginia Corporation's expense as an interconnection cost. MeadWestvaco Virginia Corporation shall reimburse Dominion

Virginia Power as provided in the applicable PJM Interconnection Service Agreement between MeadWestvaco Virginia Corporation, PJM, and Dominion Virginia Power.

7.3 Sealed Meters. All meters and metering equipment used to determine the Net Electrical Output and/or Dependable Capacity delivered to Dominion Virginia Power shall be sealed, and the seals broken only by Dominion Virginia Power personnel when the meters are to be inspected, tested or adjusted. MeadWestvaco Virginia Corporation shall have the opportunity to be present when the meters are inspected, tested or adjusted.

7.4 Meter Testing. Upon request by MeadWestvaco Virginia Corporation and on a regular schedule, Dominion Virginia Power will test the meter(s) in accordance with the provisions for meter testing in Dominion Virginia Power's approved Terms and Conditions for supplying electricity as filed with the State Corporation Commission of Virginia. When, as a result of such a test, a meter is found to be no more than 2% fast or slow, no adjustment will be made in the amount paid to MeadWestvaco Virginia Corporation for energy and/or capacity deliveries to Dominion Virginia Power. If the meter is found to be more than 2% fast or slow because of incorrect calibrating, Dominion Virginia Power will calculate the correct amount delivered to Dominion Virginia Power for a period equal to one half of the time elapsed since the last previous test, but in no case for a period in excess of twelve months. The previous payments by Dominion Virginia Power for this period shall be subtracted from the amount of payments that are calculated to be owed under Section 7.6 – Meter Readings and Billings. If the difference is a positive number, that difference shall be paid by Dominion Virginia Power to MeadWestvaco Virginia Corporation; if the difference is a negative number that difference shall be paid by MeadWestvaco Virginia Corporation to Dominion Virginia

Power. The percentage registration of a meter will be calculated by the "weighted average" of light load and full load, which is calculated by giving a value of 1 to the light load and a value of 4 to the full load.

7.5 Correction of Meter Readings. Whenever it is found that, for any reason other than incorrect calibration, the metering apparatus has not registered the true amount of Net Electrical Output which has been delivered by MeadWestvaco Virginia Corporation to Dominion Virginia Power, the Net Electrical Output delivered during the entire period of incorrect registration shall be estimated, based upon all known pertinent facts, and the amount of Net Electrical Output so estimated will be used in calculating the corrected amounts to be paid to MeadWestvaco Virginia Corporation. The adjusted amount will be for a period equal to one half of the time elapsed since the last previous test of the metering apparatus but in no case for a period in excess of twelve months. Any over or underpayments by Dominion Virginia Power for Net Electrical Output and/or Dependable Capacity provided by MeadWestvaco Virginia Corporation to Dominion Virginia Power shall be corrected in the manner described in Section 7.4 – Meter Testing.

7.6 Meter Readings and Billing. Meters shall be read, and bills rendered, according to the periodic meter reading and billing schedules established by Dominion Virginia Power. Payment for the Net Electrical Output and/or Dependable Capacity delivered to Dominion Virginia Power during the Billing Period shall be made within 28 days of the billing date. In those cases where MeadWestvaco Virginia Corporation, at the same general location, sells to and purchases from Dominion Virginia Power, the amounts and volumes associated with these sales shall be listed on the invoice. The

amounts due to MeadWestvaco Virginia Corporation shall be treated as a credit and subtracted from the amounts due to the Company and the net result shall be paid to the appropriate Party within 28 days of the billing date.

ARTICLE VIII TERMINATION AND BREACH

8.1 Breach and Cure Period. The non-Breaching Party shall have a right of Termination if a Breach is committed by the other Party, and such Breach is not cured within 30 days following the non-Breaching Party's written notice of such Breach. The non-Breaching party shall exercise such right by written notice.

8.2 Certain Failures to Purchase or Sell not a Breach. Refusal by Dominion Virginia Power to purchase or MeadWestvaco Virginia Corporation to sell Net Electrical Output, and/or Dependable Capacity from the Facility in accordance with Sections 6.6 – Temporary Disconnections or 6.7 - Curtailments of the Agreement shall not be a Breach of the Agreement.

ARTICLE IX MISCELLANEOUS

9.1 Consultation. To the extent practicable and consistent with good engineering practice, Dominion Virginia Power and MeadWestvaco Virginia Corporation shall consult with each other in the performance of this Agreement. Such consultations shall take place between the persons designated pursuant to Section 6.5 - Communications.

9.2 Governing Law. Except where preempted by federal law, the Agreement shall be interpreted in accordance with the laws of the Commonwealth of Virginia.

9.3 Assignment. MeadWestvaco Virginia Corporation shall not assign or transfer this Agreement nor any claims nor interests therein without the prior written consent of Dominion Virginia Power, which shall not unreasonably be withheld.

9.4 Government Modifications. This Agreement shall at all times be subject to modification or changes directed or imposed by the FERC, the SCC and any other governmental agency or authority having jurisdiction over the Parties and/or the Agreement. If the SCC shall ever disapprove the pricing arrangements in Article 5 and not allow Dominion Virginia Power to recover from its customers in full the rates paid pursuant to Article 5, then MeadWestvaco Virginia Corporation will have the option to either: (i) share equally with Dominion Virginia Power in the financial consequences of the rate reduction, or (ii) terminate this Agreement. If MeadWestvaco Virginia Corporation chooses to terminate, it will inform Dominion Virginia Power of its desired Termination Date, which may be up to one year hence, and the Parties will share equally in the financial consequences of the rate reduction until such Termination.

9.5 Non-Waiver. The failure of either Party to enforce at any time any of the provisions of this Agreement or to require at any time performance by the other Party of any of the provisions hereof, shall neither be construed to be a waiver of such provisions, nor affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision.

9.6 Survival. The Termination of this Agreement shall not discharge either Party hereto from any obligation it owes to the other Party under this Agreement by reason of any transactions, loss, cost, damage, expense or liability which shall occur or arise (or the circumstances, events or basis of which shall occur or arise) prior to such

Termination. It is the intent of the Parties hereby that any such obligation owed (whether the same shall be known or unknown at the Termination of this Agreement or whether the circumstances, events, or basis of the same shall be known or unknown at the Termination of this Agreement) shall survive the Termination of this Agreement.

9.7 Indemnity. Each Party will be responsible for its facilities and the operation thereof to the Interconnection Points and will indemnify and save the other harmless from any and all loss by reason of property damage, bodily injuries, including death resulting therefrom (and all expenses in connection therewith, including attorneys' fees) caused or sustained on, or alleged to be caused by or sustained on, facilities owned or controlled by such party, except that each party shall be solely responsible for and shall bear all costs of claims by its own employees or contractors growing out of any workmen's compensation law.

9.8 Force Majeure. Neither Party shall be considered to be in default hereunder and each party shall be excused from purchasing or selling electricity hereunder if and to the extent that it shall be prevented from doing so by storm, flood, lightning, earthquake, explosion, civil disturbance, labor dispute, act of God or the public enemy, action of a court or public authority, withdrawal of facilities from operation or any cause beyond the reasonable control of either Party.

9.9 Protection from Public Disclosure. MeadWestvaco Virginia Corporation and Dominion Virginia Power agree to keep confidential this Agreement and any discussion that led to this Agreement. The Parties acknowledge that either Party may, from time to time, be required to provide information pertaining to this Agreement, or its subject matter, to the SCC, FERC, or other federal, state, or local regulatory bodies

having jurisdiction over the Party (and, as applicable, its rates, facilities, or operations) as such regulatory bodies may require and subject to the Party's good faith efforts to obtain confidential treatment of such information as may relate to this Agreement. To the extent that a Party is required to release such information, the Party releasing such information shall cooperate with such Party's efforts to prevent or restrict disclosure of such information and use reasonable efforts to structure the release of such information so as not to identify that this Agreement was the source of such information.

9.10 Green Credits. MeadWestvaco Virginia Corporation shall retain all right and title to any environmental or "green" credits that it may receive in connection with its sale of power to Dominion Virginia Power pursuant to this Agreement.

9.11 Headings. The headings in this Agreement are inserted for convenience of the Parties and shall not be construed as having any effect on the interpretation of this Agreement or the provisions hereof.

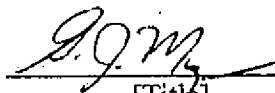
9.12 Severability. In the event that any of the terms, covenants or conditions of this Agreement, its Exhibits, or the application of any such term, covenant, or condition shall be held invalid by any court or administrative body having jurisdiction, it is the intention of the Parties that in lieu of each such term, covenant or condition that is invalid, there be added as part of this Agreement, a term, covenant, or condition as similar in terms as possible to such invalid term, covenant or condition that is deemed valid by such court or administrative body. The remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

9.13 Entire Agreement. This Agreement constitutes the entire agreement between the Parties as of the time of execution relating to the subject matter contemplated by this Agreement and supersedes all prior agreements, whether oral or written.

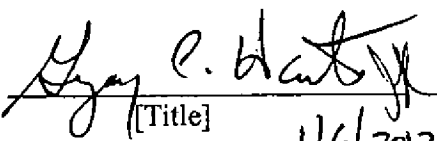
9.14 Controlling Document. The terms and conditions specified in this Agreement are controlling if there are any inconsistencies between this Agreement and the Agreement for Electric Service or tariff terms and conditions to which the MeadWestvaco Virginia Corporation may otherwise be subjected with regard to matters involving the Facility.

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be executed by its duly authorized officers as of the 30 day of December, 2011.

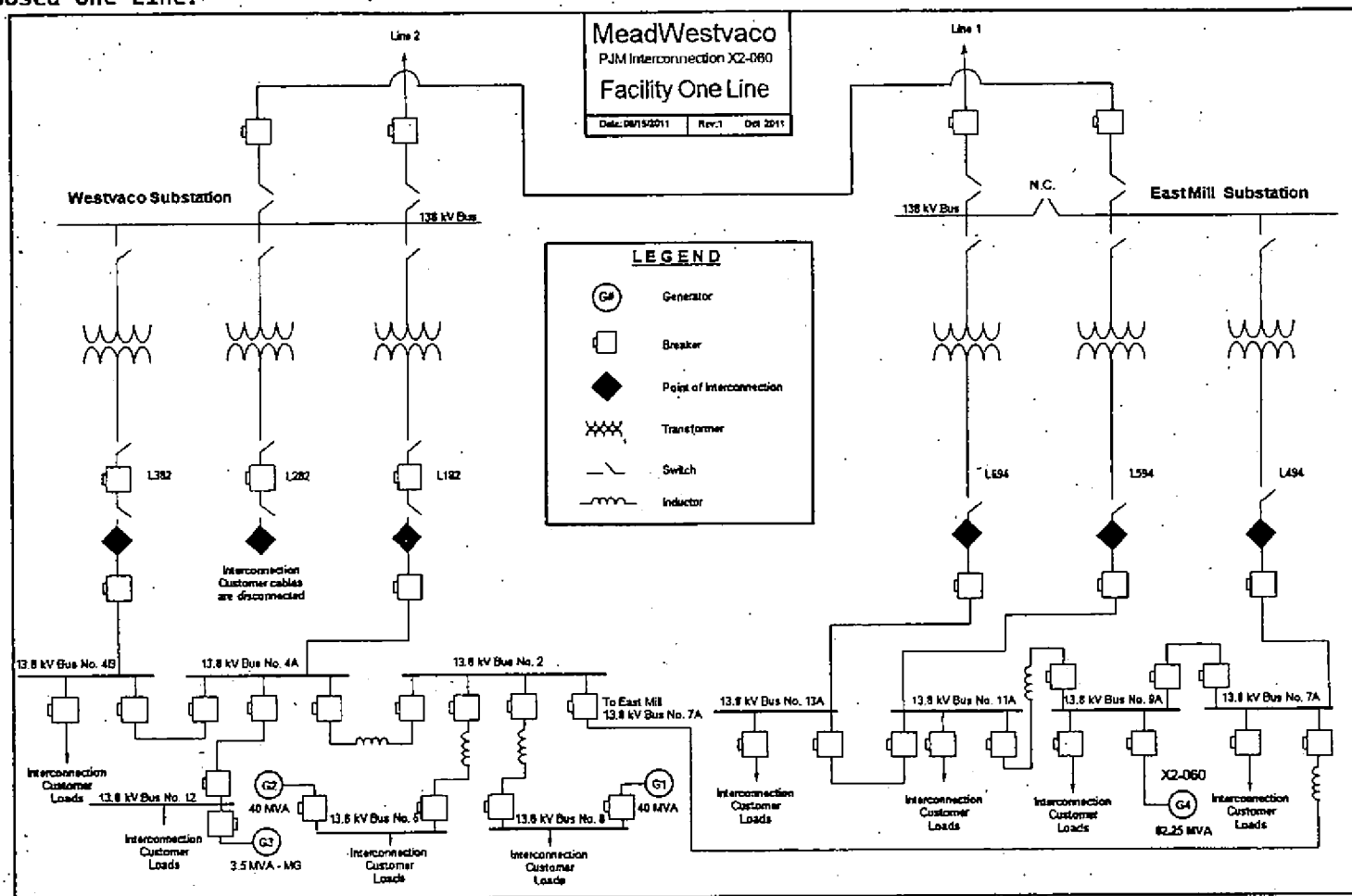
VIRGINIA ELECTRIC AND POWER
COMPANY

By: 
[Title]

MEADWESTVACO VIRGINIA
CORPORATION

By: 
[Title] 1/6/2012

Proposed One-Line:



**AGREEMENT FOR THE SALE
OF ELECTRICITY TO
VIRGINIA ELECTRIC AND POWER COMPANY**

AMENDMENT NO. 3

THIS AMENDMENT NO. 3 ("Amendment"), is made this 17th day of May, 2011 by and among VIRGINIA ELECTRIC AND POWER COMPANY, hereinafter called "Virginia Power" or "Company," and APPOMATTOX RIVER ASSOCIATES, L.P., hereafter called "Operator."

