

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

AVAILABILITY (North Carolina only)

Available only to establishments located in the Company’s North Carolina service territory which have hydroelectric generating facilities owned or operated by small power producers as defined in G.S. 62-3 (27a) contracting to sell generating capacity and energy not in excess of five (5) megawatts which are interconnected directly with the Company’s system and which are qualifying facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

The Fixed Long-Term Rates on this Schedule are available only to Customers under contract with the Company on or before November 1, 2012, for delivery of power beginning on or before the earlier of thirty (30) months from the date of execution of the contract or May 1, 2015.

Notwithstanding the above, all qualifying facilities have the option to sell energy to the Company on an “as available” basis and receive energy credits only calculated using the Variable Rates identified in this Schedule for the delivered energy.

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

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

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

TYPE OF SERVICE

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

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

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

RATE * (One of the following two Rate options shall apply):

<u>Option A</u>	
Administrative Charge	\$ 8.17 per month
Facilities Charge (if applicable – See Interconnection Facilities Charge)	\$ 8.03 per month

Interconnected to Distribution System:		<u>Fixed Long-Term Rate (a)</u>		
I. Capacity Credit	<u>Variable Rate</u>	<u>5 Years</u>	<u>10 Years (a)</u>	<u>15 Years (a)</u>
a. All On-Peak Energy per On-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	4.60 ¢	4.75 ¢	4.98 ¢	5.20 ¢
ii. for all other hydroelectric facilities	2.76 ¢	2.85 ¢	2.99 ¢	3.12 ¢

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	<u>Variable Rate</u>	<u>5 Years</u>	<u>10 Years (a)</u>	<u>15 Years (a)</u>
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	0.91 ¢	0.94 ¢	0.99 ¢	1.03 ¢
ii. for all other hydroelectric facilities	0.55 ¢	0.56 ¢	0.59 ¢	0.62 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.11 ¢	5.30 ¢	6.11 ¢	6.50 ¢
b. All Off-Peak Energy per Month per kWh:	3.98 ¢	4.07 ¢	4.46 ¢	4.67 ¢
Interconnected to Transmission System:				
			<u>Fixed Long-Term Rate (a)</u>	
I. Capacity Credit	<u>Variable Rate</u>	<u>5 Years</u>	<u>10 Years (a)</u>	<u>15 Years (a)</u>
a. All On-Peak Energy per On-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	4.48 ¢	4.63 ¢	4.86 ¢	5.07 ¢
ii. for all other hydroelectric facilities	2.69 ¢	2.78 ¢	2.92 ¢	3.04 ¢
b. All On-Peak Energy per Off-Peak Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	0.89 ¢	0.91 ¢	0.96 ¢	1.00 ¢
ii. for all other hydroelectric facilities	0.53 ¢	0.55 ¢	0.58 ¢	0.60 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	4.98 ¢	5.17 ¢	5.95 ¢	6.33 ¢
b. All Off-Peak Energy per Month per kWh:	3.89 ¢	3.98 ¢	4.36 ¢	4.56 ¢

Option B

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

Interconnected to Distribution System:

	<u>Variable Rate</u>	<u>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	16.16 ¢	16.68 ¢	17.51 ¢	18.28 ¢
ii. for all other hydroelectric facilities	9.70 ¢	10.01 ¢	10.51 ¢	10.97 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	2.50 ¢	2.58 ¢	2.71 ¢	2.83 ¢
ii. for all other hydroelectric facilities	1.50 ¢	1.55 ¢	1.63 ¢	1.70 ¢
II. Energy Credit				
a. All On-Peak Energy per Month per kWh:	5.37 ¢	5.54 ¢	6.36 ¢	6.78 ¢
b. All Off-Peak Energy per Month per kWh:	4.29 ¢	4.40 ¢	4.94 ¢	5.20 ¢

Interconnected to Transmission System:

	<u>Variable Rate</u>	<u>5 Years</u>	<u>Fixed Long-Term Rate (a)</u>	
			<u>10 Years (a)</u>	<u>15 Years (a)</u>
I. Capacity Credit				
a. All On-Peak Energy per Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	15.76 ¢	16.26 ¢	17.07 ¢	17.83 ¢
ii. for all other hydroelectric facilities	9.45 ¢	9.76 ¢	10.25 ¢	10.70 ¢
b. All On-Peak Energy per Non-Summer Month per kWh:				
i. Hydroelectric facilities with no storage capability and no other type generation	2.44 ¢	2.52 ¢	2.64 ¢	2.76 ¢
ii. for all other hydroelectric facilities	1.46 ¢	1.51 ¢	1.58 ¢	1.66 ¢

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II. Energy Credit	<u>Variable Rate</u>	<u>5 Years</u>	<u>10 Years (a)</u>	<u>15 Years (a)</u>
a. All On-Peak Energy per Month per kWh:	5.24 ¢	5.40 ¢	6.20 ¢	6.61 ¢
b. All Off-Peak Energy per Month per kWh:	4.19 ¢	4.30 ¢	4.83 ¢	5.08 ¢

Notes: (a) Contracts for the 10-Year and 15-Year Fixed Long-Term Rates are subject to a provision making the contract renewable for subsequent term(s) at the option of the Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

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

DEFINITIONS

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

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

Auxiliary Load: The term "Auxiliary Load" shall mean power used to operate auxiliary equipment in the facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).

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

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

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

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

DETERMINATION OF ON-PEAK AND OFF-PEAK ENERGY

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

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

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

SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS

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

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

In order to ensure protection of the Company's system, the Company reserves the right, at its discretion, to inspect the Customer's generation system and equipment at any time upon reasonable notice to the Customer in an effort to ensure compliance with the

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Interconnection Procedures. The Company reserves the right to disconnect electric service to the premises if the Company determines that the Customer's generation system and equipment is not in compliance with the Interconnection Procedures and is being operated in parallel with the Company's system.

INTERCONNECTION FACILITIES CHARGE

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

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

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

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

DETERMINATION OF CAPACITY CREDITS

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

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

POWER FACTOR CORRECTION

When the average Monthly power factor of the power supplied by the Customer to the Company is less than 90 percent or greater than 97 percent, the Company may correct the energy, in kilowatt-hours, as appropriate. The Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company.

PAYMENTS

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

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

CONTRACT PERIOD

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

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