

SCHEDULE PP (NC)
PURCHASED POWERAVAILABILITY (North Carolina only)

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

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

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

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

QUALIFYING FACILITIES ELIGIBLE FOR CAPACITY AND/OR ENERGY CREDITS

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

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

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

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

TYPE OF SERVICE

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

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Single-phase, 120/240 volts; or
 3-phase, 3-wire, 240, 480, 4160, 12470, or 24940 volts, or
 3-phase voltages other than the foregoing may be available, but only at the Company’s option, and provided that the size of the Customer’s contract warrants a substation solely to serve that Customer, and further provided that the Customer furnish suitable outdoor space on the premises to accommodate a ground-type transformer installation, or substation, or a transformer vault built in accordance with the Company’s specifications

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

RATE

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

Energy and Capacity Credits

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

Option A

Administrative Charge \$19.91 per month

Interconnection Facilities Charge

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

Interconnected to Distribution System:

	Variable Rate	Fixed Long-Term Rate (a)		
		5 Years	10 Years (a)	15 Years (a)
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	3.34¢	3.45¢	3.64¢	3.82¢
ii. for all other hydroelectric and all non-hydroelectric facilities	2.00¢	2.07¢	2.19¢	2.29¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	1.67¢	1.73¢	1.82¢	1.91¢
ii. for all other hydroelectric and all non-hydroelectric facilities	1.00¢	1.04¢	1.09¢	1.15¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.05¢	4.31¢	4.87¢	5.28¢
b. All Off-Peak Energy per Month per kWh:	3.07¢	3.17¢	3.79¢	4.20¢

Interconnected to Transmission System:

	Variable Rate	Fixed Long-Term Rate (a)		
		5 Years	10 Years (a)	15 Years (a)
I. Capacity Credit				
a. All On-Peak Energy per On-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	3.26¢	3.37¢	3.56¢	3.73¢
ii. for all other hydroelectric and all non-hydroelectric facilities	1.96¢	2.02¢	2.14¢	2.24¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	1.63¢	1.69¢	1.78¢	1.87¢
ii. for all other hydroelectric and all non-hydroelectric facilities	0.98¢	1.01¢	1.07¢	1.12¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	3.95¢	4.21¢	4.76¢	5.16¢
b. All Off-Peak Energy per Month per kWh:	3.01¢	3.10¢	3.71¢	4.11¢

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Option B

Administrative Charge \$ 19.91 per month

Interconnection Charge

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

Interconnected to Distribution System:

	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
			<u>10 Years (a)</u>	<u>15 Years (a)</u>
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	10.19¢	10.55¢	11.12¢	11.67¢
ii. for all other hydroelectric and all non-hydroelectric facilities	6.11¢	6.33¢	6.68¢	7.00¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	3.94¢	4.08¢	4.31¢	4.52¢
ii. for all other hydroelectric and all non-hydroelectric facilities	2.37¢	2.45¢	2.58¢	2.71¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.24¢	4.46¢	5.04¢	5.47¢
b. All Off-Peak Energy per Month per kWh:	3.34¢	3.49¢	4.09¢	4.50¢

Interconnected to Transmission System:

	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
			<u>10 Years (a)</u>	<u>15 Years (a)</u>
I. Capacity Credit				
a. All On-Peak Energy per Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	9.95¢	10.30¢	10.87¢	11.39¢
ii. for all other hydroelectric and all nonhydroelectric facilities	5.97¢	6.18¢	6.52¢	6.84¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	3.85¢	3.99¢	4.21¢	4.41¢
ii. for all other hydroelectric and all nonhydroelectric facilities	2.31¢	2.39¢	2.52¢	2.65¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.14¢	4.35¢	4.92¢	5.34¢
b. All Off-Peak Energy per Month per kWh:	3.26¢	3.42¢	4.00¢	4.41¢

RENEWABLE ENERGY CREDITS

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

DEFINITION OF MONTH FOR BILLING PUROSES

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

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

DETERMINATION OF ON-PEAK AND OFF-PEAK ENERGY

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

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

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

INTERCONNECTION FACILITIES CHARGE

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

POWER FACTOR CORRECTION

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

CONTRACT CAPACITY

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

RATE UPDATES

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

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

PAYMENTS

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

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

CONTRACT PERIOD

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