WHEREAS, Virginia Power and Appomattox River Water Authority ("ARWA") entered into that certain "Agreement for the Sale of Electricity to Virginia Electric and Power Company," dated as of October 28, 1988 (the "Agreement"), which was subsequently assigned by ARWA to STS Hydropower Ltd ("STS") by that certain Assignment dated October 2, 1991, and amended on that same date by that certain Amendment No. 1 and again on September 6, 1993 by that certain Amendment No. 2, with the PPA as so amended being further assigned to Operator by STS pursuant to that certain Assignment and Consent to Assignment dated September 6, 1993;

WHEREAS, the parties desire to amend and supplement the Agreement as provided for herein:

WITNESSETH: That in consideration of the mutual covenants and agreements herein contained, the parties hereto agree to amend and supplement the Agreement as follows, namely:

1. The Agreement shall be amended by the following new Paragraph FIFTEENTH:

FIFTEENTH: This Agreement shall inure to the benefit of and be binding upon the heirs, successors or assigns of each of the Parties. Operator shall not assign this Agreement without the prior written consent of Virginia Power, which shall not be unreasonably withheld. In the event of assignment by Operator, Operator shall pay Virginia Power within thirty (30) days from the effective date of the assignment an amount equal to \$10,000 escalated at a rate of 2.5% per year prorated daily from the Effective Date of this Agreement until the effective date of such assignment ("Assignment Payment"). Further, in the event that the Collateral Agent, or its successor, designee or transferee should take assignment of the Agreement in accordance with any financing arrangement associated with the Facility, Virginia Power shall be due an Assignment Payment consistent with its rights as stated herein this Paragraph Fifteenth. Failure to obtain the consent of Virginia Power or to pay Virginia Power its Assignment Payment shall cause the assignment to be null and void. All other provisions of the Agreement not expressly amended herein shall remain in full force and effect.

This Amendment may be signed in any number of counterparts, each of which shall constitute an original, but all of which, taken together, shall constitute one and the same agreement.

THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF VIRGINIA (WITHOUT REFERENCE TO ANY CONFLICT OF LAWS RULES).

IN WITNESS WHEREOF the parties have caused this Amendment to be duly executed as of the above referenced Amendment Effective Date.

VIRGINIA ELECTRIC AND POWER COMPANY

By: 

Authorized Representative

APPOMATTOX RIVER ASSOCIATES, L.P.
by its general partner, itself represented

By: 

Authorized Representative

- IV. DVP will pay Operator \$0.25/MWh for each 2011 REC delivered to DVP via their transfer to DVP's PJM GATS account which may be delivered as generated in PJM GATS, but no later than February 15, 2012 ("Delivery Due Date"). Payment owed for such 2011 RECs shall be invoiced in the billing month following delivery and shall be paid in accordance with the 2005 Agreement.
- V. Operator shall file an application with the New Jersey Board of Public Utilities and shall complete and submit any and all required documentation necessary for the energy generated by the Facility to be certified as class 1 renewable energy under New Jersey's Renewable Energy Portfolio Standards ("RPS"), such application and documentation to be submitted timely to allow the energy generated during the calendar year 2011 to qualify as New Jersey class 1 RECs and be used for compliance with New Jersey's RPS program.
- VI. DVP will submit, with Operator's cooperation, documentation and take any other actions as required by PJM GATS to register the Facility with PJM GATS as a behind-the-meter facility and to cause GATS certificates to be generated in Operator's account in association with energy generated by the Facility.
- VII. Operator and DVP shall cooperate in submitting documentation and taking any other actions necessary to facilitate the transfer of 2011 RECs from the Facility's GATS account to DVP's GATS account.
- VIII. Operator agrees to withdraw its request to PJM to come out from behind-the meter effective June 1, 2011 and will provide DVP with verification of PJM's acknowledgment. This letter agreement is null and void if the Facility is not identified in PJM as a behind-the meter generator for the entire PJM planning period of June 1, 2011 through May 31, 2012.

This Letter Agreement is not intended to modify or amend the governing terms and conditions of the 2005 Agreement, which shall remain in full force and effect through its Term and the Extended Term as set forth herein. All capitalized terms used herein but not defined have the meanings set forth in the 2005 Agreement.

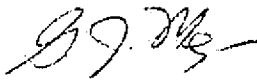
Please confirm your acknowledgement and acceptance of the terms of this Letter Agreement by returning an original signed copy to me.

2. For each Capacity Test Period during the term of this Letter Agreement, DVP shall receive a credit from Covanta for payments made during the applicable Capacity Test Period. Such credit shall be calculated by DVP as soon as practicable but no later than sixty (60) days after the end of the applicable Capacity Test Period. The amount of credit shall be equal to the sum of all of the Hourly Credits calculated for each hour selected and determined by DVP, in its sole discretion up to a total of 250 hours over such Capacity Test Period. For purposes of this Letter Agreement, Hourly Credit shall mean an amount equal to the difference (only if positive) between the payment made pursuant to Section 10.1 and the PJM Day-Ahead LMP at the Covanta node for each hour determined by DVP, multiplied by the quantity of Net Electrical Output delivered during such hour. The amount of credit earned by DVP for each Capacity Test Period shall be included on the invoice submitted for the next billing period with documentation supporting its calculation and may be netted against the amount owing to Covanta on such invoice.
3. The Term of this Letter Agreement shall commence as of the date that FERC allows the Letter Agreement to go into effect ("Effective Date"); provided, however, the Parties agree that the waiver and credit as set forth in Paragraphs 1 and 2 of this Letter Agreement shall be applied retroactive as of the commencement of the 2011-2012 Capacity Test Period. The Term hereunder shall continue in effect for the remainder of the term of the Agreement, subject, however, to the right of either Party to terminate this Letter Agreement effective at the end of any Capacity Test Period by providing written notice of termination no later than thirty (30) days prior to the beginning of the next succeeding Capacity Test Period.
4. Covanta shall file this Letter Agreement with the FERC with a black-lined version of the Agreement no later than ten (10) Business Days from the date that both Parties shall have executed this Letter Agreement provided that DVP cooperates in good faith in the review and preparation of the FERC filing (Filing Deadline), and shall request in its filing that the Letter Agreement be effective as of the filing date. Should Covanta fail to file by the Filing Deadline for reasons other than DVP's failure to cooperate, DVP shall have the right to terminate and withdraw its agreement as memorialized in this Letter Agreement by providing written notice to be effective upon Covanta's receipt of such notice.

James C. Klecko
Covanta Energy
October 12, 2011
Page 3

If this Letter Agreement accurately reflects the understanding and intent of the Parties please indicate your agreement on behalf of Covanta by executing two originals of this Letter Agreement in the space provided below, retain one original for Covanta's file and return one original to the address stated above for the attention of Mr. Robert J. Trexler, Director – Power Contracts.

Respectfully,



Gregory J. Morgan
Authorized Representative

Agreed on behalf of Covanta Fairfax, Inc. by

Signature: James C. Klecko
Title: VP- REGIONAL BUSINESS

CC:
Mr. Scott Drew – Facility Manager, Covanta Fairfax, Inc.
Mr. Robert Daileader – Partner, Nixon Peabody, LLC
Ms. Maria Seidler – Senior Counsel, Dominion
Mr. Peter Thain – Power Contracts Manager, Dominion

**AGREEMENT FOR THE SALE
OF ELECTRICAL OUTPUT TO
VIRGINIA ELECTRIC AND POWER COMPANY**

THIS AGREEMENT, effective this 22nd day of November, 2011, (the "Effective Date") by and between VIRGINIA ELECTRIC AND POWER COMPANY, a Virginia public service company with its principal office in Richmond, Virginia, doing business in Virginia as Dominion Virginia Power, and in North Carolina as Dominion North Carolina Power, hereinafter called "Dominion North Carolina Power" or "Company", and W.E. PARTNERS II, LLC, a "North Carolina Limited Liability Company", with its principal office at 1836 Eastchester Dr., Suite 108, High Point, NC 27265, hereinafter called "Operator", operator of the Lewiston Perdue Biomass Cogeneration Facility, hereinafter called the "Facility":

RECITALS

WHEREAS, the North Carolina Utilities Commission has adopted a rate schedule described in this Agreement below as Schedule 19-DRR applicable to Qualifying Facilities (or "QF" as that term is defined in 18 C.F.R. 292) which can provide Contracted Capacity (a) up to 5000 kW from a hydroelectric generating facility, (b) up to 5000 kW from a generating facility fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind or non-animal forms of biomass, or (c) up to 3000 kW for all other QFs; and

WHEREAS, Operator proposes to locate a QF biomass facility at 3539 Governors Road, Lewiston, North Carolina; and

WHEREAS, the parties hereto wish to contract for the sale of electrical output from such a QF to be operated by Operator,

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto contract and agree with each other as follows:

FIRST - Dominion North Carolina Power or its agent, assignee, or successor will purchase from Operator all of the electrical output (energy and Contracted Capacity) made available for sale from the Facility on an excess sale arrangement. In addition, Operator has elected to contract under the DRR Method for determining the Company's avoided cost as described more fully in paragraph FIFTH and Exhibit C. Operator elects to operate the Facility in the Mode of Operation as specified in Section IV.C (Firm Mode of Operation) of Schedule 19-DRR. The Facility is located in Dominion North Carolina Power's retail service area in Lewiston, Bertie County, North Carolina.

SECOND - This Agreement shall commence on the Effective Date and shall continue in effect for a period of five (5) years from the Commercial Operations Date ("COD"). The COD shall be the first date that all of the following conditions (a) through (e) have been satisfied:

- a) The Facility has been permanently constructed, synchronized with and has delivered electrical output to the Dominion North Carolina Power system and such action has been witnessed by an authorized Dominion North Carolina Power employee;

- b) After completion of item a) above, Dominion North Carolina Power has received written notice from Operator specifying the COD and certifying that the Facility is ready to begin commercial operations as a Qualifying Facility;
- c) Operator and Dominion North Carolina Power (or the PJM Interconnection, LLC or other operator of the Dominion North Carolina Power transmission system, as applicable) have executed an Interconnection Agreement to be included herewith as Exhibit A;
- d) Operator has provided to Dominion North Carolina Power Qualifying Facility Certification to be included herewith as Exhibit F; and
- e) Operator either has received from the North Carolina Utilities Commission a Certificate of Public Convenience and Necessity or has filed the notice required by G.S. 62-110.1(g) and is not legally required to obtain such a certificate for the construction and operation of the Facility.

For contract terms of 10 years or more, this Agreement may be renewed at the option of Dominion North Carolina Power on substantially the same terms and conditions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration Dominion North Carolina Power's then avoided cost rates and other relevant factors or (2) set by arbitration.

Operator's Right to Terminate Prior to COD:

If prior to the COD, Operator shall determine that the costs of any required utility facility upgrades pursuant to any effective Interconnection Agreement shall render this Agreement uneconomical, Operator may, following approval from Company which approval shall not be unreasonably withheld terminate this Agreement by providing reasonable notice of termination in writing to Company, provided however, that Operator shall provide Company with sufficient information in writing including Operator's reasoning supporting Operator's determination that the cost of the facility upgrades would render the Agreement uneconomical.

THIRD - The Facility, consisting of one (1) generator(s), will have a combined nameplate rating of approximately 495 kW. The Facility's Contracted Capacity shall be 300 kW.

FOURTH - The following documents are attached hereto and are made a part hereof:

- Exhibit A: Executed Interconnection Agreement (attached for information but not as a part of this Agreement) – To follow and be provided to Company prior to the COD,
- Exhibit B: General Terms and Conditions
- Exhibit C: Schedule 19-DRR, Power Purchases from Cogeneration and Small Power Production Qualifying Facilities and applicable to the QF who chooses the

DRR Method (effective January 1, 2011, sometimes referred to as "Schedule 19-DRR" herein)

Exhibit D: NOT APPLICABLE

Exhibit E: Map and related written description identifying the specific location of the Facility in the City or County designated in Paragraph FIRST

Exhibit F: "Qualifying Facility" Certification (if Facility is less than 1MW, Owner submission that the Facility qualifies as a Qualifying Facility (QF) under federal law)

Exhibit G: Certificate of Public Convenience and Necessity (or evidence that no such certificate was required under North Carolina law)

FIFTH - Payments for all energy and Contracted Capacity purchased hereunder shall be determined by the provisions and rate determination methodologies for payments in Schedule 19-DRR included herewith as Exhibit C and pursuant to Operator elections within such Schedule 19-DRR, if any, as stated in Paragraph FIRST hereof. Payments for all energy and Contracted Capacity purchased hereunder shall be on a cents per kilowatt-hour basis. Should the North Carolina Utilities Commission (NCUC), Virginia State Corporation Commission (SCC) or other regulatory or other legal body having jurisdiction (such as the Federal Energy Regulatory Commission) 1) not allow any future payments to non-utility generators (generally or to Operator specifically) for energy or capacity (including Contracted Capacity) or both to be included in Dominion North Carolina Power/Dominion Virginia Power's rates charged to customers, 2) at any time prohibit Dominion North Carolina Power/ Dominion Virginia Power from recovering from its customers sums related to payments previously made to non-utility generators (generally or to Operator specifically), or 3) order Dominion North Carolina Power/ Dominion Virginia Power to pay back to its customers sums related to amounts collected as a result of payments to non-utility generators (generally or to Operator specifically) (hereinafter the sums referred to in both 2) and 3) above shall be referred to individually and collectively as the "Disallowed Payments"), Operator shall be required both to accept from the effective date of the Order from the NCUC, SCC, or other regulatory or legal body having jurisdiction ("Commission Order") payments at the level of rates that will be allowed to be recovered in rates charged to Dominion North Carolina Power/ Dominion Virginia Power's customers and to refund to Dominion North Carolina Power, A) the identified dollar amount of the Disallowed Payments specifically identified in the Commission Order as resulting from payments made to Operator hereunder, or B) if the Disallowed Payments are not specifically identified, Operator's pro-rata share of the Disallowed Payments which shall be equal to the product of (1) the total amount of payments made under this Agreement for the period of time such Disallowed Payments have been calculated, and (2) a fraction whereby the numerator is the Disallowed Payments and the denominator is the total amount of payments made to all Non-utility Generators, that were considered in the Commission Order, for the same period of time that such Disallowed Payments have been calculated. Operator shall pay any amounts due as a result of the Commission Order within 28 days of notice by Dominion North Carolina Power or, provided that more than three years remain in the term of the Agreement, then, at Operator's option, Dominion North Carolina Power shall collect such amounts due with interest from the date of any such Commission Order by reducing payments to Operator at a monthly amount projected to complete the refund of the Disallowed Amount with interest in the two year period following such notice. Such interest shall be calculated at the rate of Dominion North Carolina Power/ Dominion Virginia Power's most recent issue of long-term debt at the time of the

Commission Order. If, for any reason, at the end of the two year period, the reduction in payments does not recover in full such amounts due, then such remaining amount shall be due immediately.

If Operator elects the Firm Mode of Operation, then-for the term of this Agreement Operator shall be paid for firm energy in accordance with VI.A, in Schedule 19-DRR. Payments for firm energy will begin on the COD. All energy delivered per hour above the Contracted Capacity shall be considered non-firm and be paid for at the applicable non-firm rate. All energy delivered prior to the COD shall also be considered non-firm and be paid for at the non-firm rate. In all cases, such non-firm energy rates will be those in the Schedule 19-DRR in effect at the time such energy is delivered.

If Operator elects the Firm Mode of Operation, specified in Section IV.C of Schedule 19-DRR, Operator shall be paid for Contracted Capacity on a cents per kilowatt-hour basis as specified in Schedule 19-DRR, Section VII. Operator shall not be paid for Contracted Capacity above the Contracted Capacity level in any hour during which the generation exceeds the Contracted Capacity level specified in Paragraph THIRD.

Payments for energy will begin on the COD. All energy delivered prior to the COD shall be paid pursuant to the attached Schedule 19-DRR tariff.

SIXTH - No later than sixty days after execution of this Agreement, Operator shall provide, at Operator's sole expense, security for Operator's performance under this Agreement, in an amount equal to \$36.00 per kW of the nameplate rating, provided in Paragraph THIRD. Operator shall maintain such security until the expiration of this Agreement to ensure continued availability of the Facility and to guarantee payment of obligations by Operator to Dominion North Carolina Power. Such security will be an unconditional and irrevocable letter of credit issued by a bank and maintained in a form and with terms reasonably acceptable to Dominion North Carolina Power. The Letter of Credit must provide for monthly draws by Dominion North Carolina Power. If the Agreement is terminated prior to the Commercial Operations of the Facility, Dominion North Carolina Power will be entitled to draw and retain the full amount of such security to offset any amounts owed to Dominion North Carolina Power.

SEVENTH - After execution of this Agreement and until the COD, Operator shall prepare a quarterly status report for Dominion North Carolina Power showing the current progress on completing the project. This status report shall be delivered to Dominion North Carolina Power on or before the following dates each year, January 15, April 15, July 15, and October 15. Such status report shall discuss the progress of the project in a format, which is acceptable to Dominion North Carolina Power.

EIGHTH - Operator and Dominion North Carolina Power agree that Operator's failure to comply with any of the following will be a material breach of this Agreement and shall result in Dominion North Carolina Power having the right to immediate cancellation, without a cure period, of this Agreement: (i) failure to commence construction of the Facility, as defined below, and provide Dominion North Carolina Power with written notice thereof by December 1, 2011 (ii) failure to achieve COD by February 1, 2012 (iii) failure to provide two (2) consecutive status reports pursuant to Paragraph SEVENTH, (iv) failure, pursuant to Paragraph SIXTH, to provide or maintain security that is acceptable to Dominion North Carolina Power, (v) delivery or supply of electrical output to any entity other than Dominion North Carolina Power or its agent, assignee or successor, (vi) failure to meet those requirements necessary to maintain Qualifying Facility status, (vii) failure at any time following the COD to have in effect a valid Interconnection Agreement with Dominion North

Carolina Power (or its successor as operator of the Dominion North Carolina transmission system), or (viii) failure to generate and deliver power from the Facility to Dominion North Carolina Power for more than 180 consecutive days, at any time after the COD, or (ix) failure to maintain QF certification. In the event Operator fails to perform in any way, materially or non-materially, any other obligations not specifically listed above, Operator shall be given notice and thirty (30) days to cure such non-performance. Notwithstanding any cure period, Dominion North Carolina Power shall not be obligated to purchase any energy or Contract Capacity under this Agreement while any such breach remains uncured. If Operator fails to cure its non-performance within thirty (30) days of Dominion North Carolina Power's notice, Dominion North Carolina Power shall have the right to cancel this Agreement. Operator agrees that if this Agreement is canceled by Dominion North Carolina Power for Operator's non-performance prior to the end of the initial term of this Agreement, then, Dominion North Carolina Power shall have all rights and remedies available at law or in equity. The Facility will be considered to have commenced construction on the first day upon which all of the following have occurred: (1) the issuance by Operator to its construction contractor for the Facility of a written unconditional Notice-to-Proceed; (2) the mobilization of major construction equipment and construction facilities on the Facility site; and (3) the commencement of major structural excavation and structural concrete work relating to a major component of the Facility such as the power island consistent with having commenced a continuous process of construction relating to the Facility. Dominion North Carolina Power shall have no obligation to accept a declaration of Commercial Operations prior to December 1, 2011. The Anticipated COD is December 15, 2011.

NINTH - Operator represents and warrants that it has the right to operate the Facility in accordance with the terms of this Agreement. Operator further represents and warrants that all permits, approvals, and/or licenses necessary for the operation of the Facility will be obtained prior to the COD and shall be maintained throughout the Term of this Agreement. Operator shall, provide such documentation and evidence of such right, permits, approvals and/or licenses as Dominion North Carolina Power may reasonably request, including without limitation air permits, leases and/or purchase agreements.

TENTH - All correspondence and payments concerning this Agreement shall be to the following addresses:

OPERATOR:

W.E. Partners II, LLC
1836 Eastchester Dr.,
Suite 108
High Point, NC 27265

DOMINION NORTH CAROLINA POWER:

Virginia Electric and Power Company
Power Contracts (3SE)
5000 Dominion Boulevard
Glen Allen, Virginia 23060-6711

Either Party may change the address by providing written notice to the other Party.

ELEVENTH - This Agreement is intended by the Parties as the final expression of their Agreement and is intended also as a complete and exclusive statement of the terms of their Agreement with respect to the purchase and sale of electrical output generated by the Facility. All prior written or oral understandings, offers or other communications of every kind pertaining to this Agreement are hereby abrogated and withdrawn. IN WITNESS WHEREOF, the Parties hereto have caused their names to appear below, signed by authorized representatives as of the date first shown above.

W.E. PARTNERS II, LLC

By: 

Gerald B. Cottrell

Title: President

Date: 11/23/11

VIRGINIA ELECTRIC AND POWER COMPANY.

By: 

Greg J. Morgan

Title: Authorized Representative

Date: 11/22/11

EXHIBIT A
GENERATOR INTERCONNECTION GUIDANCE AND AGREEMENT

Dominion North Carolina Power's procedures for generator interconnection are available through the Internet at the Company's website with draft interconnection agreements for non-FERC jurisdictional generators (as approved by the NCUC included as Attachments 1, 2 and 3 thereto). For FERC jurisdictional generators interconnection shall be in accordance with FERC and PJM requirements.

The specific Internet address for these procedures is <http://www.dom.com/about/elec-transmission/gi-main.jsp>. The Internet site contains links to the Generator Interconnection Procedures along with the Generator Interconnection Request Form. Once an Interconnection Agreement is executed it will be included herewith as part of this Exhibit A.

EXHIBIT B
General Terms and Conditions

I - Assignments

Operator agrees not to assign this Agreement without the prior written consent of Dominion North Carolina Power. Dominion North Carolina Power may withhold such consent if it determines, in its sole discretion that such assignment would not be in the best interests of Dominion North Carolina Power or its customers. Any attempted assignment that Dominion North Carolina Power has not approved in writing shall be null and void and ineffective for all purposes.

II - Indemnity

Operator shall indemnify and save harmless and, if requested by Dominion North Carolina Power, defend Dominion North Carolina Power, its officers, directors and employees from and against any and all losses and claims or demands for damages to real property or tangible personal property (including the property of Dominion North Carolina Power) and injury or death to persons arising out of, resulting from, or in any manner caused by the presence, operation or maintenance of any part of Operator's Facility; provided, however, that nothing herein shall be construed as requiring Operator to indemnify Dominion North Carolina Power for any injuries, deaths or damages caused by the sole negligence of Dominion North Carolina Power. Operator agrees to provide Dominion North Carolina Power written evidence of liability insurance coverage, which is specifically and solely for the Facility, prior to the operation of the Facility. Operator agrees to have Dominion North Carolina Power named as an additional insured, and shall keep such coverage current throughout the term of this Agreement.

III - QF Certification

Operator represents and warrants that its Facility meets the Qualifying Facility requirements established as of the Effective Date of this Agreement by the Federal Energy Regulatory Commission's rules (18 Code of Federal Regulations Part 292), and that it will continue to meet those requirements necessary to remain a Qualifying Facility throughout the term of this Agreement. Operator agrees to provide copies, at the time of submittal, of all correspondence and filings with the Federal Energy Regulatory Commission relating to obtaining certification of the Facility as a "QF". Operator will submit prior to delivery of electrical output from the Facility to Dominion North Carolina Power evidence of Qualifying Facility certification. After the COD, if requested by Dominion North Carolina Power prior to March 1 of any year, Operator agrees to provide July 1 of the same year to Dominion North Carolina Power for the preceding year sufficient for Dominion North Carolina Power to determine the Operator's continuing compliance with its QF requirements; including but not limited to:

- (a) All information required by FERC Form 556.
- (b) Copy of the Facility's QF Certification and any subsequent revisions or amendments;
- (c) Provide a copy of any contract executed with a thermal host.

- (d) Identification of the amount of each type of fuel used per month and average heating value for each type of fuel, which will be used to determine the Total Energy Input. These values should be verifiable by auditing supporting documentation.
- (e) Identification of each of the QF's useful thermal output(s) for each month, including temperature, pressure, amount of thermal output delivered, temperature and amount of condensate returned (if applicable) and the conversion to Btus. These values should be verifiable by auditing supporting documentation.
- (f) Identification of the QF's useful power output, for each month. These values should be verifiable by auditing supporting documentation.
- (g) Provide drawings, heat balance diagrams and a sufficiently detailed narrative describing the delivery of useful thermal output including the location, description, and calibration data for all metering equipment used for QF calculations.
- (h) Provide any other information which the QF believes will facilitate Dominion North Carolina Power's monitoring of the QF requirements.
- (i) Dominion North Carolina Power may request additional information, as needed, to monitor the QF requirements.

IV - Consequential Damages

In no event shall either Party be liable to the other for any special, indirect, incidental or consequential damages whatsoever, except that the foregoing shall not apply to any promises of indemnity or obligations to reimburse the Parties expressly set forth in this Agreement.

V - Amendments, Waivers, Severability and Headings

This Agreement, including the appendices thereto, can be amended only by agreement between the Parties in writing. The failure of either Party to insist in any one or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder. In the event any provision of this Agreement, or any part or portion thereof, shall be held to be invalid, void or otherwise unenforceable, the obligations of the Parties shall be deemed to be reduced only as much as may be required to remove the impediment. The headings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties hereto, nor should they be used to aid in any manner in the construction of this Agreement.

VI - Compliance with Laws

Operator covenants that it shall comply with all applicable provisions of Executive Order 11246, as amended; § 503 of the Rehabilitation Act of 1973, as amended; § 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974, as amended; and implementing regulations set forth in 41 C.F.R. §§ 60.1, 60-250, and 60-741 and the applicable provisions relating to the utilization of small minority business concerns as set forth in 15 U.S.C. § 637, as amended. Operator agrees that the equal opportunity clause set forth in 41 C.F.R. § 60-1.4 and the equal opportunity clauses set forth

in 41 C.F.R. § 250.5 and 41 C.F.R. 60-§741.5 and the clauses relating to the utilization of small and minority business concerns set forth in 15 U.S.C. § 637(d) (3) and 48 C.F.R. § 52-219.9 are hereby incorporated by reference and made a part of this Agreement. If this Agreement has a value of more than \$500,000, Operator shall adopt and comply with a small business and small disadvantaged business subcontracting plan which shall conform to the requirements set forth in 15 U.S.C. § 637(d)(6). The provisions of this section shall apply to Operator only to the extent that:

- (a) Such provisions are required of Operator under existing law,
- (b) Operator is not otherwise exempt from said provisions and
- (c) Compliance with said provisions is consistent with and not violative of 42 U.S.C. § 2000 et seq., 42 U.S.C. § 1981 et seq., or other acts of Congress.

VII - Interconnection and Operation

Operator shall be responsible for the design, installation, and operation of its Facility. Operator shall be responsible for obtaining an Interconnection Agreement. Interconnection guidelines and agreement requirements are set forth in Exhibit A of this Agreement.

Operator shall: (a) maintain the Facility and the Interconnection Facilities on Operator's side of the Interconnection Point, except Dominion North Carolina Power-owned Interconnection Facilities, in conformance with all applicable laws and regulations and in accordance with operating procedures; (b) obtain any governmental authorizations and permits required for the construction and operation thereof and keep all such permits and authorizations current and in effect; and (c) manage the Facility in a safe and prudent manner. If at any time Operator does not hold such authorizations and permits, Dominion North Carolina Power may refuse to accept deliveries of power hereunder.

Dominion North Carolina Power may enter Operator's premises (a) to inspect Operator's protective devices at any reasonable time; (b) to read or test meters and metering equipment; and (c) to disconnect, without notice, the Facility if, in Dominion North Carolina Power's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, or Dominion North Carolina Power facilities or other customers' facilities from damage or interference caused by Operator's Facility or lack of properly operating protective devices. Dominion North Carolina Power will endeavor to notify Operator as quickly as practicable if disconnection occurs as provided in (c) above. Any inspection of Operator's protective devices shall not impose on Dominion North Carolina Power any liabilities with respect to the operation, safety or maintenance of such devices.

Operator shall not operate the Facility in parallel with Dominion North Carolina Power's system prior to (a) an inspection of the installed Interconnection Facilities by an authorized Dominion North Carolina Power representative and (b) receiving written authorization from an authorized Dominion North Carolina Power representative to begin parallel operation.

VIII - Metering

Dominion North Carolina Power will meter all electrical output delivered from the Facility on the high voltage side of the step up transformer.

Operator agrees to pay an administrative charge to Dominion North Carolina Power to reflect all reasonable costs incurred by Dominion North Carolina Power for meter reading and billing, also referred to as metering charges. The monthly meter reading and billing charge shall change from time to time when the NCUC approves a different charge in Schedule 19-DRR.

In addition, Operator agrees to pay any fees required to provide and maintain leased telephone lines required for meter reading by Dominion North Carolina Power.

IX - Billing and Payment

Dominion North Carolina Power shall read the meter in accordance with its normal meter reading schedule. Within twenty-eight (28) days thereafter, Dominion North Carolina Power shall send Operator payment for energy and Contracted Capacity delivered. At Dominion North Carolina Power's option, (i) Dominion North Carolina Power may make such payments net of the monthly metering charges, Interconnection Facilities charges, and charges for sales of electricity to the Operator, or (ii) Dominion North Carolina Power may invoice Operator for such charges separately. Payment by Dominion North Carolina Power shall include verification showing the billing month's ending meter reading, on-peak and off-peak kWh, and the amount paid. If in any month the monthly metering and Interconnection Facilities charges are in excess of any payments due Operator, Dominion North Carolina Power shall bill Operator for the difference and Operator shall make such payment within 28 days of the invoice date. Failure by Operator to make such payments may result in disconnection of the Facility. In no event shall such disconnection relieve Operator of its obligation to pay monthly metering charges and Interconnection Facilities charges under this Agreement.

In the event that any data required for billing purposes hereunder are unavailable when required for such billing, the unavailable data shall be estimated by Dominion North Carolina Power, based upon historical data. Such billing shall be subject to any required adjustment in a subsequent billing month.

In addition to rights pursuant to Paragraph SIXTH of this Agreement, Operator agrees that Dominion North Carolina Power shall be entitled to withhold sufficient amounts due pursuant to this Agreement to offset (a) any damages to Dominion North Carolina Power resulting from any breach of this Agreement by Operator, and (b) any other amounts Operator owes Dominion North Carolina Power, including amounts arising from sales of electricity by Dominion North Carolina Power to Operator, metering charges and Interconnection Facilities charges.

In no event shall Dominion North Carolina Power be liable to Operator for any Contracted Capacity payments in excess of the amounts contracted for herein, regardless of the ultimate length of this Agreement or revisions to Schedule 19-DRR or successor schedules. Operator hereby agrees to accept the Contracted Capacity payments as set forth herein as its sole and complete compensation for delivery of Contracted Capacity to Dominion North Carolina Power.

X - Force Majeure

Neither Party shall be considered in default under this Agreement or responsible to the other Party in tort, strict liability, contract or other legal theory for damages of any description for any interruption or failure of service or deficiency in the quality or quantity of service or any other failure to perform any of its obligations hereunder to the extent such failure occurs without fault or negligence on the part of that Party and is caused by factors beyond that Party's reasonable control, which by the exercise of reasonable diligence that Party is unable to prevent, avoid, mitigate or overcome, including without limitation storm, flood, lightning, earthquake, explosion, equipment failure, civil disturbance, labor dispute, act of God or public enemy, action or inaction of a court or public authority, fire, sabotage, war, explosion, curtailments, unscheduled withdrawal of facilities from operation for maintenance or repair or any other cause of similar nature beyond the reasonable control of that Party (any such event, "Force Majeure"). Solely economic hardship of either Party shall not constitute Force Majeure under this Agreement. Nor shall anything contained in this paragraph or elsewhere in this Agreement excuse Operator or Dominion North Carolina Power from strict compliance with the obligation of the Parties to comply with the terms of Article IX of this Exhibit B relating to timely payments.

Each Party shall have the obligation to operate in accordance with Good Utility Practice (as defined below) at all times and to use due diligence to overcome and remove any cause of failure to perform.

If a Party relies on the occurrence of an event of Force Majeure described above as a basis for being excused from performance of its obligations under this Agreement, then the Party relying on the Force Majeure event shall:

- a) Provide within forty-eight (48) hours written notice of such Force Majeure event or potential Force Majeure to the other Party, giving an estimate of its expected duration and the probable impact on the performance of its obligations hereunder;
- b) Exercise all reasonable efforts to continue to perform its obligations under this Agreement;
- c) Expeditiously take action to correct or cure the Force Majeure event excusing performance; provided, however, that settlement of strikes or other labor disputes will be completely within the sole discretion of the Party affected by such strike or labor dispute;
- d) Exercise all reasonable efforts to mitigate or limit damages to the other Party; and
- e) Provide prompt notice to the other Party of the cessation of the Force Majeure event giving rise to its excuse from performance. All performance obligations hereunder shall be extended by a period equal to the term of the resultant delay.

If a Party responding to a Force Majeure event has the ability to obtain, for additional expenditures, expedited material deliveries or labor production which would allow a response to the event in a manner that is above and beyond Good Utility Practice, and such a response could shorten the duration of the Force Majeure event, the Party responding to the event may, at its discretion, present the other Party with the option of funding the expenditures for expediting material deliveries or labor production in an effort to reduce the duration of the event and economic hardship. Each such opportunity will be negotiated on a case-by-case basis by the Parties.

For purposes of this Agreement, "Good Utility Practice" shall mean any of the applicable practices, methods, standards, guides or acts: required by any governmental authority, regional or national

reliability council, or national trade organization, including NERC, SERC, or the successor of any of them, as they may be amended from time to time whether or not the Party whose conduct is at issue is a member thereof; otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period which in the exercise of reasonable judgment in light of the facts known or that should have been known at the time a decision was made, could have been expected to accomplish the desired result in a manner consistent with law, regulation, good business practices, generation, transmission and distribution reliability, safety, environmental protection, economy and expediency. Good Utility Practice is intended to be acceptable practices, methods, or acts generally accepted in the region, or any other acts or practices as are reasonably necessary to maintain the reliability of the Transmission System (as defined in the Interconnection Agreement), or of the Facility, and is not intended to be limited to the optimum practices, methods, or acts to the exclusion of all others.

EXHIBIT C

Exhibit C is a copy of Schedule 19-DRR based on the DRR Method

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

I. APPLICABILITY AND AVAILABILITY

This schedule is applicable to any qualifying Cogenerator or Small Power Producer (Qualifying Facility) which desires to deliver all of its net electrical output to the Company, and which has either (1) generating facilities designated as new capacity as defined by 18 C.F.R. 292.304(b)(1), or (2) hydroelectric generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a) and enters into an agreement for the sale of net electrical output to the Company (Agreement).

Where the Qualifying Facility (QF) elects to be compensated for firm deliveries in accordance with this schedule, the amount of capacity under contract and the initial term of contract shall be limited as follows:

- A. Where the QF operates hydroelectric generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a), or where the QF operates non-hydroelectric QFs fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass, the amount of capacity subject to compensation shall be no greater than 5,000 kW, and the amount of energy purchased during a given hour at rates applicable to firm deliveries shall be no greater than 5,000 kWh. The initial term of contract for such a QF shall be for a period of 5, 10, or 15 years, at the option of the QF.
- B. Where the QF is not defined under Paragraph I.A., the amount of capacity subject to compensation shall be no greater than 3,000 kW, and the amount of energy purchased during a given hour at rates applicable to firm deliveries shall be no greater than 3,000 kWh. The initial term of contract for such a QF shall be for a period of 5 years.

(Continued)

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Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

I. APPLICABILITY AND AVAILABILITY (Continued)

Where the QF elects to be compensated for firm or non-firm deliveries in accordance with this schedule, the QF must enter into a contract and begin deliveries to the Company on or before December 31, 2012. Where the QF elects an initial contract term of 10 or more years, such contract may be renewed for subsequent term(s), at the Company's option, based 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.

This schedule is not applicable to a QF owned by a developer, or affiliate of a developer, who sells power to the Company from another facility located within one-half mile unless: 1) each facility provides thermal energy to different, unaffiliated hosts, or 2) each facility provides thermal energy to the same host, and the host has multiple operations with distinctly different or separate thermal needs, or 3) each facility utilizes a renewable resource which may be subject to geographic siting limitations, such as hydroelectric, solar, or wind power facilities.

II. MONTHLY BILLING TO THE QF

All sales to the QF will be in accordance with any applicable filed rate schedule. In addition, where the QF contracts for sales to the Company, the QF will be billed a monthly charge equal to one of the following to cover the cost of meter reading and processing:

<u>Metering required</u>	<u>Charge</u>
One non-time-differentiated meter	\$17.24
One time-differentiated meter	\$35.55
Two time-differentiated meters	\$41.16

(Continued)

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Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

III. DEFINITION OF ON- AND OFF-PEAK HOURS

As referenced in Paragraphs V.C., VI.A., VI.B., and VI.C., On-peak hours are defined as the hours between 7 a.m. and 10 p.m., Mondays through Fridays. Off-peak hours are all hours not defined as On-peak.

IV. CONTRACT OPTIONS FOR DESIGNATING MODE OF OPERATION

The QF shall designate under contract its Mode of Operation from the following options, each of which determines the Company's method of payment.

- A. The QF may contract for the delivery of energy to the Company without reimbursement, designated as the Non-reimbursement Mode of Operation; or,
- B. The QF may contract for the delivery of non-firm energy to the Company (no payment for capacity). This option includes QFs that elect to contract to deliver non-firm energy to the Company on an as-available basis. Where the QF's generation facilities have an aggregate nameplate rating of 100 kW or less the QF may designate the Non-firm, Non-time-differentiated Mode of Operation. Regardless of nameplate rating the QF may designate the Non-firm, Time-differentiated Mode of Operation.
- C. The QF may contract for the delivery of firm energy and capacity to the Company. The level of capacity which the QF contracts to sell to the Company shall not exceed 5,000 kW, where the QF is defined under Paragraph I.A., or 3,000 kW otherwise. This capacity level, in kW, shall be referred to as the Contracted Capacity. When the QF elects to sell firm energy and capacity, the QF shall designate the Firm Mode of Operation.

(Continued)

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

V. PAYMENT FOR COMPANY PURCHASES OF NON-FIRM ENERGY

The QF may contract to receive payment for non-firm energy at rates to be determined with each revision of this schedule. These rates will be based upon the QF's Mode of Operation as described below.

- A. Non-reimbursement Mode of Operation. Where the QF designates the Non-Reimbursement Mode of Operation, no payment will be made for energy delivered.
- B. Non-firm, Non-time-differentiated Mode of Operation. Where the QF's generation facilities have an aggregate nameplate rating of 100 kW or less and the QF designates the Non-firm, Non-time-differentiated Mode of Operation, the following rates in cents per kWh are applicable:

<u>2011</u>	<u>2012</u>
4.741	4.880

- C. Non-firm, Time-differentiated Mode of Operation. Where the QF designates the Non-firm, Time-differentiated Mode of Operation, the following On- and Off-peak rates in cents per kWh are applicable:

	<u>2011</u>	<u>2012</u>
On-peak	5.440	5.606
Off-peak	4.178	4.296

All energy purchase rates will be further increased by 3.0% to account for line losses avoided by the Company, except that upon the effective date of any Schedule 19 that is subsequently amended and approved by the Commission, the line loss percentage applied shall be the percentage stated in the then-current Schedule 19. In lieu of 3.0% or the line loss percentage stated in the then-current Schedule 19, the QF may request that a site specific line loss percentage be determined with the QF bearing the cost of the study required.

(Continued)

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VI. PAYMENT FOR COMPANY PURCHASES OF FIRM ENERGY

QFs designating the Firm Mode of Operation will be eligible to receive purchase payments for the delivery of firm energy by the QF to the Company. Where the QF operates generation facilities having an aggregate nameplate rating of 100 kW or less, the QF may contract to receive payments for firm energy based on A., B., or C., below. Otherwise, the QF may contract to receive payments for firm energy based on A. or B., below. Contract terms for 10 or 15 years are available only where the QF is defined under Paragraph I.A.

Any energy delivered during an hour which exceeds the QF's Contracted Capacity will be priced at the rates provided in Paragraph V.C.

- A. The QF may contract to receive payment for firm energy at rates to be determined with each revision of this schedule. These rates in cents per kWh, which reflect the Company's estimated avoided energy cost for the year specified, are as follows:

	<u>2011</u>	<u>2012</u>
On-peak	5.009	5.231
Off-peak	3.846	4.009

- B. As an alternative to Paragraph VI.A., the QF may contract to receive energy purchase payments based on the Company's estimated resource plan used in support of this tariff. From this resource plan, an avoided energy mix will be derived for each year in the plan. These avoided energy mixes will then be levelized to create a mix that will be fixed for the initial term of the QF's contract. A QF contracting for this option will receive a levelized energy mix, as filed and approved in this Docket, that will correspond with the year the QF begins to deliver energy to the Company and the length of the contract between the QF and the Company. With each biennial avoided cost hearing, the Company will file with the North Carolina Utilities Commission its cost estimates for each fuel type, along with On- and Off-peak factors used to derive purchase prices, that will be applicable for the next two calendar years. Once accepted by the Commission, these yearly fuel costs will then be applied to the levelized energy mix in each QF contract to derive the applicable energy purchase prices, using the On- and Off-peak factors, for the next two years.

(Continued)

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Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VI. PAYMENT FOR COMPANY PURCHASES OF FIRM ENERGY (Continued)

The 2011/2012 energy purchase prices, in cents per kWh, derived using levelized energy mixes for five, ten, and fifteen-year contract terms are as follows:

2011/2012 rates for operation beginning during 2011

Term:	<u>5 years</u>		<u>10 years</u>		<u>15 years</u>	
Year:	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
On-peak:	4.997	5.231	4.911	5.173	4.867	5.131
Off-peak:	3.833	4.013	3.767	3.969	3.734	3.936

2012 rates for operation beginning during 2012

Term:	<u>5 years</u>	<u>10 years</u>	<u>15 years</u>
On-peak:	5.191	5.146	5.113
Off-peak:	3.982	3.948	3.922

Attachments A1, A2 and A3 of this schedule provide examples of how these rates are derived using the levelized energy mix.

- C. Where the QF operates generation facilities having an aggregate nameplate rating of 100 kW or less, the QF may contract to receive payments for the delivery of firm energy based upon levelized prices fixed for the initial term of the QF's contract, as shown below in cents per kWh:

<u>Initial Year of Operation</u>		<u>Contract Length in Years</u>		
		<u>5</u>	<u>10</u>	<u>15</u>
2011	On-Peak	5.271	5.998	6.621
	Off-Peak	4.007	4.633	5.220
2012	On-Peak	5.409	6.332	6.985
	Off-Peak	4.111	4.923	5.539

(Continued)

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VI. PAYMENT FOR COMPANY PURCHASES OF FIRM ENERGY (Continued)

All energy purchase rates will be further increased by 3.0% to account for line losses avoided by the Company, except that upon the effective date of any Schedule 19 that is subsequently amended and approved by the Commission, the line loss percentage applied shall be the percentage stated in the then-current Schedule 19. In lieu of 3.0% or the line loss percentage stated in the then-current Schedule 19, the QF may request that a site specific line loss percentage be determined with the QF bearing the cost of the study required.

VII. PAYMENT FOR COMPANY PURCHASES OF CAPACITY

Company purchases of capacity are applicable only where the QF elects the Firm Mode of Operation. Such QFs shall receive capacity purchase payments based on the applicable levelized capacity purchase price below, in cents per kWh, corresponding to the contract length in years and the year in which the QF begins delivering Contracted Capacity to the Company on a firm basis. Contract terms for 10 or 15 years are available only where the QF is defined under Paragraph I.A.

<u>Length in Years</u>	<u>Initial Year of Operation</u>	
	<u>2011</u>	<u>2012</u>
5	0.379	0.426
10	0.905	1.018
15	1.131	1.216

Payments will be made to the QF beginning with the initial month of its operation, by applying the appropriate levelized capacity purchase price above to all kWh delivered to the Company during each hour, up to the Contracted Capacity. However, in any calendar year the total capacity purchase payments made to the QF shall not exceed the QF's Contracted Capacity, multiplied by 7,446 hours, and further multiplied by the applicable levelized capacity purchase price above. In the QF's beginning and ending year of its contract term, the 7,446 hours referenced above shall be prorated.

(Continued)

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Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VIII. PROVISIONS FOR COMPANY PURCHASE OF THE QF GENERATION

- A. The QF shall own and be fully responsible for the costs and performance of the QF's:
1. Generating facility in accordance with all applicable laws and governmental agencies having jurisdiction;
 2. Control and protective devices as required by the Company on the QF's side of the meter.
- B. Upon request by the Company, the Cogenerator or Small Power Producer must demonstrate that the facility is a Qualifying Facility as defined by PURPA.
- C. Interconnection procedures for the QF's generation interconnection are provided through the Internet at the Company's website;

<http://www.dom.com/dominion-north-carolina-power/customer-service/rates-and-tariffs/pdf/term24.pdf>

IX. MODIFICATION OF RATES AND OTHER PROVISIONS HEREUNDER

The provisions of this schedule, including the rates for purchase of energy and Contracted Capacity by the Company, are subject to modification at any time in the manner prescribed by law, and when so modified, shall supersede the rates and provisions hereof. However, payments to QFs with contracts for a specified term at payments established at the time the obligation is incurred shall remain at the payment levels established in their contract with the exception of the line loss percentage applied which shall be the percentage stated in the then-current Schedule 19.

(Continued)

Schedule 19 - DRR
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

IX. MODIFICATION OF RATES AND OTHER PROVISIONS HEREUNDER (Continued)

If the QF terminates its contract to provide Contracted Capacity on a firm basis to the Company prior to the expiration of the contract term, the QF shall, in addition to other liabilities, be liable to the Company for excess capacity payments. Such excess payments will be calculated by taking the difference between (1) the total capacity payments already made by the Company to the QF and (2) capacity payments calculated based on the levelized capacity purchase price found in Paragraph VII corresponding to the highest term option completed by the QF. These excess payments shall also include interest, from the time such excess payments were made, compounded annually at the rate equal to the Company's most current issue of long-term debt at the time of the contract's effective date.

X. TERM OF CONTRACT

The term of contract shall be such as may be mutually agreed upon but for not less than one year.

(Continued)

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ATTACHMENT A1
Schedule 19 - DRRPOWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIESFIRM MODE OF OPERATION
ENERGY PURCHASE PRICES FOR 2011
APPLICABLE TO QFs WITH FIVE YEAR LEVELIZED ENERGY MIX BEGINNING IN 2011

Fuel Type	(1) Displaced MWh	(2) Displaced Fuel Mix %	(3) Displaced Plants Heat Rate BTU/kWh	(4) Avoided Energy Costs \$/MBTU x (Col. 3) / 10,000
Fossil Steam:				
Coal	1,618,555	28.97	9,937	4.000¢/kWh = (4.026\$/MBTU x 9,937)/10,000
Oil	14,390	0.26	10,008	12.181¢/kWh = (12.171\$/MBTU x 10,008)/10,000
Natural Gas	814,718	14.58	7,520	3.422¢/kWh = (4.551\$/MBTU x 7,520)/10,000
Comb. Turbine	91,753	1.64	10,813	7.228¢/kWh = (6.685\$/MBTU x 10,813)/10,000
Biomass	27,948	0.50	14,821	4.004¢/kWh = 2.701 \$/MBTU x 14,821/10,000
Pumped Storage	-162,452	-2.91		0.031¢/kWh
Purchase Power/Sale	2,978,885	53.31		4.775¢/kWh
Pumping	203,763	3.65		
150 MW Block	5,587,559			

Weighted Average = Σ (Col. 2 x Col. 4) = 4.353¢/kWh

On-peak Energy Purchase Payment = 4.353 x 1.1480 (On-peak factor) = 4.997¢/kWh

Off-peak Energy Purchase Payment = 4.353 x 0.8806 (Off-peak factor) = 3.833¢/kWh

(Continued)

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ATTACHMENT A2

Schedule 19 - DRR

POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

FIRM MODE OF OPERATION

ENERGY PURCHASE PRICES FOR 2011

APPLICABLE TO OFs WITH FIVE YEAR LEVELIZED ENERGY MIX BEGINNING IN 2012

	(1)	(2)	(3)	(4)
Fuel Type	Displaced MWh	Displaced Fuel Mix %	Displaced Plants Heat Rate BTU/kWh	Avoided Energy Costs \$/MBTU x (Col. 3) / 10,000
Fossil Steam:				
Coal	1,618,555	28.97	9,937	4.025¢/kWh = (4.050\$/MBTU x 9,937)/10,000
Oil	14,390	0.26	10,008	13.139¢/kWh = (13.129\$/MBTU x 10,008)/10,000
Natural Gas	814,718	14.58	7,520	4.245¢/kWh = (5.645\$/MBTU x 7,520)/10,000
Comb. Turbine	91,753	1.64	10,813	5.833¢/kWh = (5.395\$/MBTU x 10,813)/10,000
Biomass	27,948	0.50	14,821	4.300¢/kWh = 2.901\$/MBTU x 14,821/10,000
Pumped Storage	-162,452	-2.91		0.031¢/kWh
Purchase Power/Sale	2,978,885	53.31		4.958¢/kWh
Pumping	203,763	3.65		
150 MW Block	-5,587,559			

Weighted Average = Σ (Col. 2 x Col. 4) = 4.557¢/kWh

On-peak Energy Purchase Payment = 4.557 x 1.1480 (On-peak factor) = 5.231¢/kWh

Off-peak Energy Purchase Payment = 4.557 x 0.8806 (Off-peak factor) = 4.013¢/kWh

(Continued)

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ATTACHMENT A3
Schedule 19 - DRRPOWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIESFIRM MODE OF OPERATION
ENERGY PURCHASE PRICES FOR 2012
APPLICABLE TO QFs WITH FIVE YEAR LEVELIZED ENERGY MIX BEGINNING IN 2012

Fuel Type	(1) Displaced MWh	(2) Displaced Fuel Mix %	(3) Displaced Plants Heat Rate BTU/kWh	(4) Avoided Energy Costs \$/MBTU x (Col. 3) / 10,000
Fossil Steam:				
Coal	1,556,312	27.84	9,933	4.023¢/kWh = (4.050\$/MBTU x 9,933)/10,000
Oil	10,346	0.19	9,914	13.016¢/kWh = (13.129\$/MBTU x 9,914)/10,000
Natural Gas	977,537	17.49	7,338	4.142¢/kWh = (5.645\$/MBTU x 7,338)/10,000
Comb. Turbine	88,754	1.59	10,700	5.773¢/kWh = (5.395\$/MBTU x 10,700)/10,000
Biomass	25,275	0.45	14,780	4.288¢/kWh = (2.901\$/MBTU x 14,780)/10,000
Pumped Storage	-166,072	-2.97		0.031¢/kWh
Purchase Power/Sale	2,889,828	51.69		4.958¢/kWh
Pumping	208,639	3.73		
150 MW Block	-5,590,619			

Weighted Average = Σ (Col. 2 x Col. 4) = 4.522¢/kWh

On-peak Energy Purchase Payment = 4.522 x 1.1480 (On-peak factor) = 5.191¢/kWh

Off-peak Energy Purchase Payment = 4.522 x 0.8806 (Off-peak factor) = 3.982¢/kWh

EXHIBIT D

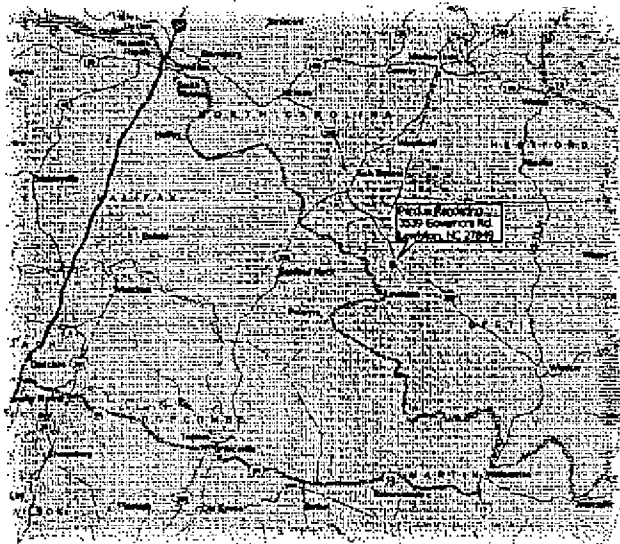
Exhibit D is reserved for possible future use]

EXHIBIT E

Exhibit E is a map and written description identifying the specific location of the Facility and is provided by the Operator.

The proposed facility will be located at 3539 Governors Rd., Lewiston, North Carolina. Lewiston is located in Bertie County. The facility is approximately 3 miles west of the intersection of state route 11 and 308.

Wide Area Map of Proposed Location



Local Map of Proposed Location

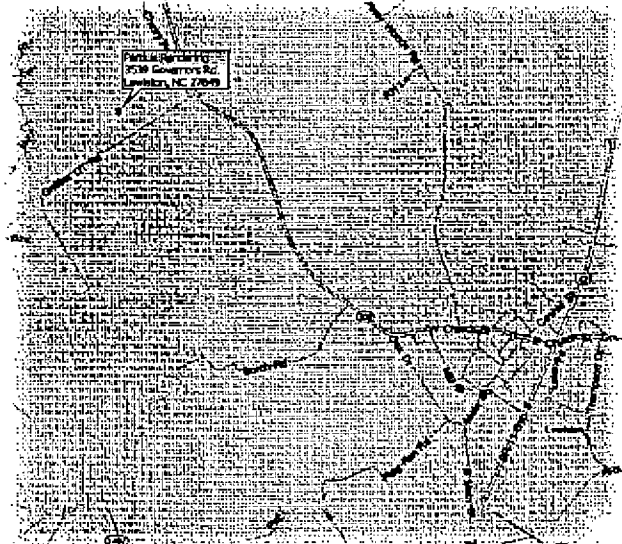


EXHIBIT F

Exhibit F is the "Qualifying Facility" Certification to be provided by the Operator.

OR

If Facility is less than 1MW, Owner may submit the following statement as Exhibit F that the Facility qualifies as a Qualifying Facility (QF) under federal law.

Federal law exempts small power production or cogeneration facilities with net power production capacities of 1 MW or less from certain certification requirements in order to qualify as a qualifying facility ("QF" or "Qualifying Facility"). Therefore, W. E. PARTNERS II, LLC submits the Facility is exempt from the certification requirements, but submits that the Facility qualifies as a Qualifying Facility under federal law set forth in the Public Utility Regulatory Policies Act of 1978 ("PURPA") (codified at 16 U.S.C. § 824a-3.


Name



Title

EXHIBIT G

Exhibit G is the Certificate of Public Convenience and Necessity to be provided by the Operator, or evidence that no such certificate is required under North Carolina law.

Below submittal was provided to the North Carolina Utility Commission on Nov. 2, 2010. Per North Carolina General Statute 62-110.1 (g), Certificate for Construction of Generating Facilities, the proposed facility is exempt from the certification requirements as the proposed generating facility will be fueled by renewable energy sources (biomass) and the proposed power production shall be less than two (2) megawatts.

Facility was recognized by the North Carolina Utility Commission as a New Renewable Energy Facility under Docket No. SP-882 Sub 0



1836 Eastchester Dr.
Suite 108
High Point, NC 27265
O: 360.750.3583
F: 360.750.3483

November 2, 2010

Chief Clerk, Utilities Commission
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4325

RE: R8-65: Report by Persons Constructing Electric Generating Facilities Exempt from Certification Requirement.

Chief Clerk,

W.E. Partners II, LLC, a wholly owned subsidiary Wellons Energy Solutions, LLC, is submitting the attached Report for a proposed Biomass Cogeneration Facility to be constructed in Lewiston, North Carolina. Per North Carolina General Statute 62-110.1 (g), Certificate for Construction of Generating Facilities, the proposed facility is exempt from the certification requirements as the proposed generating facility will be fueled by renewable energy sources (biomass) and the proposed power production shall be less than two (2) megawatts.

With this determination, please accept our submittal which reports the proposed construction of the above facility. The project is a biomass cogeneration facility and will provide saturated steam to the adjacent rendering facility, which is owned by Perdue AgriBusiness Inc., and provide electricity, via an interconnection agreement, to Dominion Power. The Qualifying Facility (QF) will be a self qualified Cogeneration Facility. In preparation for this submittal, W.E. Partners has submitted a Permit Application for the Construction and Operation of the proposed facility to the North Carolina Department of Air Quality on October 4th, 2010.

In conjunction with this submittal, W.E. Partners will be submitting, per Rule R8-66, Registration for Renewable Energy Facility, to the Utility Commission so that the Facility may qualify the project as a "New Renewable Energy Facility". To support this application, a Best Available Control Technology analysis (BACT) was submitted to the NCDAQ for review on October 4th, 2010. Although not required under Federal permitting requirements as the facility will be permitted as a synthetic minor, a BACT analysis is required under the North Carolina Renewable Energy Portfolio Standard.

Please accept this original and 16 copies which are enclosed. If I can be of further assistance, please do not hesitate to contact me at the address above.

If I can be of further assistance, please do not hesitate to call.

Regards,
Wellons Energy Solutions, LLC

Gerald B. Cottrell
General Manager



1. Name

W.E. Partners II LLC
1836 Eastchester Dr., Suite 108
High Point, NC 27265
O: 360.750.3583
F: 360.750.3483
C: 336.339.9055

2. Corporate Structure

W.E. Partners II, LLC, is a North Carolina based Limited Liability Company and a wholly owned subsidiary of Wellons Energy Solutions, LLC.

Wellons Energy Solutions, LLC is a Vancouver, Washington based Limited Liability Company domesticated in North Carolina.

North Carolina Address:
1836 Eastchester Dr., Suite 108
High Point, NC 27265

Vancouver, WA Address:
2525 Firestone Lane
Vancouver, WA 98660

Contact:
Mr. Gerald B. Cottrell
General Manager
1836 Eastchester Dr., Suite 108
High Point, NC 27265
O: 360.750.3583
F: 360.750.3483
C: 336.339.9055

3. Facility Description

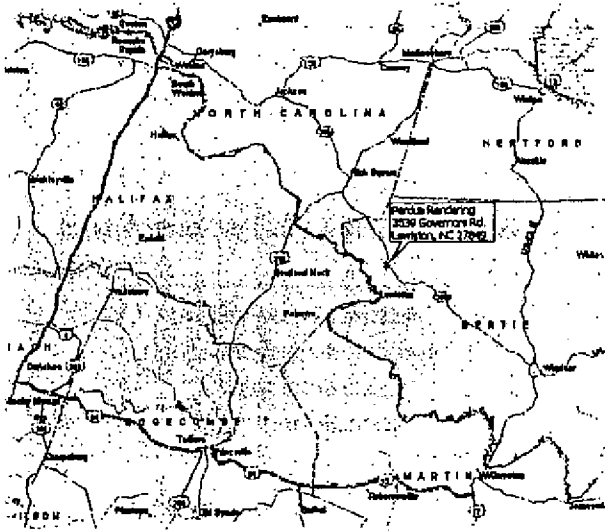
The proposed facility is a biomass cogeneration facility consisting of three (3) 29 MMBtu/hr biomass fired boilers, in conjunction with a 475 ekW steam turbine gen-set, to be located in Lewiston, North Carolina. The project is a biomass cogeneration facility and as such will provide saturated steam to the adjacent facility, which is owned by Perdue Farms, and provide electricity to Dominion Power.

The facility will be permitted to combust biomass materials, including logging residues and sawdust.

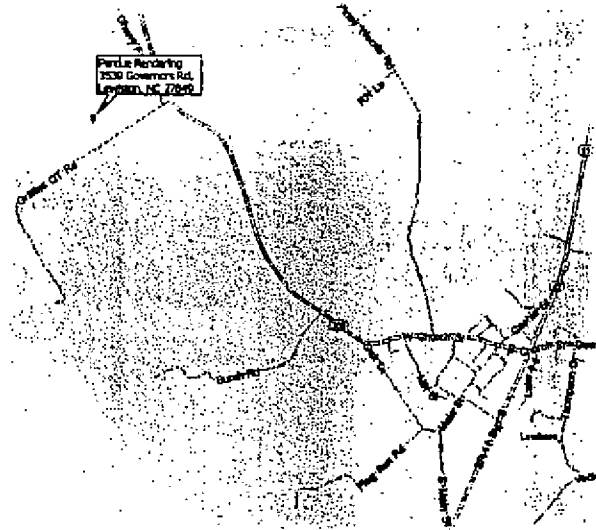
4. Location

The proposed facility will be located at 3535 Governors Road, Lewiston, Bertie, County, North Carolina. The facility is approximately 3 miles west of the intersection of state route 11 and 308.

Wide Area Map of Proposed Location



Local Map of Proposed Location



5. Ownership of the site.

W.E. Partners II, LLC will be the owner and operator of the proposed facility. W.E. Partners will enter into a property lease with Perdue AgriBusiness Inc. The proposed facility will provide saturated steam to Perdue Agribusiness for the operation of the existing rendering plant. The proposed facility will allow Perdue to move their existing fossil fuel boilers to a standby/back-up status, resulting in a significant reduction in green house gas emissions.

6. Description of Buildings, Structures and equipment.

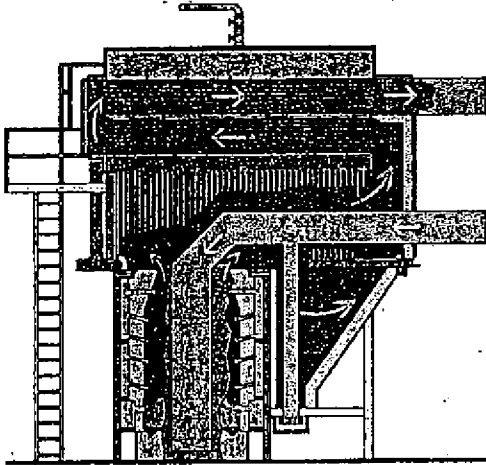
W.E. Partners II, LLC has entered into a purchase agreement with Wellons Inc., to provide for the engineering, procurement and construction (EPC) of the proposed facility

BOILER SYSTEM: This proposal describes the scope of equipment supply and project services for a Wellons steam generation system consisting of three (3) x 600 hp watertube-firerube package style boilers. The wood-fired boiler system will produce up to 62,100 PPH of saturated steam, for delivery to a backpressure steam turbine, for final delivery of steam at 150 psig minimum to the rendering plant. Wellons will provide systems engineering and design, manufacturing of the combustion equipment, boiler, fuel handling, and the associated balance of plant equipment described in this proposal. Qualified Wellons personnel will perform start-up and training services. The proposal scope covers the complete steam generation system, from the live floor fuel storage bin, through the exhaust stacks of the three (3) boilers. The boilers, fuel storage and auxiliary equipment will be housed in a building provided by Wellons. The proven Wellons cell furnace system will be utilized. This combustion system allows for high-efficiency wood burning as demonstrated by low fan horsepower requirements and low exhaust stack temperatures.

BACKPRESSURE STEAM TURBINE-GENERATOR UNIT: Included is a skid mounted steam turbine-generator set, with single-stage turbine, direct connected to an ODP induction type generator, with accessories. The steam turbine is designed for inlet steam conditions of 325 psig, saturated and outlet steam conditions of 150 psig, for steam supply to heating processes. At the rated steam flow of 62,100 PPH the predicted electrical power output is 475 eKW. Electrical power output will vary as steam flow demand of the process varies.

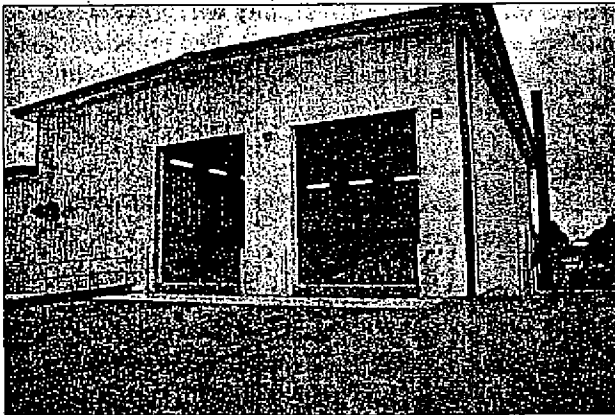
Biomass System Components:

A typical biomass boiler installation will consist of 3 components; the furnace/pressure vessel, the material receiving and storage system as well as the metal framed boiler house.



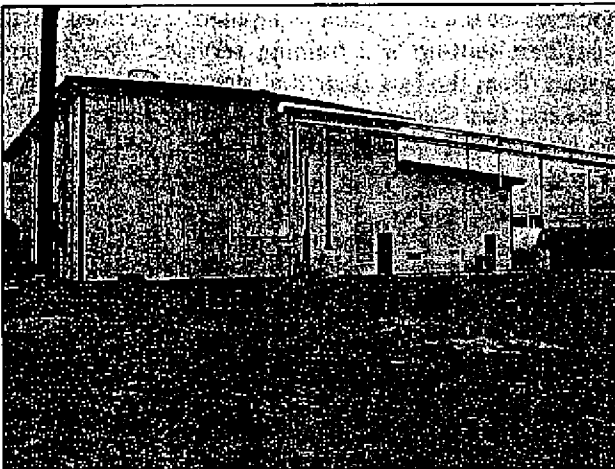
Biomass Firebox & Pressure Vessel

Automatic de-ashing
biomass firebox and high
pressure steam
generation vessel.



Fuel Receiving, Classifying & Storage

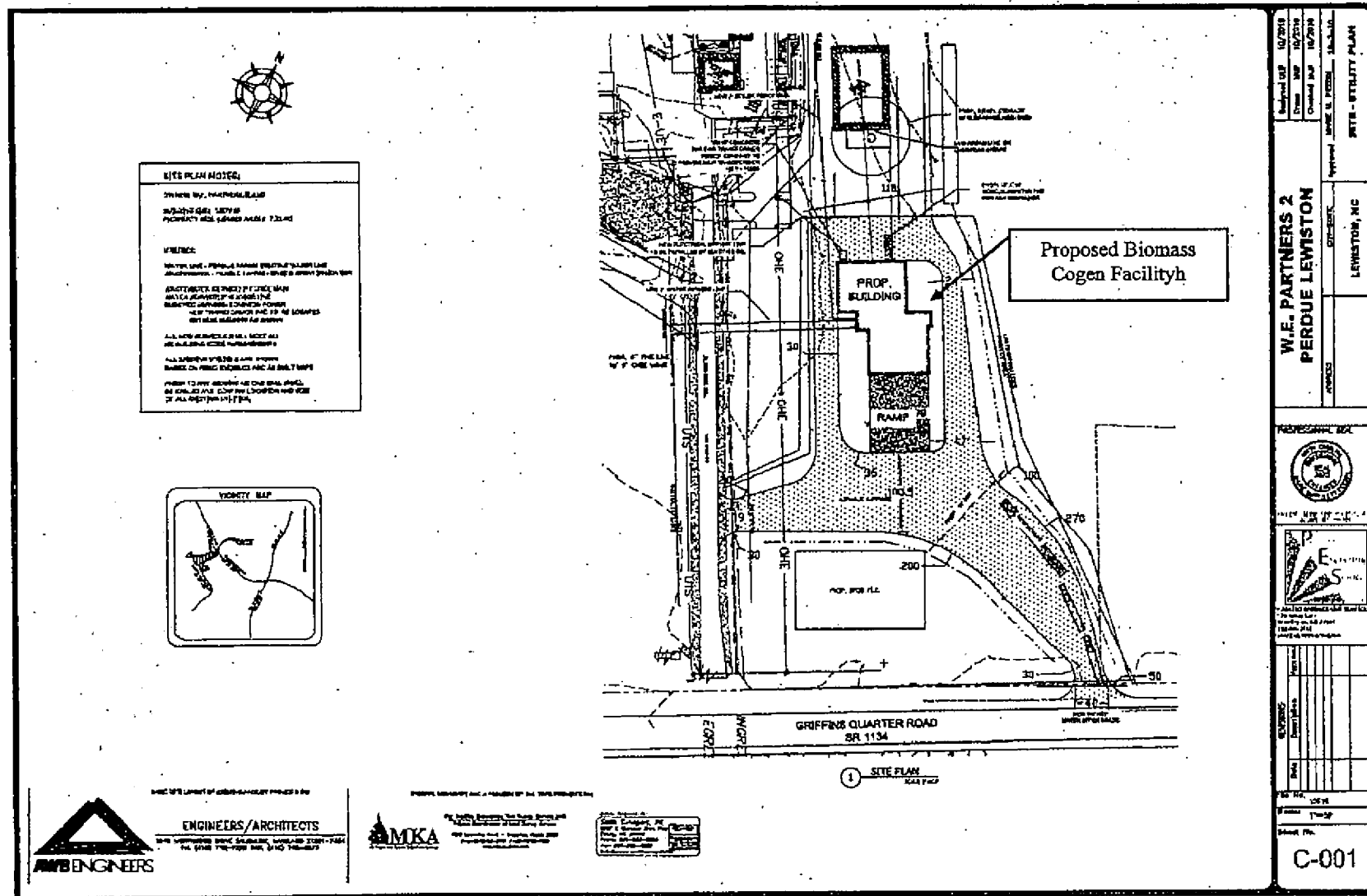
Fuel bunker, as shown, is
preferred storage method
but is subject to size and
storage limits.



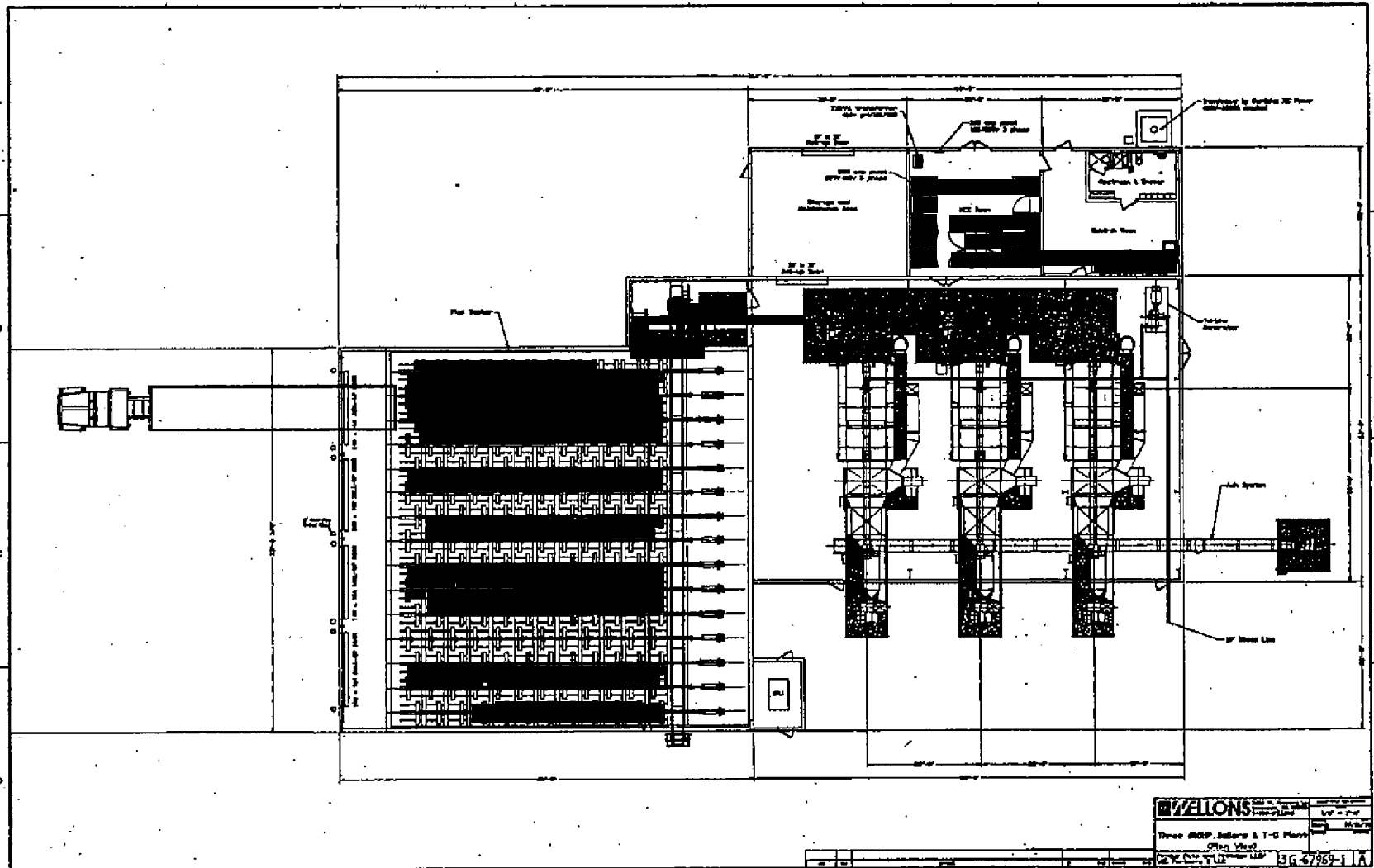
Boiler Building

Boiler Building is a pre-
engineered structure with
water, electricity, steam
and condensate returns.

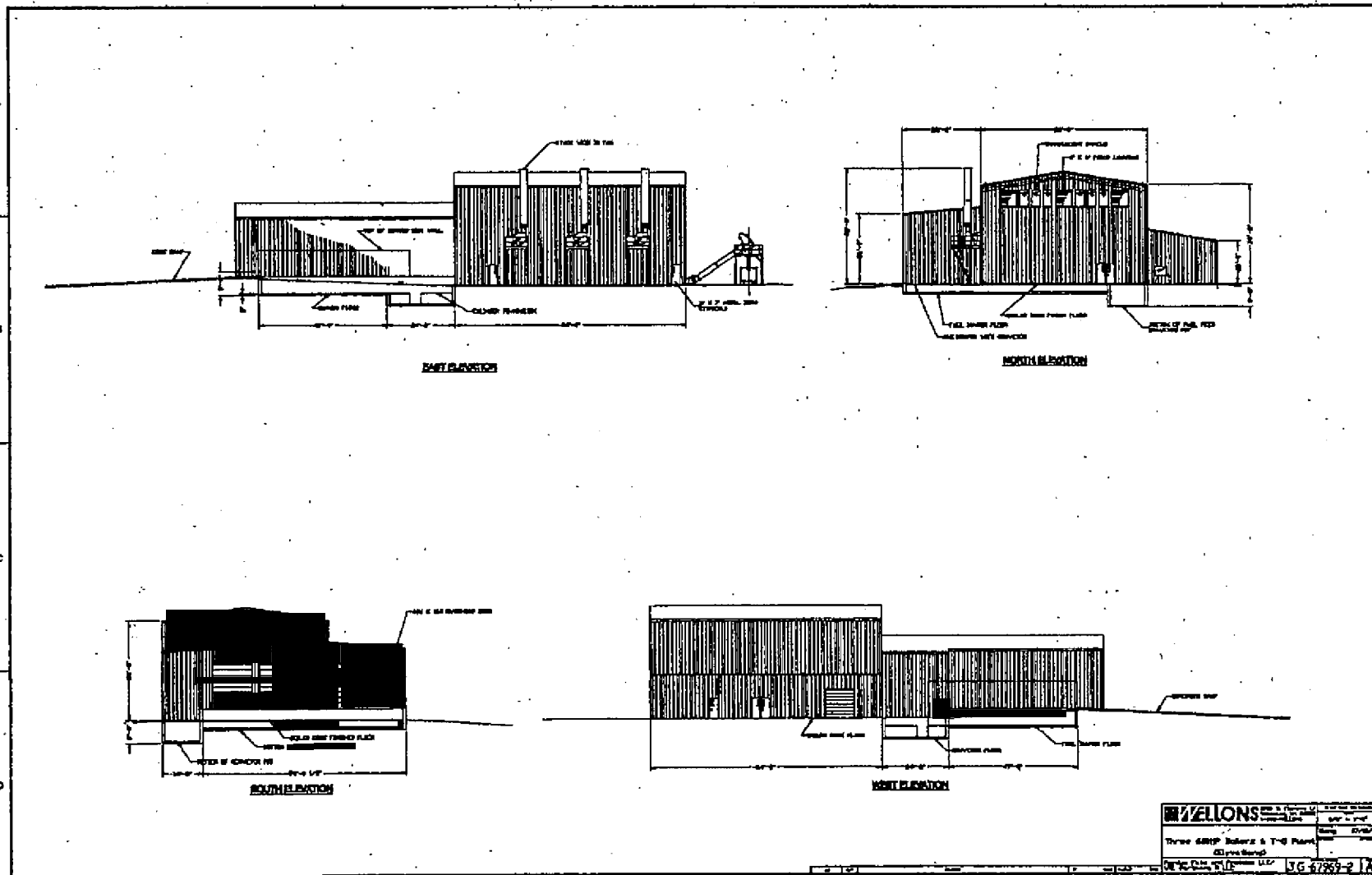
Proposed W.E. Partners II, LLC Facility at 3539 Governors Rd, Lewiston NC



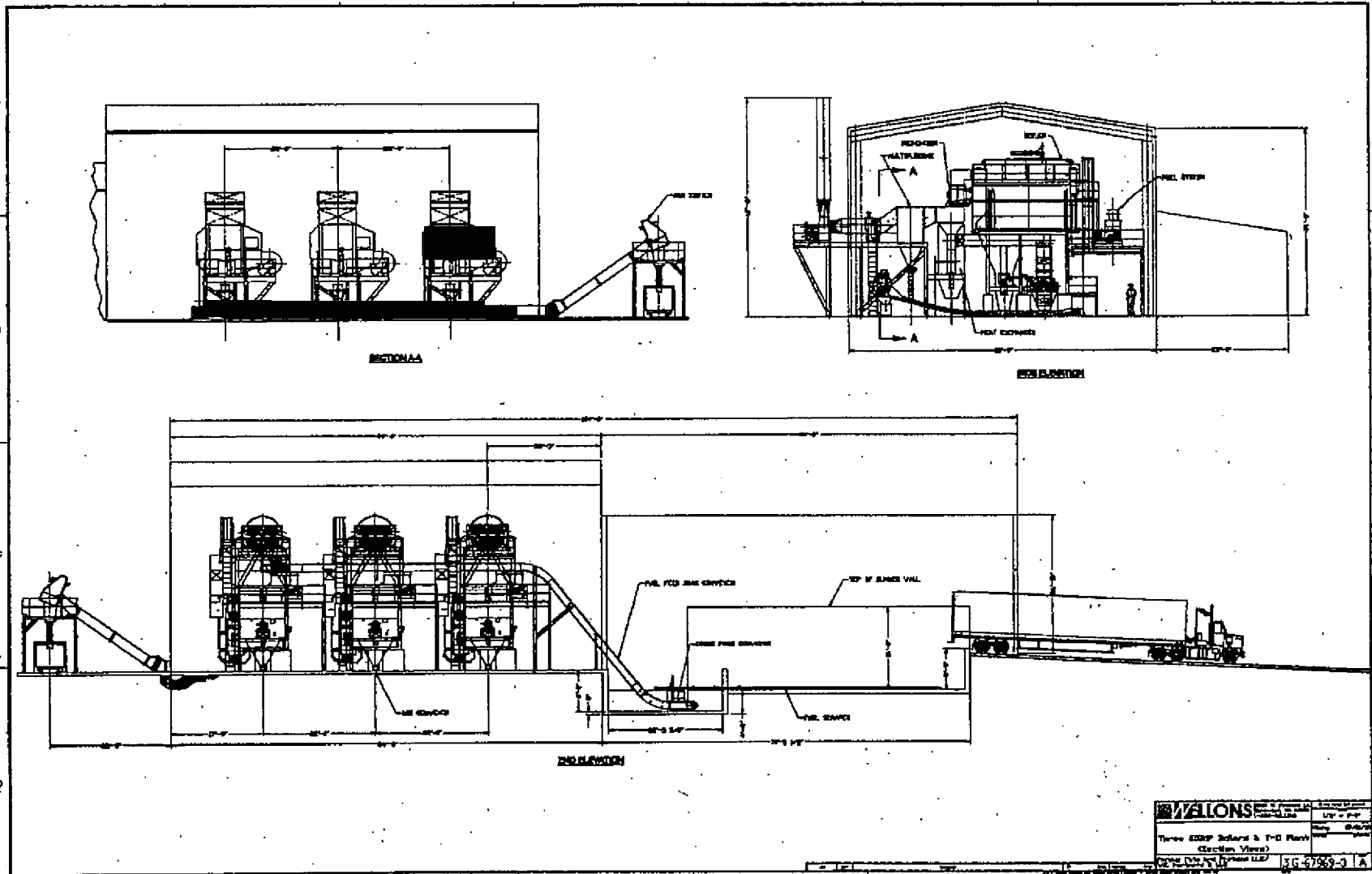
Proposed W.E. Partners II, LLC Facility at 3539 Governors Rd, Lewiston NC



Proposed W.E. Partners II, LLC Facility at 3539 Governors Rd, Lewiston NC



Proposed W.E. Partners I, LLC Facility at 3539 Governors Rd, Lewiston NC



7. Projected maximum dependable capacity, in megawatts.

The project is biomass cogeneration or combined heat and power facility with the primary focus on thermal (saturated steam) generation for use by Perdue AgriBusiness in the rendering operation. The ability to generate power production is a function of steam demand as our design entails utilizing the 475 ekW steam turbine as a pressure let-down device.

Expected Renewable Energy Certificate (REC) Generation

Per G.S. 62.133.8, "Renewable Energy Certificate" means a tradable instrument that is equal to one megawatt hour of electricity or *equivalent* energy supplied by a renewable energy facility, a new renewable energy facility..."

The proposed facility will result in the creation of both "electrical generation" REC's and "thermal generation" REC's. As established under the NCUC Docket No. E-100, Sub 113, 2/29/08 and No. E-100, Sub 113, 3/13/08, the thermal energy produced by a combined heat and power system or solar thermal energy facility shall be the thermal energy recovered and used for useful purposes other than electric power production. The useful thermal energy may be measured by meter, or if that is not practicable, by other industry-accepted means that show what measurable amount of useful thermal energy the system or facility is designed and operated to produce and use. Renewable Energy Certificates shall be earned based on one megawatt-hour for every 3,412,000 British thermal units of useful thermal energy produced.

Project Thermal REC's

The basis for establishing and calculating "thermal" REC's is proposed by W.E. Partners as a function of measurable steam flow. Saturated steam, at 150 psig, has a known enthalpy, or energy input, of 1,196.5 Btu/lb of steam.

The facility shall be equipped with a steam flow meter, which by contract, must be calibrated annually. Maximum designed annual steam flow capacity of the facility is 531,576,000 pounds of steam with expected annual steam flow volume of 260,000,000 pounds.

The projected annual Renewable Energy Certificates from useful thermal conversion would then be calculated as:

$$\frac{(240,000,000 \text{ lb/yr} * 1,196.5 \text{ Btu/lb})}{3,412,000 \text{ Btu}} = 84,161 \text{ Thermal Renewable Energy Credits}$$

Project Electrical REC's

The basis for establishing and calculating "electrical" REC's is proposed by W.E. Partners as a function of generator meter.

The facility shall be equipped with a steam turbine generator, rated at maximum generation capacity of 475 ekW. However, as power production is a function of steam flow, which will vary based on Perdue's need for steam for process needs, the estimated annual production of electrical REC's is:

The projected annual Renewable Energy Certificates from electrical generation from the proposed facility would be calculated as:

$$\frac{475 \text{ ekW} * 8460 \text{ hrs} * 240,000,000 \text{ lb/yr}}{1000 \text{ kW/MW} \quad 537,576,000 \text{ lb/yr}} = 1,794 \text{ Electrical Renewable Energy Credits}$$

As required under Paragraph 5, Rule R8-66, W.E. Partners shall certify to the commission on an annual basis the actual number of Renewable Energy Credits generated during the previous year and if sold, how many and to whom.

8. Projected Cost

The facility has a preliminary budget for \$8,060,000 for a turnkey installation.

9. Projected Commercial Date of Operation

Steam generation is currently targeted for February, 2012, subject to weather, permitting and other, unforeseen construction delays. Power generation, subject to timely receipt and installation of the steam turbine, is projected for early April, 2012.

10. The applicant's general plan for sale of electricity

The site plan lies within the Dominion Power service territory. The project design incorporates a 475 kW back-pressure steam turbine generator. Saturated steam will be piped to the turbine inlet at 325 psig and will exhaust at 150 psig for distribution to the Perdue AgriBusiness production process. As power generation is secondary to the primary purpose of thermal generation, power production will vary based on steam demands of Perdue. Therefore, the Power Purchase Agreement with Dominion Power, using Schedule 19 (DRR or LMP has not been determined as yet), will be based on a non-firm, as available, rate. The life of the project is anticipated to provide a reliable basis of steam and power generation in excess of 20 years.

Assuming a "buy all/sell all" power arrangement whereby the facility purchases all necessary power for in-house requirements and all "green" energy is sold, annual sales of power is estimated to be 1,789,000 kW/hr per year.

11. Permit Applications and Status

City of Lewiston Building Permit: Will be applied for upon receipt of completed drawings from manufacturer.

NC DEQ Construction and Operating Permit: Air Permit submitted to the Washington, NC office of the Department of Air Quality for review October 5, 2010.

NCDEQ Best Available Control Technology Review: BACT submittal submitted to Washing, NC and Raleigh Department of Air Quality for review October 5, 2010.

Federal Air Permit: Not required as the facility will be deemed a synthetic minor source and therefore, not subject to Title V review.

Federal Energy Regulatory Commission: Application to self certify as a Qualifying Facility (QF), Cogeneration Facility, via form No. 556 shall be submitted via the eFiling system prior to January 1, 2011.

EIA Form 923

Schedule 1 Identification

Name:

Gerald B. Cottrell

Title:

General Manager

Phone

O. 360.750.3583

F. 360.750.3483

C. 336.339.9055

Email: gerald.cottrell@wellons.com

Address:

1836 Eastchester Dr., Suite 108

High Point, NC 27265

Company:

W.E. Partners II, LLC

Plant Name:

Perdue Biomass Plant

Plant Co.

Bertie County

Address

3539 Governors Rd.

Lewiston, NC 27849

CHP

Yes

Regulated

No

Schedule 5 Prime Mover

Prime Mover Code

ST

Gross Generation

475 MW

Net Generation

475 MW

Schedule 6 Non-Utility annual Source and Disposition of Electricity

Non-applicable as the plant is not operational

Schedule 9 Comments

No comments.



OFFICIAL COPY

**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

December 1, 2010

FILED
DEC 01 2010
Clerk's Office
N.C. Utilities Commission

Ms. Renne Vance, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4325

Re: Docket No. SP-882, Sub 0
W. E. Partners II, LLC - Registration Statement for a New Renewable Energy Facility
475 kW and 87 Million Btu/hr Biomass Cogeneration Facility in Lewiston, North Carolina

Dear Ms. Vance:

The Public Staff - Electric Division has completed its review of the Registration Statement for a New Renewable Energy Facility filed by W. E. Partners II, LLC, on November 3, 2010, in the above-referenced docket pursuant to Commission Rule R8-66. As a result of our review, we recommend that the Registration Statement be considered complete and that the facility be considered a new renewable energy facility.

I certify that a copy of this letter has been served on the individuals or businesses shown below, by depositing a copy in the United States Mail, first class postage prepaid, properly addressed. If necessary, please contact me at (919) 733-1518 or at Jay.Lucas@psncuc.nc.gov.

Regards,

Jay B. Lucas, P.E.
Utilities Engineer - Public Staff - Electric Division

c: Gerald B. Cottrell - W. E. Partners II, LLC

Clerk's
A 6
Bennink
Kirby
Watson
Erickson
Jones
Hodge
2PS Legal
2PS Elec

Executive Director
733-2435

Communications
733-2810

Economic Research
733-2902

Legal
733-6110

Transportation
733-7768

Accounting
733-4279

Consumer Services
733-4277

Electric
733-2267

Natural Gas
733-4326

Water
733-6610

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. SP-882, SUB 0

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of W.E. Partners II, LLC, for) ORDER ACCEPTING REGISTRATION
Registration of a New Renewable Energy) OF NEW RENEWABLE ENERGY
Facility) FACILITY

BY THE CHAIRMAN: On November 3, 2010, W.E. Partners II, LLC (W.E. Partners), filed a registration statement pursuant to Commission Rule R8-66 for a new renewable energy facility to be located in Lewiston in Bertie County, North Carolina. W.E. Partners stated that its 475 kW biomass cogeneration facility, comprised of three biomass-fired boilers in conjunction with steam turbine generator sets, will generate saturated steam and electricity through the combustion of biomass materials including logging residues and sawdust. W.E. Partners stated that the saturated steam produced would be utilized by Perdue Agribusiness for their existing rendering operation. Additionally, W.E. Partners stated that the steam produced would be utilized for power generation supplied to Dominion Power. W.E. Partners stated that steam generation will become operational on or around February, 2012, followed by power generation on or around April, 2012.

The filing included certified attestations that: 1) the facility is in substantial compliance with all federal and state laws, regulations, and rules for the protection of the environment and conservation of natural resources; 2) the facility will be operated as a new renewable energy facility; 3) W.E. Partners will not remarket or otherwise resell any renewable energy certificates (RECs) sold to an electric power supplier to comply with G.S. 62-133.8; and 4) W.E. Partners will consent to the auditing of its books and records by the Public Staff insofar as those records relate to transactions with North Carolina electric power suppliers.

On December 1, 2010, the Public Staff filed the recommendation required by Commission Rule R8-66(e) stating that W.E. Partners' registration statement as a new renewable energy facility should be considered to be complete. No other party made a filing with respect to these issues.

Based upon the foregoing and the entire record in this proceeding, including the source of fuel stated in the registration statement, the Chairman finds good cause to accept registration of W.E. Partners' biomass cogeneration facility as a new renewable energy facility. Pursuant to G.S. 62-133.8(a)(7), a renewable energy facility includes a combined heat and power facility fueled by a renewable energy resource, but does not include a biomass-fueled boiler producing steam without also generating electricity.

Therefore, once the facility begins generating both steam and electricity, W.E. Partners will be eligible to earn RECs for both the electric power generated by the use of biomass and the resulting useful, measurable thermal energy captured from the waste heat and used by Perdue. W.E. Partners shall annually file the information required by Commission Rule R8-66 on or before April 1 of each year. W.E. Partners will be required to participate in the NC-RETS REC tracking system in order to facilitate the issuance of RECs.

IT IS, THEREFORE, ORDERED as follows:

1. That the registration by W.E. Partners for its biomass cogeneration facility located in Lewiston in Bertie County, North Carolina as a new renewable energy facility shall be, and hereby is, accepted.

2. That W.E. Partners shall annually file the information required by Commission Rule R8-66 on or before April 1 of each year.

ISSUED BY ORDER OF THE COMMISSION.

This the 5th day of January, 2011.

NORTH CAROLINA UTILITIES COMMISSION

Gail L. Mount

Gail L. Mount, Deputy Clerk